



SHIFANG HOLDING LIMITED
十方控股有限公司

(incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)
(於開曼群島註冊成立並遷冊至百慕達及於百慕達存續的有限公司)

Stock Code 股份代號 : 1831

ANNUAL REPORT
年報

2018

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CORPORATE INFORMATION

公司資料

DIRECTORS

Executive Directors

Mr. Siuming Tsui (Chief Executive Officer)

Mr. Chen Zhi

Mr. Yu Shi Quan

Non-executive Directors

Mr. Chen Wei Dong

Ms. Chen Min

Independent non-executive Directors

Mr. Zhou Chang Ren

Mr. Wong Heung Ming, Henry

Mr. Cai Jian Quan

COMPANY SECRETARY

Ms. Chan Ching Yi

AUTHORISED REPRESENTATIVES

Mr. Siuming Tsui

Ms. Chan Ching Yi

AUDIT COMMITTEE

Mr. Wong Heung Ming, Henry (Chairman)

Mr. Zhou Chang Ren

Mr. Cai Jian Quan

REMUNERATION COMMITTEE

Mr. Zhou Chang Ren (Chairman)

Mr. Siuming Tsui

Mr. Wong Heung Ming, Henry

NOMINATION COMMITTEE

Mr. Cai Jian Quan (Chairman)

Mr. Siuming Tsui

Mr. Wong Heung Ming, Henry

董事

執行董事

徐小明先生 (行政總裁)

陳志先生

余詩權先生

非執行董事

陳偉東先生

陳敏女士

獨立非執行董事

周昌仁先生

黃向明先生

蔡建權先生

公司秘書

陳靜儀女士

授權代表

徐小明先生

陳靜儀女士

審核委員會

黃向明先生 (主席)

周昌仁先生

蔡建權先生

薪酬委員會

周昌仁先生 (主席)

徐小明先生

黃向明先生

提名委員會

蔡建權先生 (主席)

徐小明先生

黃向明先生

CORPORATE INFORMATION

公司資料

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11,
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

6/F, Hua Fu Mansion
No. 121 Gutian Road
Gulou District
Fuzhou, Fujian Province, PRC

PLACE OF BUSINESS IN HONG KONG

Room 2103, 21/F, "Port 33",
No. 33 Tseuk Luk Street, San Po Kong,
Kowloon, Hong Kong

LEGAL ADVISORS

As to Hong Kong law:

Cheung & Choy
Jeffrey Mak Law Firm

As to PRC law:

Beijing P.H. Law Firm

As to Cayman Islands law:

Maples and Calder
Conyers, Dill & Pearman

As to Bermuda law:

Conyers, Dill & Pearman

註冊辦事處

Clarendon House, 2 Church Street,
Hamilton HM 11,
Bermuda

總部及中國主要營業地點

中國福建省福州市
鼓樓區
古田路121號
華福大廈6樓

香港營業地點

香港九龍
新蒲崗爵祿街33號
「Port 33」21樓2103室

法律顧問

關於香港法律：

張世文蔡敏律師事務所
麥振興律師事務所

關於中國法律：

北京市普華律師事務所

關於開曼群島法律：

邁普達律師事務所
康德明律師事務所

關於百慕達法律：

康德明律師事務所

CORPORATE INFORMATION

公司資料

INDEPENDENT AUDITOR

PricewaterhouseCoopers

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

China Construction Bank Co., Limited

China Merchants Bank Co., Limited

STOCK CODE

01831

COMPANY WEBSITE

<http://www.shifangholding.com>

獨立核數師

羅兵咸永道會計師事務所

香港股份過戶登記分處

卓佳證券登記有限公司

香港

皇后大道東183號

合和中心22樓

主要往來銀行

中國建設銀行股份有限公司

招商銀行股份有限公司

股份代號

01831

公司網址

<http://www.shifangholding.com>

FINANCIAL HIGHLIGHTS AND SUMMARY

財務摘要及概要

RESULTS

業績

		For the year ended 31 December				
		截至十二月三十一日止年度				
		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenues	收入	55,016	43,428	57,759	66,972	183,556
Gross profit/(loss)	毛利/(毛損)	18,495	11,956	9,725	(5,849)	46,352
Operating loss	經營虧損	(156,578)	(58,999)	(44,461)	(159,294)	(252,746)
(Loss)/profit attributable to:	以下各項應佔(虧損)/溢利:					
(i) Owners of the Company	(i) 本公司所有者	(164,403)	(56,493)	(57,129)	(163,792)	(304,174)
(ii) Non-controlling interests	(ii) 非控股權益	(194)	162	737	(3,388)	(2,930)
Loss per share – Basic (RMB)	每股虧損 —基本(人民幣)	(0.0790)	(0.0390)	(0.0439)	(0.1755)	(0.3621)

ASSETS AND LIABILITIES

資產及負債

		As at 31 December				
		於十二月三十一日				
		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total assets	總資產	477,201	312,323	367,427	227,070	307,040
Total debt	總債項	177,061	9,113	11,350	13,579	–
Total liabilities	總負債	289,239	64,716	67,508	81,352	100,709
Equity attributable to:	以下各項應佔權益:					
(i) Owners of the Company	(i) 本公司所有者	175,282	239,638	294,227	140,763	211,207
(ii) Non-controlling interests	(ii) 非控股權益	12,680	7,969	5,692	4,955	(4,876)

FINANCIAL HIGHLIGHTS AND SUMMARY

財務摘要及概要

FINANCIAL RATIOS

財務比率

For the year ended 31 December

截至十二月三十一日止年度

		2018 二零一八年	2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年
Gross profits margins:	毛利率：					
(i) Overall	(i) 整體	33.6%	27.7%	16.8%	(8.7%)	25.3%
(ii) Newspaper advertising	(ii) 報紙廣告	57.1%	40.9%	(5.4%)	(25.1%)	27.8%
(iii) Marketing, consulting and printing services	(iii) 營銷、諮詢及 印刷服務	30.7%	24.9%	26.2%	7.9%	16.8%
(iv) Online services	(iv) 網絡服務	–	–	–	80.3%	46.8%
(v) Television and radio advertising	(v) 電視及電台廣告	–	–	–	–	51.3%
(vi) Others	(vi) 其他	24.3%	–	–	–	–
Operating margins	經營利潤率	(284.7%)	(135.9%)	(77.0%)	(237.9%)	(137.7%)
Net margins	淨利潤率	(299.3%)	(129.7%)	(97.6%)	(249.6%)	(167.3%)
Return on equity ⁽¹⁾	股本回報率 ⁽¹⁾	(87.6%)	(22.8%)	(18.8%)	(114.7%)	(148.8%)
Return on assets ⁽²⁾	資產回報率 ⁽²⁾	(34.5%)	(18.0%)	(15.3%)	(73.6%)	(100.0%)
Trade receivables turnover (days)	貿易應收款項周轉率(日)	46	54	52	148	90
Trade payables turnover (days)	貿易應付款項周轉率(日)	404	609	464	241	66
Gearing ratio	資產負債比率	37.1%	2.9%	3.1%	6.0%	–

Notes:

附註：

(1) Return on equity is calculated based on (loss)/profit for the year divided by total equity.

(1) 股本回報率按年內(虧損)/溢利除以權益總額計算。

(2) Return on assets is calculated based on (loss)/profit for the year divided by total assets.

(2) 資產回報率按年內(虧損)/溢利除以總資產計算。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

INDUSTRY REVIEW

In 2018, despite the increasingly complex domestic and international political and economic environment, the Chinese economy remained stable as the global economy recovered. According to the National Bureau of Statistics of China, the gross domestic product (GDP) of China reached RMB90 trillion in 2018, representing a year-on-year increase of 6.6%. From the perspective of industrial structure, the primary, secondary and tertiary industries all continued to grow, with the primary industry growing slowest and tertiary industry quickest. Risk factors and uncertainties such as the tightening monetary policy, the US-China trade war and the “hard Brexit” of the UK have heightened the downward pressure on the global economy. The pace of economic growth of China also slowed down during the year, barely achieving the GDP growth target of 6.5%.

With the rapid development of new media and information technology, China’s advertising industry has evolved into the era of digital advertising. Statistics from CVSC – TNS Research (CTR) showed that the total media advertising expenditure increased by 9.3% year-on-year in the first half of the year, grew slower in the second half and finally achieved a 2.9% growth rate for the year, falling short of the 4.3% growth rate for the previous year. With the competition of new media advertising, traditional media including newspapers, magazines and outdoor media continued to record negative growth, down by 30.3%, 8.6% and 14.2%, respectively.

In contrast, new media advertising distributed through elevator screens, movie and the Internet continued to boom. Telecommunications, beverages, pharmaceuticals, food, and commercial and service industries are the top five industries for advertising expenditure, with the beverage industry recording the highest year-on-year growth of 3.8% in advertising expenditure.

行業回顧

二零一八年，儘管面對日趨複雜的國內外政經環境影響，中國經濟隨著全球經濟復甦整體維持穩定態勢。根據中國國家統計局的數據顯示，二零一八年國內生產總值(GDP)達人民幣90萬億元，同比增長6.6%。從產業結構上看，第一、第二及第三產業發展規模皆保持增長，第一產業增速最緩，第三產業增速最快。貨幣政策收緊、中美貿易戰及英國「硬脫歐」等風險因素及不確定因素增加了全球經濟下行壓力。中國經濟增速亦於年內放緩，僅達成GDP增長6.5%的目標。

隨著多種新興媒體及信息技術的急速發展，中國廣告產業的發展已經進入了數字廣告的時代。根據央視市場研究公司(CTR)數據顯示，上半年全媒體廣告刊登花費同比增長9.3%，下半年增速變緩，最終錄得全年2.9%增幅，較去年全年4.3%增幅為低。隨著新媒體廣告競爭加劇，傳統媒體包括報紙、雜誌及戶外媒體仍然錄得負增長，分別下跌30.3%、8.6%及14.2%。

相反，以電梯電視、影院視頻及互聯網投放的新媒體廣告繼續蓬勃興起。郵電通訊、飲品、藥品、食品和商業及服務性行業此五大行業投放廣告費用最多，其中以飲品行業的廣告投放增幅最高，同比上漲3.8%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In 2018, the Chinese film industry grew rapidly to become the second largest in the world in terms of market size. According to the statistics of the China Film Administration as of 31 December 2018, the movie box office of China for the year reached RMB60.9 billion, representing an increase of 9.06% as compared to last year. The total box office of domestically produced films exceeded RMB37.9 billion, representing a year-on-year increase of 25.89% and accounting for 62.15% of the entire film market.

With the rising competitiveness of domestic productions, many film and television companies in China sought to combine their film and cultural content and diversified into tourism and integrated developments, with the view to strengthening brand images, establishing real-life experience of film viewers and creating value and profit for the content providers to achieve sustainable growth of the enterprise.

BUSINESS REVIEW

For the twelve months ended 31 December 2018, the Group recorded revenue from the principal businesses of RMB55.0 million, representing a year-on-year increase of 26.7%. The gross profit for the year was RMB18.5 million (2017: RMB12.0 million). During the year, the Group implemented cost-control measures and increased the profit margin from 27.6% in 2017 to 33.6% in 2018. During the year, the net loss after taxation was approximately RMB164.6 million (2017: RMB56.3 million), primarily attributable to (a) higher professional fees arising from project acquisitions; (b) increase in provision for an onerous operating lease; and (c) fair value loss on financial assets at fair value through profit or loss.

二零一八年度，中國電影業急速發展，市場規模已位居全球第二。根據國家電影局截止二零一八年十二月三十一日的統計數據顯示，全年度中國電影票房高達人民幣609億元，較去年增長9.06%。其中，國產影片總票房有逾人民幣379億元，同比增長25.89%，佔整體電影市場份額62.15%。

隨著國內製作競爭力日益提升，中國多家影視公司將影視和文化內容作結合，跨界旅遊，整合發展，以期強化品牌形象、建立觀影者的親身體驗，為內容供應商創造價值及利潤，實現企業可持續發展。

業務回顧

截至二零一八年十二月三十一日止十二個月，本集團主營業務錄得收入人民幣55.0百萬元，同比增長26.7%。年內毛利為人民幣18.5百萬元（二零一七年：人民幣12.0百萬元）。年內，本集團實行成本管控措施，毛利率由二零一七年的27.6%增至二零一八年的33.6%。年內除稅後虧損淨額約為人民幣164.6百萬元（二零一七年：人民幣56.3百萬元），主要是由於(a)因項目併購導致專業費用增加；(b)就有關虧損性經營租賃之虧損撥備增加；及(c)公允值經損益表入賬的金融資產公允值虧損所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

NEWSPAPER ADVERTISING

The business environment remained challenging in the print media market as the market was hit by new online media. With the competition from new media and the Internet, the daily circulation and the number of printed pages of Southeast Express operated by the Group remained unsatisfactory, resulting in a decrease of the advertising revenue from the newspaper to RMB7.0 million for 2018 (2017: RMB7.2 million). However, with the implementation of cost control measures by the management to enhance operational efficiency, the gross profit margin for 2018 reached 57.1% (2017: 40.9%), representing an increase of 16.2% as compared with the previous year.

報紙廣告

紙媒市場持續受網絡新媒體衝擊，營商環境持續嚴峻。在新媒體和互聯網帶來的競爭壓力下，本集團旗下《東南快報》的每日發行量和出版版數仍欠理想，間接導致報紙廣告的二零一八年全年收入減少至人民幣7.0百萬元（二零一七年：人民幣7.2百萬元）。然而，管理層為提升經營效率而實施成本控制措施，於二零一八年全年錄得毛利率57.1%（二零一七年：40.9%），較去年同期上升16.2%。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

MARKETING, CONSULTING AND PRINTING SERVICES

In 2018, many cities in China continued to adopt policies to stabilize property price. Amidst such macro operating environment and the consequential reduction of marketing budget by property developers, the Group's marketing and printing services division managed to maintain a similar level of business volume as last year, principally due to the solid foundation established by its long-term experience and expertise, its professional team, its brand recognition and reputation.

During the twelve months ended 31 December 2018, the Group's revenue from marketing, consulting and printing services was approximately RMB44.3 million (2017: RMB36.2 million), while the gross profit margin was 30.7% (2017: 24.9%).

營銷、諮詢及印刷服務

於二零一八年，中國諸多城市繼續採取政策穩定房地產價格。在該宏觀經營環境下，物業開發商不斷削減營銷預算，但本集團的營銷及印刷服務分部得以維持與去年相若水平的營業額，主要得益於其多年經驗及專長、專業團隊、品牌知名度及聲譽為其奠定堅實基礎。

截至二零一八年十二月三十一日止十二個月，本集團營銷、諮詢及印刷服務所得收入約為人民幣44.3百萬元（二零一七年：人民幣36.2百萬元），毛利率為30.7%（二零一七年：24.9%）。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

Revenue

Total revenue increased by 26.7% from RMB43.4 million for the year ended 31 December 2017 to RMB55.0 million for the year ended 31 December 2018, primarily due to the increased revenue from marketing and consulting services. Revenue from newspaper advertising slightly decreased from RMB7.2 million for the year ended 31 December 2017 to RMB7.0 million for the year ended 31 December 2018. Revenue from marketing and consulting services increased from RMB31.7 million for the year ended 31 December 2017 to RMB39.5 million for the year ended 31 December 2018. Revenue from printing services increased slightly from RMB4.6 million for the year ended 31 December 2017 to RMB4.8 million for the year ended 31 December 2018.

Gross profit and gross profit margin

Gross profit increased by 54.2% from RMB12.0 million for the year ended 31 December 2017 to RMB18.5 million for the year ended 31 December 2018. Gross profit margin improved from 27.5% in 2017 to 33.6% in 2018, which was primarily attributable to the successful implementation of cost control measures.

Other income

Other income increased by 50.0% from RMB0.6 million for the year ended 31 December 2017 to RMB0.9 million for the year ended 31 December 2018, mainly due to the increase of RMB0.5 million in customer compensation income for the year, but partially offset by the decrease of RMB0.2 million in government subsidy.

Selling and marketing expenses

Selling and marketing expenses decreased by 38.2% from RMB5.5 million for the year ended 31 December 2017 to RMB3.4 million for the year ended 31 December 2018, mainly due to the successful implementation of cost control measures during the year.

財務回顧

收入

總收入由截至二零一七年十二月三十一日止年度的人民幣43.4百萬元增加26.7%至截至二零一八年十二月三十一日止年度的人民幣55.0百萬元，主要因為營銷及諮詢服務所得收益增加所致。報紙廣告收入由截至二零一七年十二月三十一日止年度的人民幣7.2百萬元略減至截至二零一八年十二月三十一日止年度的人民幣7.0百萬元，而營銷及諮詢服務收入則由截至二零一七年十二月三十一日止年度的人民幣31.7百萬元增加至截至二零一八年十二月三十一日止年度的人民幣39.5百萬元。印刷服務收入由截至二零一七年十二月三十一日止年度的人民幣4.6百萬元略增至截至二零一八年十二月三十一日止年度的人民幣4.8百萬元。

毛利及毛利率

毛利由截至二零一七年十二月三十一日止年度的人民幣12.0百萬元增加54.2%至截至二零一八年十二月三十一日止年度的人民幣18.5百萬元。毛利率由二零一七年的27.5%改善至二零一八年的33.6%，主要是由於成功實施成本管控措施所致。

其他收入

其他收入由截至二零一七年十二月三十一日止年度的人民幣0.6百萬元增加50.0%至截至二零一八年十二月三十一日止年度的人民幣0.9百萬元，主要是由於客戶年內賠償收入增加人民幣0.5百萬元，其中部分被政府補貼收入減少人民幣0.2百萬元相互抵消所致。

銷售及營銷開支

銷售及營銷開支由截至二零一七年十二月三十一日止年度的人民幣5.5百萬元減少38.2%至截至二零一八年十二月三十一日止年度的人民幣3.4百萬元，主要是由於年內成功實施成本控制措施所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

General and administrative expenses

General and administrative expenses increased by 33.3% from RMB66.1 million for the year ended 31 December 2017 to RMB88.1 million for the year ended 31 December 2018, mainly due to the higher professional fees arising from project acquisitions and increase in provision for an onerous operating lease.

Loss before income tax

As a result of the higher professional fees, increase in provision for an onerous operating lease and the fair value loss on financial assets at fair value through profit or loss, loss before income tax for the year ended 31 December 2018 was RMB163.9 million, representing an increase of 194.8% as compared to loss before income tax of RMB55.6 million for the year ended 31 December 2017.

Income tax expense

Income tax expenses were RMB0.7 million for the year ended 31 December 2017 and 2018, respectively.

Loss for the year

The Group recorded a net loss for the year of RMB164.6 million for the year ended 31 December 2018, mainly attributable to the higher professional fees, an increase in provision for an onerous operating lease and the fair value loss on financial assets at fair value through profit or loss.

(Loss)/profit attributable to non-controlling interests

As a result of the above factors, profit attributable to non-controlling interests decreased from profit of RMB0.2 million for the year ended 31 December 2017 to loss of RMB0.2 million for the year ended 31 December 2018.

一般及行政開支

一般及行政開支由截至二零一七年十二月三十一日止年度的人民幣66.1百萬元增加33.3%至截至二零一八年十二月三十一日止年度的人民幣88.1百萬元，主要是由於因項目併購導致專業費用增高及有關虧損性經營租賃之虧損撥備增加所致。

除所得稅前虧損

由於專業費用增加、有關虧損性經營租賃之虧損撥備增加及公允值經損益表入賬之金融資產之公允值虧損，於截至二零一八年十二月三十一日止年度錄得除所得稅前虧損人民幣163.9百萬元，較截至二零一七年十二月三十一日止年度的除所得稅前虧損人民幣55.6百萬元增加194.8%。

所得稅開支

截至二零一七年及二零一八年十二月三十一日止年度，所得稅開支分別為人民幣0.7百萬元。

年內虧損

於截至二零一八年十二月三十一日止年度，本集團錄得年內虧損淨額人民幣164.6百萬元，主要是由於專業費用增加、有關虧損性經營租賃之虧損撥備增加及公允值經損益表入賬之金融資產之公允值虧損所致。

非控股權益應佔（虧損）／溢利

由於上述因素，非控股權益應佔溢利由截至二零一七年十二月三十一日止年度的溢利人民幣0.2百萬元減少至截至二零一八年十二月三十一日止年度的虧損人民幣0.2百萬元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Loss attributable to owners of the Company

As a result of the above factors, loss attributable to owners of the Company increased from RMB56.5 million for the year ended 31 December 2017 to RMB164.4 million for the year ended 31 December 2018.

Liquidity and capital resources

The Group's management monitors current and expected liquidity requirements regularly to ensure the Group has sufficient working capital to meet its future obligations as and when they fall due. During the year ended 31 December 2018, the Group recorded a net loss of RMB164.6 million and a net cash outflow of RMB27.9 million. The management closely monitors the Group's liquidity position and is implementing measures to improve the Group's cash flow.

本公司所有者應佔虧損

由於上述因素，本公司所有者應佔虧損由截至二零一七年十二月三十一日止年度的人民幣56.5百萬元增加至截至二零一八年十二月三十一日止年度的人民幣164.4百萬元。

流動資金及資本資源

本集團管理層定期監察現時及預期流動資金需要，確保本集團具備足夠營運資金應付未來到期責任。於截至二零一八年十二月三十一日止年度，本集團錄得虧損淨額人民幣164.6百萬元及現金流出淨額人民幣27.9百萬元。管理層密切監察本集團的流動資金水平，並正實行多項措施改善本集團的現金流量。

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net cash used in operating activities	經營活動所用現金淨額	(58,291)	(34,687)
Net cash used in investing activities	投資活動所用現金淨額	(86,219)	(80,477)
Net cash generated from/(used in) financing activities	融資活動所得／(所用)現金淨額	116,635	(122)
Net decrease in cash and cash equivalents	現金及現金等值項目減少淨額	(27,875)	(115,286)
Cash and cash equivalents at beginning of the year	年初的現金及現金等值項目	60,178	182,833
Exchange gains/(losses) on cash and cash equivalents	現金及現金等值項目的外匯收益／(虧損)	1,577	(7,369)
Cash and cash equivalents at end of the year	年末的現金及現金等值項目	33,880	60,178

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Cash flows used in operating activities

For the year ended 31 December 2018, net cash used in operating activities amounted to RMB58.3 million, primarily attributable to the net loss for the year amounted to RMB164.6 million and partially offset by non-cash items, which primarily included (i) net fair value loss of financial assets at fair value through profit or loss amounted to RMB84.5 million; (ii) provision for an onerous operating lease of RMB9.0 million; and (iii) depreciation and amortisation of RMB8.4 million.

Cash flows used in investing activities

For the year ended 31 December 2018, net cash used in investing activities amounted to RMB86.2 million, resulted primarily from final payment of cash consideration for acquiring the entire equity interest in Supreme Glory of RMB55.6 million and payment for property, plant and equipment of RMB21.8 million.

Cash flows generated from/(used in) financing activities

For the year ended 31 December 2018, net cash generated from financing activities amounted to RMB116.6 million, mainly attributable to the drawdown of a loan facility from a related party in the amount of RMB80.1 million, plus the net proceeds from issuance of ordinary shares of RMB33.3 million.

Capital expenditures

Capital expenditures incurred during the year are mainly for the purchase or construction costs related to properties, plant and equipment. Capital expenditures were RMB0.9 million and RMB39.6 million for the years ended 31 December 2017 and 2018, respectively.

經營活動所用現金流量

截至二零一八年十二月三十一日止年度，經營活動所用現金淨額為人民幣58.3百萬元，主要是由於年內虧損淨額人民幣164.6百萬元，其中部分由非現金項目所抵銷，有關項目主要包括(i)公允值經損益表入賬的金融資產公允值虧損淨額人民幣84.5百萬元；(ii)虧損性經營租賃之虧損撥備人民幣9.0百萬元；及(iii)折舊及攤銷人民幣8.4百萬元。

投資活動所用現金流量

截至二零一八年十二月三十一日止年度，投資活動所用現金淨額為人民幣86.2百萬元，主要是由於人民幣55.6百萬元用作收購卓耀全部股權的現金代價的最終付款以及物業、廠房及設備付款人民幣21.8百萬元。

融資活動所得／(所用)現金流量

截至二零一八年十二月三十一日止年度，融資活動所得現金淨額為人民幣116.6百萬元，主要是由於提取關聯方貸款融資人民幣80.1百萬元加發行普通股所得款項淨額人民幣33.3百萬元。

資本支出

年內產生的資本支出主要用於物業、廠房及設備的購買或建造成本。截至二零一七年及二零一八年十二月三十一日止年度的資本支出分別為人民幣0.9百萬元及人民幣39.6百萬元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Trade receivables – net

The following table sets out the aging analysis of the Group's trade receivables at the dates indicated:

貿易應收款項－淨額

下表載列於所示日期本集團貿易應收款項的賬齡分析：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Aging analysis of trade receivables	貿易應收款項的賬齡分析		
1 – 30 days	1至30日	3,942	1,133
31 – 60 days	31至60日	780	252
61 – 90 days	61至90日	470	417
91 – 180 days	91至180日	954	1,755
181 – 365 days	181至365日	1,800	272
Over 1 year	一年以上	2,385	15,991
Total	總計	10,331	19,820
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備	(2,473)	(13,752)
Total trade receivables – net	總貿易應收款項－淨額	7,858	6,068

Trade receivables increased by 29.5% from RMB6.1 million as at 31 December 2017 to RMB7.9 million as at 31 December 2018. Such increase was mainly attributable to more revenue generated near year end.

貿易應收款項由二零一七年十二月三十一日的人民幣6.1百萬元增加29.5%至二零一八年十二月三十一日的人民幣7.9百萬元。有關增加主要是由於臨近年末產生的收益增加所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Properties held for sale

持作出售物業

As at 31 December

於十二月三十一日

2018	2017
二零一八年	二零一七年
RMB'000	RMB'000
人民幣千元	人民幣千元

Properties held for sale

持作出售物業

24,622

34,519

The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. For the year ended 31 December 2018, the management compared the carrying amount and fair value less costs to sell of the properties and made further impairment provision of RMB4,252,000 (2017: Nil).

中國物業乃向中國房地產開發商提供廣告服務交換所得。本集團的意向為銷售該等物業，因此，若相關物業可供出售，則有關權利會於廣告銷售交易完成時確認為持作出售物業。

管理層參照獨立物業估值師評估的物業市值評估其公允值減去銷售成本。於截至二零一八年十二月三十一日止年度，管理層已比較物業的賬面值與公允值減銷售成本，並作出進一步減值撥備人民幣4,252,000元（二零一七年：無）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Trade payables

貿易應付款項

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables	貿易應付款項的賬齡分析		
1 – 30 days	1至30日	641	547
31 – 90 days	31至90日	406	598
Over 90 days	90日以上	3,550	3,368
Total	總計	<u>4,597</u>	<u>4,513</u>

Trade payables increased slightly from RMB4.5 million as at 31 December 2017 to RMB4.6 million as at 31 December 2018. Trade payables turnover days decreased from 609 days for the year ended 31 December 2017 to 404 days for the year ended 31 December 2018.

貿易應付款項由二零一七年十二月三十一日的人民幣4.5百萬元略增至二零一八年十二月三十一日的人民幣4.6百萬元。貿易應付款項周轉日數由截至二零一七年十二月三十一日止年度的609日減至截至二零一八年十二月三十一日止年度的404日。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Indebtedness

Indebtedness consists of obligations to lenders, including commercial banks and certain related parties and companies.

During the year ended 31 December 2015, the Group obtained mortgage loans amounting to RMB15,470,000 to finance the Group's acquisition of properties. Transaction costs directly attributable to mortgage loans amounted to RMB35,000. The mortgage loans were drawn on 27 February 2015 and a further prepayment of RMB15,470,000 was made by the Group to Xiamen Information Group Ltd. for the properties. The mortgage loans are secured by the ownership rights of the properties and the personal guarantees of Zheng Bai Ling and Zhang Hui, a key management and the spouse of a key management of a subsidiary of the Group respectively. Total consideration for the properties is RMB22,164,000, of which the initial down payment of RMB6,694,000 was paid by the Group during the year ended 31 December 2014.

As at 31 December 2018, the mortgage loans were classified as current liabilities due to the related loan agreements containing a repayment on demand clause which gives the bank unconditional right to call the loans at any time. The mortgage terms are 7 years and are denominated in RMB. The mortgage loans are carried at quarterly adjusted floating interest of 1.15 times the benchmark loan interest as prescribed by the People's Bank of China for loans of a similar length. The effective interest rate for the year was 5.71% per annum.

債項

債項包括欠貸款人(包括商業銀行以及若干關連人士及公司)的債項。

於截至二零一五年十二月三十一日止年度，本集團取得按揭貸款人民幣15,470,000元，為本集團收購物業融資。按揭貸款直接應佔的交易成本為人民幣35,000元。該等按揭貸款已於二零一五年二月二十七日提取，而本集團已就該等物業向廈門信息集團有限公司進一步預付人民幣15,470,000元的款項。按揭貸款以該等物業的所有權以及本集團一家附屬公司的主要管理人員鄭柏齡和主要管理人員的配偶張輝提供的個人擔保作抵押。該等物業的總代價為人民幣22,164,000元，本集團已於截至二零一四年十二月三十一日止年度支付首期款項人民幣6,694,000元。

於二零一八年十二月三十一日，由於該等按揭貸款的相關貸款協議載有應要求償還條款，賦予銀行無條件權利隨時追收貸款，故該等按揭貸款分類為流動負債。按揭年期為7年，以人民幣計值。該等按揭貸款按浮息計息，有關利息為中國人民銀行就類似年期貸款規定的基準貸款利率的1.15倍，每季調整。年內實際年利率為5.71厘。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

During the year ended 31 December 2018, the Group obtained a loan facility from a related party, TopBig International Development Limited (“TopBig”), amounting to RMB87,132,000. The loan balance is unsecured, carries interest at 5.0% per annum and repayable in two years from the date of drawdown. The maximum amount that can be drawn down by the Group from TopBig is HK\$100 million, as disclosed in the Company’s announcement dated 8 May 2018.

During the year ended 31 December 2018, the Group obtained a loan amounting to RMB1,500,000 from a third party. The balance is unsecured, carries an interest rate at 6.0% per annum with a term of 2 years, and is repayable on demand. The balance is denominated in RMB.

Gearing ratio, being the proportion of the Group’s total borrowings to total assets, increased from 2.9% for the year ended 31 December 2017 to 37.1% for the year ended 31 December 2018.

On 14 March 2018, the Group obtained a banking facility with a facility limit of RMB100,000,000 and a facility period from 14 March 2018 to 13 March 2019. The facility has expired on 13 March 2019 and since then, the Group does not have any banking facilities.

截至二零一八年十二月三十一日止年度，本集團自一名關連人士昇平國際發展有限公司（「昇平」）獲取為數人民幣87,132,000元之貸款融資。該貸款結餘為無抵押、按年利率5.0厘計息及自提取日期起計兩年內償還。誠如本公司日期為二零一八年五月八日之公告所披露，本集團可向昇平提取的最高金額為100,000,000港元。

截至二零一八年十二月三十一日止年度，本集團取得為數人民幣1,500,000元之第三方貸款。該結餘為無抵押，按年利率6.0厘計息，為期兩年，須按要求償還。

於截至二零一八年十二月三十一日止年度，資本負債比率（以本集團借款總額相對總資產的比例計算）由截至二零一七年十二月三十一日止年度的2.9%增加至37.1%。

於二零一八年三月十四日，本集團取得銀行融資授信額度人民幣100,000,000元，授信期限自二零一八年三月十四日至二零一九年三月十三日。該項融資於二零一九年三月十三日屆滿，自此，本集團並無任何銀行融資授信。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Commitments

(a) Operating lease commitments – as a lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Not later than 1 year	一年以下	5,232	12,952
Later than 1 year and not later than 5 years	一年以上及五年以下	3,870	3,351
		9,102	16,303

Provision for an onerous operating lease of RMB2,902,000 as at 31 December 2018 is made for the abovementioned operating lease commitments.

(b) Operating lease commitments – as a lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Not later than 1 year	一年以下	2,000	–
Later than 1 year and not later than 5 years	一年以上及五年以下	6,000	–
		8,000	–

承擔

(a) 經營租賃承擔－作為承租人

不可撤銷經營租約的日後最低租賃付款總額如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Not later than 1 year	一年以下	5,232	12,952
Later than 1 year and not later than 5 years	一年以上及五年以下	3,870	3,351
		9,102	16,303

於二零一八年十二月三十一日，本集團就上述經營租賃承擔作出虧損性經營租賃之虧損撥備人民幣2,902,000元。

(b) 經營租賃承擔－作為出租人

不可撤銷經營租賃的日後最低租賃付款總額如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Not later than 1 year	一年以下	2,000	–
Later than 1 year and not later than 5 years	一年以上及五年以下	6,000	–
		8,000	–

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

(c) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	7,930	-

(c) 資本承擔

於報告期末已訂約但未確認為負債之重大資本開支如下：

Contingent liabilities

As at 31 December 2018 and 2017, the Group had no material contingent liabilities.

Human resources

As at 31 December 2018, the Group had 236 full-time employees (2017: 218). Total staff costs including directors' remuneration for the year ended 31 December 2018 were RMB46.1 million (2017: RMB43.5 million).

The remuneration of the directors is evaluated by the remuneration committee, which also makes recommendations to the Board. In addition, the remuneration committee reviews the performance, and determines the remuneration structure, of the Group's senior management.

The Company operates an employee share option scheme, the purpose of which is to incentivise or reward eligible individuals who provide services to the Company for their contributions and their continuing efforts to promote the interests of the Company, and for other purposes as the Board may approve from time to time.

或有負債

於二零一八年及二零一七年十二月三十一日，本集團並無重大或有負債。

人力資源

於二零一八年十二月三十一日，本集團擁有236名（二零一七年：218名）全職僱員。截至二零一八年十二月三十一日止年度的員工成本總額（包括董事薪酬）為人民幣46.1百萬元（二零一七年：人民幣43.5百萬元）。

薪酬委員會負責評估董事薪酬，並向董事會提供推薦意見。此外，薪酬委員會亦會檢討本集團高級管理層表現及制訂彼等的薪酬結構。

本公司營辦一項僱員購股權計劃，藉以鼓勵或獎賞為本公司提供服務的合資格人士對本公司作出貢獻及努力不懈地促進本公司利益，以及董事會可能不時批准的其他原因。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Events after the reporting period

- (i) On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the “Subscriber”), a company wholly-owned by Mr. Chen Zhi, the Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the 3% convertible bonds (the “Convertible Bonds”) in the aggregate principal amount of HK\$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK\$0.24 per conversion share following the Capital Reorganisation (equivalent to HK\$0.06 per share prior to the Capital Reorganisation), subject to adjustment. The Convertible Bond matures at the day falling on the third anniversary of the date of issue of the convertible bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on maturity date.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$0.24 per conversion following the Capital Reorganisation, the Convertible Bonds will be convertible into up to 1,041,666,666 shares (on the basis of the consolidated shares after the Capital Reorganisation becoming effective).

The Convertible Bonds and the new Shares to be issued upon conversion of the Convertible Bonds (the “Conversion Shares”) shall be allotted and issued by the Company pursuant to the specific mandate granted by the independent shareholders of the Company to the Directors at the extraordinary general meeting of the Company held on 8 March 2019.

報告期後事項

- (i) 於二零一九年一月二十四日，本公司與昇平國際發展有限公司（「認購人」）（由本公司執行董事及股東陳志先生全資擁有之公司）訂立可換股債券認購協議，據此，本公司有條件同意發行而認購人有條件同意認購本金總額為250,000,000港元（相當於人民幣215,750,000元）的按利率3厘計息的可換股債券（「可換股債券」）。

可換股債券之初步換股價於股本重組後為每股換股股份0.24港元（相當於股本重組前每股0.06港元）（可予調整）。可換股債券到期日為發行可換股債券之日起計滿三週年當日，而可換股期間涵蓋發行可換股債券當日起至到期日止期間。

假設可換股債券按股本重組後初步換股價每股換股股份0.24港元獲悉數轉換，可換股債券將轉換為最多1,041,666,666股股份（以股本重組生效後之合併股份為基準）。

可換股債券及可換股債券獲轉換後將予發行之新股（「可換股股份」）將由本公司根據其獨立股東於本公司在二零一九年三月八日舉行之股東特別大會上向董事授出之特別授權配發及發行。

MANAGEMENT DISCUSSION AND ANALYSIS

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- (ii) On 15 November 2018, a 60%-owned subsidiary of the Group entered into a sale and purchase agreement with certain sellers to acquire 71.43% equity interest in Zhang Ping Nong Bo Hui New Specialized Farmers' Cooperative (the "Target Company") at a consideration of RMB3,000,000. The conditions precedent to the acquisition are not fully fulfilled and the acquisition has not been completed as at 31 December 2018 and up to the date of this report.
- (iii) On 1 February 2019, the Board of Directors proposed to implement a capital reorganisation ("Capital Reorganisation") which involves:
- (a) the share consolidation of every four issued and unissued existing shares of HK\$0.10 each into one consolidated share of HK\$0.40 each;
 - (b) the capital reduction such that the nominal value of each issued consolidated share be reduced from HK\$0.40 to HK\$0.01; and
 - (c) the share subdivision of each unissued consolidated share of HK\$0.40 each into forty new shares of HK\$0.01 each.
- (ii) 於二零一八年十一月十五日，本集團擁有60%權益的附屬公司與賣方訂立買賣協議，以收購漳平農博滙現代農業專業合作社（「目標公司」）71.43%的股權，代價為人民幣3,000,000元。於二零一八年十二月三十一日及直至本報告日期，收購事項之先決條件尚未悉數達成且該收購事項尚未完成。
- (iii) 於二零一九年二月一日，董事會建議進行股本重組（「股本重組」），當中涉及：
- (a) 股份合併，以每四股每股面值0.10港元的已發行及未發行現有股份合併為一股每股面值0.40港元的合併股份；
 - (b) 股本削減，以致每股已發行合併股份的面值由0.40港元削減至0.01港元；及
 - (c) 股份分拆，以每股面值0.40港元的未發行合併股份分拆為四十股每股面值0.01港元的新股份。

The Capital Reorganisation is subject to the fulfilment of conditions, and the expected effective date of the Capital Reorganisation is 10 April 2019. Upon completion of the Capital Reorganisation (including the four-to-one share consolidation), the weighted average number of shares in issue shall be adjusted for the effect of share consolidation. The calculation of basic and diluted earnings per share for all years presented will also be adjusted retrospectively. However, for the purposes of this Report, all references to share numbers and price per share refer to the status of share capital prior to the Capital Reorganisation, unless otherwise stated or the context otherwise requires.

股本重組須待條件達成以後方可作實，而股本重組之預期生效日期為二零一九年四月十日。於股本重組（包括每四股合併為一股之股份合併）前，已發行加權平均股份數目已作調整，以反映股本重組。所呈列之所有年度之每股基本及攤薄盈利計算亦將作追溯調整。然而，就本報告而言，除另有訂明或文義另有要求者除外，所有有關股份數目及每股價格的提述均指股本重組前之股本狀況。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Prospects

In 2019, we expect the economy worldwide and in China will continue to face challenges. China lowered its GDP growth target to 6%-6.5% for 2019. Amidst the challenging macro-environment, the Company is well-positioned to tackle the challenges ahead due to the laying of solid foundation in the past two years through acquisitions and fund-raisings.

Driven by various favorable factors such as increased per capita income, consumption upgrades, the growing demand for entertainment and culture, the on-going improvement of the film-viewing infrastructure, and the advanced Internet that enables online platforms to boost box office, it is expected that China's film industry will see another round of growth in the long run.

In addition, the rise of webcast and online TV dramas will continuously add value to the film and television culture industry. The Group will continue to identify development and investment opportunities with the view to capitalising on its established experience in advertising, marketing and media industry in China and seizing the opportunities in the film industry of Mainland China through proactively rolling out quality productions in due course.

In support of the 13th Five-Year Plan of the state and the central government's plan to build 1,000 "distinctive towns" in China by 2020 to promote the integrated development of the primary, secondary and tertiary industries in rural areas, the Group actively leverages its experience and resources in the advertising, film, culture and media industries to develop integrated projects on the theme of film or media. The Group has used its efforts to identify suitable locations to participate in integrated development projects with industry positioning, cultural heritage, tourism features, entertainment and community functions such as health and wellness, so as to form synergies with existing businesses and create value for shareholders.

前景

於二零一九年，我們預期全球及中國經濟將繼續面臨重重挑戰。中國放緩GDP增速，期望二零一九年達成6%至6.5%的目標。面臨宏觀經濟環境的重重挑戰，本公司已於過往兩年透過收購及融資活動打下堅實的基礎，具備雄厚的實力克服此等挑戰。

在種種的利好背景帶動下，如國民人均收入增加，消費升級，對娛樂文化的需求日益強大、觀影基礎設施的持續完善，以及發達互聯網使在線平台得以大力推動票房等，長遠而言，期待中國影視產業將有另一輪的增長。

此外，網絡直播及網絡電視劇的崛起，將持續為影視文化產業增值。為此，本集團將繼續物色發展及投資機遇，以期憑藉其在國內廣告、營銷及媒體行業方面的成熟經驗，把握內地電影產業的機遇，並適時主動推出優質的製作。

為響應國家十三五規劃，以及中央政府計劃於二零二零年前在中國建設1,000個「特色小鎮」，以推動農村地區第一、第二及第三產業綜合發展的舉措，本集團積極利用其於廣告、電影、文化及媒體行業的經驗及資源開發以電影或媒體為主題的綜合項目。本集團致力透過尋求合適地點，打造具有產業定位、文化內涵、旅遊特徵、娛樂和社區功能如養生等的綜合開發項目，為現有業務產生協同效應，並為股東創造價值。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In 2018, the Company acquired Supreme Glory Limited, which through its subsidiaries operate a project site covering a measurable usable area of approximately 4,022 Chinese mu (equivalent to approximately 2,681,347 square meters) located in Hebei Town, Fangshan District, Beijing under a 50-year lease which expires in December 2058. The Group intends to develop the project into a unique natural and cultural scenic spot integrating media, resort, and eco-cultural tourism. The Fangshan project is expected to contribute to the Group's revenue and business development in the long run.

In addition, to further consolidate the Group's integrated project development business, broaden its revenue sources and reduce its reliance on the print media business, the Group entered into a framework agreement with the government of Yongtai County, Fuzhou City, Fujian Province to invest in a project named "Yongtai Kungfu Distinctive Town", covering an area of 15.6 square kilometers in Yongtai County. The Company intends to join force with asset management companies and other interested investors to jointly invest RMB500 million in the first stage of the project, with the aim of re-establishing the Longchuan-Longmen Canyon Scenic Area as a 4A scenic spot. The Group has the 40-years' exclusive operation right of the project covering the development, construction, management and operation of commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment.

Looking ahead, the Group will proactively explore and expand business opportunities for investment, production, management and content distribution of films and TV dramas. Leveraging the Group's track record and experience in advertising, marketing and integrated project development, the Group will continue to strive to find suitable industry partners and investment and production projects, and continuously promote the management of film and television projects to capture opportunities arising from the growing market of China's film and television culture industry and the new media transformation.

本公司於二零一八年度收購卓耀有限公司，該公司透過其附屬公司經營一個項目，該項目位於北京房山區河北鎮，可計量實用面積約為4,022畝（相當於約2,681,347平方米），租期為五十年，至二零五八年十二月屆滿。本集團將發展該項目成為一個集媒體、度假村及生態文化旅游為一體的獨特自然文化景點。房山項目預期會為本集團的收益及業務發展帶來長期貢獻。

另外，為進一步鞏固本集團的綜合項目開發業務、拓闊其收入來源及降低其對印刷媒體業務的依賴，本集團與福建省福州市永泰縣政府訂立框架協議，以投資一個名為「永泰功夫小鎮」的項目，該項目佔地15.6平方千米。本公司計劃加入資產管理公司及其他感興趣的投資者，為項目的第一期共同投資人民幣500百萬元，以期將龍門峽谷風景區重新建設為4A級景區。本集團擁有該項目40年獨家經營權，涵蓋開發、建設、管理及運營旅遊、觀光、渡假、文化、體育及娛樂等商業活動。

展望未來，本集團將積極挖掘和拓展電影、電視劇投資、製作、管理和內容分發的業務機遇。結合本集團在廣告、營銷及綜合項目開發等方面的往績及經驗，本集團將繼續努力不懈，尋求合適的業內合作夥伴及投資製作項目，持續推動管理影視項目，以把握中國影視文化產業不斷壯大的市場及新媒體轉型的機遇。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Mr. Tsui Yiu Ming Siuming, aged 65, is an executive Director and the chief executive officer of the Group. He is a famous film director and producer in China and Hong Kong. He is the founder and the president of Hong Kong Televisioners Association, was awarded in 2013 "World Outstanding Chinese" by the World Chinese Business Investment Foundation. Mr. Tsui holds a Master degree from Jinan University and an honorary doctorate from Northern University of the USA. Mr. Tsui entered film as a child actor at the age of 5, and has been working in the film and TV industry for more than 59 years. He has extensive experience in operations management, and has served as senior vice president of Asia Television Limited, chief executive officer of the Emperor Motion Pictures Group, executive director of i-Cable Entertainment Limited, chief operating officer of i-Cable Satellite Television Limited and president of Sundream Motion Pictures Limited. His film and television works have won many awards. Mr. Tsui was appointed as an executive director of the Group on 6 December 2015 and was appointed as the chief executive officer of the Group on 29 January 2016.

執行董事

徐耀明（別名：徐小明）先生，65歲，本集團之執行董事兼行政總裁。徐先生為中國及香港著名電影導演及製片人。彼為香港電視專業人員協會創會會長及現任會長，於二零一三年獲世界華商投資基金會頒授「世界傑出華人」。徐先生持有暨南大學碩士學位及美國北方大學（Northern University of the USA）榮譽博士學位。徐先生五歲以童星身份加入影壇，從事影視行業已有五十九年。徐先生具備豐富的公司運營管理經驗，曾先後任職亞洲電視有限公司高級副總裁、英皇電影集團行政總裁、香港有線娛樂有限公司執行董事、有線衛星電視有限公司營運總裁及驕陽電影有限公司總裁。其影視作品多次獲得各項大獎。徐先生於二零一五年十二月六日獲委任為本集團的執行董事並於二零一六年一月二十九日獲委任為本集團的行政總裁。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

Mr. Chen Zhi, aged 53, is an executive Director. He is a qualified accountant as conferred by the Ministry of Finance. Mr. Chen was a cadre of the Fuzhou Minhou Tax Bureau from 1982 to 1989 (during which he was granted leave from 1985 to 1988 to pursue his studies at Fujian Radio and Television University), deputy section chief of the Fuzhou Economic and Technology Development Area Tax Bureau from 1989 to 1993, and subsequently the section chief from 1993 to 2002. He joined our Group in 2003 and pioneered our distinctive business model of cooperating with newspaper partners to provide integrated print media services to advertisers, undertook the main decision-making role in the management of our overall operations and oversaw the strategic development of our Group. He was appointed as the chairman, chief executive officer and an executive Director of our Company on 9 December 2009, resigned as the chief executive officer of the Company on 29 January 2016 and resigned as the chairman of the Company on 25 February 2016. Mr. Chen has accumulated more than ten years of relevant experience from developing the business of our Group and possesses a deep understanding of the PRC print media and advertising industries. Mr. Chen graduated from Fujian Radio and Television University in 1988 with a diploma in financial economics. Mr. Chen is one of our controlling shareholders. He is also a director of TopBig International Development Limited ("TopBig International"). Mr. Chen is the brother of Ms. Chen Min, a non-executive Director of the Company.

陳志先生，53歲，執行董事。彼為財政部認可的合資格會計師。陳先生於一九八二年至一九八九年（期間曾於一九八五年至一九八八年獲批准離職前往福建廣播電視大學深造）為福州閩候稅務局的一名幹部，於一九八九年至一九九三年為福州經濟技術開發區稅務局的副科長，其後於一九九三年至二零零二年擔任科長。彼於二零零三年加入本集團，並開創本公司獨樹一幟的業務模式（即與報章合夥人合作，向廣告客戶提供綜合印刷媒體服務），在本公司整體經營管理中擔當主要決策角色及監督本集團的策略開發。彼於二零零九年十二月九日獲委任為本公司的主席、首席執行官兼執行董事，於二零一六年一月二十九日辭任本公司的首席執行官，並於二零一六年二月二十五日辭任本公司的主席。陳先生於發展本集團業務方面積逾十年相關經驗，諳熟中國印刷媒體及廣告行業。陳先生於一九八八年畢業於福建廣播電視大學，獲經濟財政學文憑。陳先生為本公司控股股東之一。彼亦為昇平國際發展有限公司（「昇平國際」）的董事。陳先生為本公司非執行董事陳敏女士的胞兄。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

Mr. Yu Shi Quan, aged 43, is an executive Director and the chief financial officer. He is a qualified accountant as conferred by the Ministry of Finance. Mr. Yu was an accountant at Fujian Lan Tian Tax Accounting Co., Ltd. from 1996 to 1997, the finance director of Fujian Huanyu Investment Development Co., Ltd from 1997 to 1998 and the finance director of Fujian ShiFang Investment Co. Ltd. ("Fujian ShiFang") from 1998 to 2000. He joined our Group in 2000 and was head of finance of Fujian ShiFang until 2008 when he became the head of finance of Olympia Media, and, subsequently, vice president of finance of China TopReach Inc. in 2009, and was appointed as Director of our Company on 20 December 2011. He graduated from Fujian Radio and Television University in 1996 with a diploma in finance and accounting. Mr. Yu has gained significant management experience from his work with the overall financial operations of our Group and was appointed as the chief financial officer of the Group on 9 June 2014.

NON-EXECUTIVE DIRECTORS

Mr. Chen Wei Dong, aged 48, is a non-executive Director. He was appointed as our Director on 1 April 2015. He is currently served as the managing director of Xiamen Siruite Business Consulting Co., Ltd. (廈門斯銳特商務諮詢有限公司), a position with effective since January 1 2014. From January 2010 to October 2017, he served as the managing director of Shenzhen China Science & Kingwin Venture Capital Co., Ltd. He served as the deputy director of business of Shenzhen China Science & Merchants Capital Management Group Co., Ltd., from January 2003 to December 2009. From March 1996 to December 2012, Mr. Chen held the position as an assistant general manager of 廈門華閩包裝有限公司 (Xiamen Huamin Packaging Co., Ltd.). From December 2013 to November 2018, He has served as the general manager of China Science & Kingwin Investment Management Limited. In addition, he also had approximately six years of experience working in the Local Taxation Bureau of Pingyu County, Henan Province. Mr. Chen received his Bachelor's degree from the College of Online Education (now known as College of Continuing Education) of the Xiamen University in China in 2006, and has been enrolled in the Executive Master of Business Administration programme of School of Management of the Xiamen University since September 2009.

余詩權先生，43歲，執行董事兼首席財務官。彼為財政部認可的合資格會計師。余先生一九九六年至一九九七年於福建藍天稅務師事務所有限公司任會計師，一九九七年至一九九八年於福建省環宇投資發展有限公司擔任財務總監，而一九九八年至二零零零年於福建十方投資有限公司（「福建十方」）擔任財務總監。彼於二零零零年加入本集團，出任福建十方的財務總監，直至彼於二零零八年成為奧海傳媒的財務總監止，其後於二零零九年擔任中國天瑞控股有限公司的財務副總裁，並於二零一一年十二月二十日獲委任為本公司董事。彼於一九九六年畢業於福建廣播電視大學，獲財務及會計文憑。余先生在本集團的整體財務運營工作中積累了豐富的管理經驗，並於二零一四年六月九日獲委任為本集團首席財務官。

非執行董事

陳偉東先生，48歲，非執行董事。彼於二零一五年四月一日獲委任為董事。彼現任廈門斯銳特商務諮詢有限公司的董事經理，自二零一四年一月起擔任此職位。彼於二零一零年一月至二零一七年十月任深圳市中科宏易創業投資管理有限公司董事總經理。彼於二零零三年一月至二零零九年十二月期間擔任深圳市中科招商創業投資管理有限公司業務副總監。彼於一九九六年三月至二零一二年十二月，陳先生出任廈門華閩包裝有限公司的助理總經理。於二零一三年十二月至二零一八年十一月任深圳市中科宏易創業投資有限公司的總經理。此外，彼亦於河南省平輿縣地方稅務局任職約六年。陳先生於二零零六年自中國廈門大學網絡教育學院（現稱遠程教育學院）取得學士學位，並自二零零九年九月起參與廈門大學管理學院工商管理碩士課程學習。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

Ms. Chen Min, aged 48, is a non-executive Director. She graduated from the Faculty of Arts, Fujian Normal University with a bachelor's degree in arts in June 1993 and a master's degree in arts specialising in contemporary Chinese drama in June 2002. She also obtained a doctorate degree in arts specialising in theatrical aesthetics from the Central Academy of Drama in June 2006. Ms. Chen had taken up various academic teaching posts at the College of Chinese Language and Literature Fujian Normal University between September 1993 and May 2007 and has been an associate professor of drama literature at the Central Academy of Drama since May 2007. Ms. Chen has also served as a secretary and a member of council of the China Branch of The International Association of Theatre Critics and a member of the expert panel of academic degrees and graduate education of the Ministry of Education of the PRC since May 2007. She was appointed as our Director on 20 December 2011. Ms. Chen is the sister of Mr. Chen Zhi, an executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Chang Ren, aged 71, is an independent non-executive Director. He was appointed as our Director on 8 November 2010, and is a qualified senior economist as conferred by the Fujian Provincial Department of Personnel. Mr. Zhou was appointed as the chairman of the Qingliu Country Party Committee in 1990. He was engaged in the newspaper industry in the PRC and held several positions including the deputy bureau chief and editorial board member of Fujian Daily from 1996 to 2002, and the general manager, senior economist and Party Committee deputy secretary of the Fujian Daily Newspaper Group from 2002 to 2008. In addition, Mr. Zhou was the vice chairman, and later chairman, of the Fujian Province Newspaper Industry Association during the same periods, before retiring in 2008. He graduated from Fujian Provincial Party School of the CPC in 1986 with a diploma in politics. Mr. Zhou has extensive print media experience and expertise with particular knowledge of the Fujian newspaper industry.

陳敏女士，48歲，非執行董事。彼於一九九三年六月畢業於福建師範大學文學院，持有漢語言文學學士學位，並於二零零二年六月取得中國現代戲劇方面碩士學位。彼亦於二零零六年六月獲中央戲劇學院戲劇文學系戲劇美學方面博士學位。陳女士已於一九九三年九月至二零零七年五月期間於福建師範大學中國語言文學院承擔多個專業任教職務，並自二零零七年五月起在中央戲劇學院擔任戲劇文學系教授、博士生導師。陳女士亦自二零零七年五月起任職國際戲劇評論家協會中國分會秘書長、理事及中國教育部學位及研究生教育專家組成員。彼於二零一一年十二月二十日獲委任為本公司董事。陳女士為本公司執行董事陳志先生的胞妹。

獨立非執行董事

周昌仁先生，71歲，獨立非執行董事。彼於二零一零年十一月八日獲委任為本公司董事，並獲福建省人事廳認可具有高級經濟師資格。周先生於一九九零年獲委任為中共清流縣黨委書記。彼曾從事於中國的報紙行業，並擔任多種職務，包括於一九九六年至二零零二年為《福建日報》副社長及編委委員，以及於二零零二年至二零零八年為福建日報報業集團總經理、高級經濟師及黨委副書記。此外，周先生曾於同期在福建省報業協會先為副主席後升任為主席，直至二零零八年退休。彼於一九八六年畢業於中共福建省委黨校，獲政治學文憑。周先生擁有豐富的印刷媒體經驗及專業知識，諳熟福建的報紙行業。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

Mr. Wong Heung Ming Henry, aged 49, is an independent non-executive Director. He was appointed as our Director on 8 November 2010. Mr. Wong took some senior positions, by serving as the finance directors and the internal audit director, for some multinationals, including United States and Hong Kong listed companies engaged in fast-moving consumables, real estates, shopping malls operation and media industry. Prior to that, Mr. Wong had worked for two international accounting firms, Deloitte Touche Tohmatsu and PricewaterhouseCoopers. Mr. Wong graduated from City University in Hong Kong in 1993 with a bachelor's degree in accountancy and also obtained a master's degree in electronic commerce from the Open University of Hong Kong in 2003. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants as well as a certified internal auditor. Mr. Wong has accumulated more than 25 years in financing, internal controls and corporate governance experience.

Mr. Cai Jian Quan, aged 56, is an independent non-executive Director. He was appointed as our Director on 20 December 2011. He graduated from the Anhui University of Finance Economics with a bachelor's degree in financial accounting in July 1984. Mr. Cai was a finance manager of the finance department of Shanghai Baihuo Headquarters Watches and Glasses Branch between July 1984 and June 1992. He was the general manager of the sales department of Shenyin & Wanguo Securities Co. Ltd. between June 1992 and June 2002. He has also been the chairman of the board of directors of Shanghai Guantong Investment Co. Ltd. since September 2002.

黃向明先生，49歲，獨立非執行董事。彼於二零一零年十一月八日獲委任為本公司董事。黃先生曾於經營快消品、房地產、百貨及媒體等跨國、美國及香港上市公司任職財務總監及內審總監等高管職位。在此之前，黃先生於德勤及普華永道兩家國際會計事務所工作。黃先生於一九九三年畢業於香港城市大學，並獲取會計學學士學位，而二零零三年亦於香港公開大學兼讀並取得其電子商務碩士學位。彼目前為英國特許公認會計師公會及香港會計師公會資深會員及註冊內部審計師。黃先生積累逾二十五年豐富的財務、內部控制及企業管治等方面的經驗。

蔡建權先生，56歲，獨立非執行董事。彼於二零一一年十二月二十日獲委任為本公司董事。彼於一九八四年七月畢業於安徽財經大學，持有財務會計學學士學位。蔡先生自一九八四年七月至一九九二年六月為上海百貨總公司鐘錶眼鏡分公司財務部的財務經理。彼自一九九二年六月至二零零二年六月為申銀萬國證券股份有限公司的營業部總經理。彼自二零零二年九月以來亦一直為上海冠通投資有限公司的董事會主席。

DIRECTORS AND SENIOR MANAGEMENT PROFILE

董事及高級管理層履歷

COMPANY SECRETARY

Ms. Chan Ching Yi, aged 44, is our company secretary. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Ms. Chan holds a bachelor's degree in accountancy and has accumulated more than 20 years of financial and auditing experience. She is currently the company secretary of Xinjiang Tianye Water Saving Irrigation System Company Limited (stock code: 840), a company listed on the Main Board of the Stock Exchange. Ms. Chan joined our Group in August 2010.

公司秘書

陳靜儀女士，44歲，本公司的公司秘書。彼為香港會計師公會會員及英國特許公認會計師公會資深會員。陳女士持有會計學學士學位，並積累了逾二十年財務及審計經驗。彼目前為聯交所主板上市公司新疆天業節水灌溉股份有限公司（股份代號：840）的公司秘書。陳女士於二零一零年八月加入本集團。

DIRECTORS' REPORT

董事報告

The directors (the "Directors") of ShiFang Holding Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of publishing and advertising (the "Publishing and Advertising Businesses") in the People's Republic of China (the "PRC"). The Group has been focusing on restructuring its publishing and advertising businesses by consolidating with cultural media and film media businesses in PRC.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of comprehensive income on pages 99 to 100.

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2018 and proposed that loss for the year be retained.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the "Management Discussion and Analysis" section of this annual report.

十方控股有限公司（「本公司」）董事（「董事」）謹此提呈彼等的報告，以及本公司及其附屬公司（統稱「本集團」）截至二零一八年十二月三十一日止年度的經審核財務報表。

主要業務

本公司為一家投資控股公司，而其附屬公司主要於中華人民共和國（「中國」）從事出版及廣告業務。本集團一直專注於透過整合中國文化傳媒及電影媒體業務，重組其出版及廣告業務。

業績及分配

本集團截至二零一八年十二月三十一日止年度的業績載於第99至100頁的合併全面收益表。

董事不建議派付截至二零一八年十二月三十一日止年度任何末期股息，並建議保留年內虧損。

業務回顧

本集團年內業務審視以及對本集團業務未來發展及可能面對的風險及不明朗因素的討論載於本年報「管理層討論與分析」一節。

DIRECTORS' REPORT

董事報告

The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2018 are set out in note 36 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is set out in the "Financial Highlights and Summary" section on pages 5 to 6 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May, 2019 to 24 May, 2019, both days inclusive, during which no transfer of shares will be registered. To determine eligibility to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 21 May, 2019.

本集團的財務風險管理目標及政策載於合併財務報表附註3。於截至二零一八年十二月三十一日止財政年度終結後發生的、對本集團有影響的重大事件的詳情載於合併財務報表附註36。

對本集團年內表現運用財務關鍵表現指標進行的分析載於本年報第5至6頁「財務摘要及概要」一節。

暫停辦理股東登記手續

本公司將於二零一九年五月二十二日至二零一九年五月二十四日（包括首尾兩天）暫停辦理股東登記手續，期間不會受理股份過戶登記。為釐定出席本公司應屆股東週年大會並於會上投票的資格，所有過戶文件連同有關股票最遲須於二零一九年五月二十一日下午四時三十分送達本公司的香港股份過戶登記分處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心22樓）以作登記。

DIRECTORS' REPORT

董事報告

FUND RAISING ACTIVITIES

Placing of 289,666,000 shares at HK\$0.145 between December 2017 and January 2018

As announced by the Company on 19 December 2017, the Company entered into a placing agreement dated 19 December 2017 with a placing agent in relation to the placing of 289,666,000 ordinary shares of the Company at the placing price of HK\$0.145. The placing was carried out under the general mandate approved by the Company's shareholders at the annual general meeting held on 25 May 2017. Completion of the placing took place on 25 January 2018, with 289,666,000 ordinary shares of the Company allotted and issued to not less than six independent placees procured by the placing agent.

The gross and net proceeds from the placing were approximately HK\$42 million and HK\$41 million, respectively. It was the intention of the Company to apply the net proceeds from the placing for general working capital of the Group. As at 31 December 2018, approximately HK\$41 million was utilized for general working capital of the Group as intended, including salaries and emoluments and rental expenses.

集資活動

於二零一七年十二月至二零一八年一月間按0.145港元配售289,666,000股股份

誠如本公司於二零一七年十二月十九日所公佈，本公司與配售代理訂立日期為二零一七年十二月十九日的配售協議，內容有關按配售價0.145港元配售289,666,000股本公司的普通股。配售乃根據本公司股東於二零一七年五月二十五日舉行的股東週年大會上批准的一般授權進行。配售已於二零一八年一月二十五日完成，本公司已向不少於六名由配售代理促成的獨立承配人配發及發行289,666,000股本公司的普通股。

配售所得款項總額及淨額分別約為42百萬港元及41百萬港元。本公司擬將配售所得款項淨額用作本集團的一般營運資金。於二零一八年十二月三十一日，約41百萬港元按擬定用途用作本集團之一般營運資金，包括薪金及酬金以及租賃開支。

PROPERTY, PLANT AND EQUIPMENT

During the year of 2018, the Group had acquired property, plant and equipment of approximately RMB59.9 million.

Details of these and other movements in the property, plant and equipment of the Group during the year of 2018 are set out in note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 15 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association or the bye-laws of the Company (the "Articles" or the "Bye-laws"), or the laws of the Cayman Islands or Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

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

物業、廠房及設備

於二零一八年度，本集團收購約人民幣59.9百萬元物業、廠房及設備。

上述及二零一八年度其他有關本集團物業、廠房及設備的變動詳情載於合併財務報表附註7。

股本

本公司股本於年內的變動詳情載於合併財務報表附註15。

優先購買權

本公司組織章程細則或公司細則（「細則」或「公司細則」）或開曼群島或百慕達法律並無任何規定本公司須向現有股東按比例發售新股份的優先購買權的條文。

購買、贖回或出售本公司上市證券

年內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

本公司及本集團儲備於年內的變動詳情分別載於合併財務報表附註37及合併權益變動表。

DIRECTORS' REPORT

董事報告

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company has no reserve available for distribution to the Shareholders.

DONATIONS

No charitable and other donations have been made by the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year of 2018, the aggregate sales attributable to the Group's five largest customers comprised approximately 33.9% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 8.8% of the Group's total sales.

The aggregate purchases during the year of 2018 attributable to the Group's five largest suppliers were approximately 19.7% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 7.6% of the Group's total purchases.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in the PRC. During the Year, the Group has complied, to the best knowledge of the Directors, with the relevant laws and regulations that have a significant impact on the Group.

可供分派儲備

於二零一八年十二月三十一日，本公司並無可供分派予股東的儲備。

捐款

本集團年內並無作出慈善及其他捐款。

主要客戶及供應商

於二零一八年度，本集團五大客戶應佔銷售總額佔本集團總銷售額約33.9%，而本集團最大客戶應佔銷售額佔本集團總銷售額約8.8%。

於二零一八年度，本集團五大供應商應佔購貨總額佔本集團總購貨額約19.7%，而本集團最大供應商應佔購貨額佔本集團總購貨額約7.6%。

遵守法律及法規

本集團的業務主要由本公司的中國附屬公司進行，因此本集團的成立及業務應符合中國相關法律及法規。據董事所深知，本集團於年內已符合對本集團有重大影響的相關法律及法規。

DIRECTORS

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

Executive directors:

- Mr. Siuming Tsui, chief executive officer
(appointed as a Director on 6 December 2015)
- Mr. Chen Zhi
(appointed as a Director on 9 December 2009)
- Mr. Yu Shi Quan
(appointed on 20 December 2011)

Non-executive directors:

- Mr. Chen Wei Dong
(appointed on 1 April 2015)
- Ms. Chen Min
(appointed on 20 December 2011)

Independent non-executive directors:

- Mr. Zhou Chang Ren
(appointed on 8 November 2010)
- Mr. Wong Heung Ming, Henry
(appointed on 8 November 2010)
- Mr. Cai Jian Quan
(appointed on 20 December 2011)

In accordance with the Bye-laws, one-third of the Directors will retire and, being eligible, offer themselves for re-election, at the forthcoming annual general meeting of the Company. Moreover, the Directors appointed during the year will hold office until the forthcoming annual general meeting of the Company and will be eligible for re-election.

董事

年內及直至本報告日期的董事如下：

執行董事：

- 徐小明先生（行政總裁）
(於二零一五年十二月六日獲委任為董事)
- 陳志先生
(於二零零九年十二月九日獲委任為董事)
- 余詩權先生
(於二零一一年十二月二十日獲委任)

非執行董事：

- 陳偉東先生
(於二零一五年四月一日獲委任)
- 陳敏女士
(於二零一一年十二月二十日獲委任)

獨立非執行董事：

- 周昌仁先生
(於二零一零年十一月八日獲委任)
- 黃向明先生
(於二零一零年十一月八日獲委任)
- 蔡建權先生
(於二零一一年十二月二十日獲委任)

按照公司細則，三分一的董事將於本公司應屆股東週年大會上退任，並符合資格且願意於會上膺選連任。此外，於年內獲委任的董事，其任期直至本公司應屆股東週年大會為止，並符合資格於會上膺選連任。

DIRECTORS' REPORT

董事報告

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 26 to 31.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received, from each of its independent non-executive Directors, namely Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry, and Mr. Cai Jian Quan a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors (save for Mr. Siuming Tsui) and the non-executive Director has entered into a service contract with the Company for a term of three years, which may be terminated by not less than six months' (in case of executive Directors) and by not less than one month's (in case of non-executive Directors) notice in writing served by either party on the other. Mr. Siuming Tsui has entered into a service contract with the Company for a term of 3 years, which may be terminated by (i) the director giving to the Company not less than six months' written notice between 1 October 2016 and 30 September 2019, or not less than three months' written notice thereafter, or (ii) the Company giving not less than twelve months' written notice between 1 October 2016 and 30 September 2019, or not less than three months' written notice thereafter. Each of the independent non-executive Director has been appointed by the Company for a term of three years and shall be terminable by either party by giving not less than one month prior notice in writing.

During the year, none of the Directors had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事及高級管理層履歷

本集團董事及高級管理層履歷詳情載於第26至31頁。

獨立非執行董事的獨立身份確認書

本公司已接獲獨立非執行董事周昌仁先生、黃向明先生及蔡建權先生各自根據上市規則第3.13條發出的獨立身份確認書。本公司認為其全部獨立非執行董事均為獨立人士。

董事服務合約

各執行董事（徐小明先生除外）及非執行董事已與本公司訂立服務合約，為期三年，可由任何一方向另一方發出不少於六個月（就執行董事而言）及不少於一個月（就非執行董事而言）的書面通知而終止。徐小明先生已經與本公司訂立一份服務合約，為期三年，可(i)由該董事於二零一六年十月一日至二零一九年九月三十日期間向本公司發出不少於六個月的書面通知，或於上述期間後發出不少於三個月的書面通知終止；或(ii)由本公司於二零一六年十月一日至二零一九年九月三十日期間向該董事發出不少於十二個月的書面通知，或於上述期間後發出不少於三個月的書面通知終止。本公司委任的各獨立非執行董事的任期為三年，有關任命可由任何一方發出不少於一個月的事先書面通知而終止。

年內，各董事概無與本公司訂有任何不可由本公司於一年內免付賠償（法定賠償除外）而終止的服務合約。

REMUNERATION POLICY

The remuneration policy for the Directors and senior management members of the Group was based on their individual performance as well as market trends and practices. In addition, each of the executive Directors and the non-executive Directors is entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive Directors at the sole and absolute discretion of the Company. Details of the remuneration of the Directors are set out in note 38 to the consolidated financial statements.

The emoluments paid to the senior management (excluding the Directors) during the year ended 31 December 2018 were within the following bands:

薪酬政策

董事及本集團高級管理層成員的薪酬政策乃依照個人表現以及市場趨勢與慣例制訂。此外，各執行董事及非執行董事均有權獲得酌情花紅，惟應支付予所有執行董事的花紅總額由本公司全權酌情決定。董事薪酬詳情載於合併財務報表附註38。

於截至二零一八年十二月三十一日止年度，已付高級管理層（董事除外）的酬金介乎下列幅度：

		Number of Senior Management 高級 管理層人數
Nil to HK\$500,000	0港元至500,000港元	1
HK\$500,001 to HK\$1,000,000	500,001港元至1,000,000港元	1
Total:	總計：	<u>2</u>

DIRECTORS' RIGHTS TO ACQUIRE SHARES IN OR DEBT SECURITIES OF THE COMPANY

Other than the pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme") adopted by written resolutions of its shareholders on 26 February 2010 and the post-IPO share option scheme of the Company (the "Post-IPO Share Option Scheme") adopted by the written resolutions of its shareholders on 8 November 2010, at no time during the year of 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

董事購入本公司股份或債務證券的權利

除經本公司股東於二零一零年二月二十六日以書面決議案方式採納的本公司首次公開發售前購股權計劃（「首次公開發售前購股權計劃」），以及經本公司股東於二零一零年十一月八日以書面決議案方式採納的本公司首次公開發售後購股權計劃（「首次公開發售後購股權計劃」）外，於二零一八年度，本公司或其任何附屬公司概無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體的股份或債務證券（包括債券）而獲益。

DIRECTORS' REPORT

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DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors held any interests in any competing business against the Company or any of its jointly controlled entities and subsidiaries for the year ended 31 December 2018.

POST-IPO SHARE OPTION SCHEME

Pursuant to the resolutions in writing passed by the shareholders of the Company on 8 November 2010, the Company adopted the Post-IPO Share Option Scheme. The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (whether executive or non-executive, including any independent non-executive Directors) of the Company or any of its subsidiaries; or (iii) any advisors, consultants, suppliers, customers and agents to the Company or any subsidiaries (each an "Eligible Person").

The Board may, at any time within 10 years after the date of approval of the Post-IPO Share Option Scheme, make an offer to grant options to any Eligible Person. The Scheme will remain in force for a period of 10 years commencing on 8 November 2010 up to 7 November 2020. The subscription price for shares granted pursuant to the Post-IPO Share Option Scheme shall be determined by the Board in its absolute discretion and shall be at least the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer;

董事於合約中的權益

董事概無於本公司或其任何控股公司、附屬公司或同系附屬公司於年內訂立而對本集團業務而言屬重大的任何合約中直接或間接擁有重大權益。

董事於競爭業務中的權益

截至二零一八年十二月三十一日止年度，董事概無於任何與本公司或其任何共同控制實體及附屬公司競爭的業務中擁有權益。

首次公開發售後購股權計劃

根據本公司股東於二零一零年十一月八日通過的書面決議案，本公司採納首次公開發售後購股權計劃。首次公開發售後購股權計劃旨在獎勵或回饋(i)本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員；(ii)本公司或其任何附屬公司的任何董事（執行或非執行董事，包括獨立非執行董事）；或(iii)本公司或任何附屬公司的任何顧問、諮詢人士、供應商、客戶及代理（各為「合資格人士」）。

董事會可於首次公開發售後購股權計劃獲批准當日後十年內隨時向任何合資格人士提呈授出購股權。該計劃之有效期為10年，由二零一零年十一月八日起計，直至二零二零年十一月七日止。根據首次公開發售後購股權計劃授出的股份認購價由董事會全權酌情釐定，且不得低於下列各項的最高者：

- (i) 股份於提呈授出購股權當日在聯交所每日報價表所報的正式收市價；

DIRECTORS' REPORT

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- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which such offer is made; or
- (iii) the nominal value of a Share.

The total number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme is not permitted to exceed 10% of the total number of Shares in issue as at the Listing Date, 73,216,512 Shares, without prior approval from the shareholders of the Company. The maximum number of Shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Post-IPO Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the issued share capital of the Company from time to time. The total number of Shares issued and to be issued upon exercise of all options granted under the Post-IPO Share Option Scheme to each Eligible Person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

- (ii) 股份於緊接提呈授出購股權當日前五個營業日在聯交所每日報價表所報的平均正式收市價；或
- (iii) 股份的面值。

如未經本公司股東事先批准，根據首次公開發售後購股權計劃可授出的購股權涉及的股份總數不得超過於上市日期已發行股份總數的10%（即73,216,512股股份）。行使根據首次公開發售後購股權計劃及本公司任何其他購股權計劃授出但尚待行使的所有未行使購股權而可發行的股份數目上限，不得超過本公司不時已發行股本的30%。於任何十二個月期間行使根據首次公開發售後購股權計劃授予每名合資格人士的所有購股權（包括已行使、已註銷及未行使的購股權）而發行及將予發行的股份總數，不得超過本公司已發行股份總數的1%。凡進一步授出超過此上限的購股權均須經股東於股東大會上批准。

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Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, if shares issued and to be issued upon exercise of all options granted under the Post-IPO Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in any 12-month period (i) represent in aggregate more than 0.1% of the total number of shares in issue, and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK\$5,000,000, the proposed grant of option must be approved by the shareholders of the Company in a general meeting.

The amount payable on acceptance of an option is RMB1.00. The exercise period of any option granted under the Post-IPO Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. There is no minimum period for which an option must be held before the exercise of the option except otherwise imposed by the Board.

Up to 31 December 2018, no share option had been granted under the Post-IPO Share Option Scheme. As at the date of this report, the number of shares available under the Post-IPO Share Option Scheme is 73,216,512 shares, representing approximately 3.2% of the total number of shares of the Company in issue.

凡向本公司董事、最高行政人員或主要股東或彼等任何聯繫人授出購股權，均須經本公司獨立非執行董事預先批准。此外，倘在任何十二個月期間內，於根據首次公開發售後購股權計劃向參與者（屬本公司主要股東或獨立非執行董事）或彼等任何聯繫人授出的所有購股權（包括已行使、已註銷及未行使的購股權）獲行使後發行及將予發行的股份(i)合共超過已發行股份總數0.1%，及(ii)按於每個授出日期本公司股份收市價計算的總值超過5,000,000港元，則建議授出購股權須經本公司股東於股東大會上批准。

於接納購股權時應付的金額為人民幣1.00元。根據首次公開發售後購股權計劃授出的任何購股權的行使期不得超過相關購股權授出當日起計十年。購股權於獲行使前並無必須持有的最短期限，惟董事會另有施加者則作別論。

截至二零一八年十二月三十一日，並無根據首次公開發售後購股權計劃授出任何購股權。於本報告日期，首次公開發售後購股權計劃下可予發行之股份數目為73,216,512股，相當於本公司已發行股份總數約3.2%。

CONVERTIBLE BONDS SUBSCRIPTION

On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the "Subscriber"), a wholly owned company by Mr. Chen Zhi, the Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the 3% convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HK\$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK\$0.24 per conversion share (equivalent to HK\$0.06 per share prior to the Capital Reorganisation), subject to adjustment. The Convertible Bond matures at the day falling on the third anniversary of the date of issue of the convertible bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on maturity date.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$0.24 per conversion share, the Convertible Bonds will be convertible into up to 1,041,666,666 shares (on the basis of consolidated shares after the Capital Reorganisation becoming effective).

The Convertible Bonds and the new Shares to be issued upon conversion of the Convertible Bonds (The "Conversion Shares") shall be allotted and issued by the Company pursuant to the specific mandate granted by the independent shareholders of the Company to the Directors at an extraordinary general meeting of the Company held on 8 March 2019.

可換股債券認購事項

於二零一九年一月二十四日，本公司與昇平國際發展有限公司（「認購人」）（由本公司執行董事及股東陳志先生全資擁有）訂立可換股債券認購協議，據此，本公司有條件同意發行而認購人有條件同意認購本金總額為250,000,000港元（相當於人民幣215,750,000元）的按利率3厘計息的可換股債券（「可換股債券」）。

可換股債券的初步換股價為每股換股股份0.24港元（相當於股本重組前每股0.06港元）（可予調整）。可換股債券到期日為發行可換股債券當日起計滿三週年當日到期，而可換股期間涵蓋發行可換股債券當日起至到期日止期間。

假設可換股債券按初步換股價每股換股股份0.24港元獲悉數轉換，可換股債券將轉換為最多1,041,666,666股股份（以股本重組生效後之合併股份為基準）。

可換股債券及可換股債券獲轉換後將予發行之新股（「可換股股份」）將由本公司根據其獨立股東於本公司在二零一九年三月八日舉行之股東特別大會上向董事授出之特別授權配發及發行。

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, the interests and short positions of the directors in the share capital and underlying shares (the "Share(s)") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were set out as follows:

(i) Long position in the Company

Name of Director 董事姓名	Capacity/Nature of Interest 身份／權益性質	Number of Shares 股份數目	Approximate percentage of interest 權益概約百分比
Mr. Chen Zhi 陳志先生	Interest in controlled corporation and beneficial owner 於受控制法團的權益及實益所有者	166,394,696 (Note 1)	7.27%
Mr. Yu Shi Quan 余詩權先生	Beneficial Owner 實益所有者	892,196	0.04%

Notes:

- Mr. Chen Zhi (an executive director of the Company) was deemed to be interested in 166,394,696 Shares, comprising (i) 7,032,655 Shares directly held by him; and (ii) 159,362,041 Shares held by TopBig International Development Limited ("TopBig International"), a controlled corporation which is wholly-owned by Mr. Chen Zhi.
- The percentage interests are calculated on the basis of 2,287,996,121 issued Shares of the Company as at 31 December 2018.

董事於股份及相關股份的權益及淡倉

於二零一八年十二月三十一日，董事於本公司或其相聯法團（定義見證券及期貨條例第XV部）的股本及相關股份（「股份」）中擁有記錄於根據證券及期貨條例第352條本公司須存置的登記冊，或根據上市發行人董事進行證券交易的標準守則已知會本公司及聯交所的權益及淡倉載列如下：

(i) 於本公司的好倉

附註：

- 本公司執行董事陳志先生被視為於166,394,696股股份中擁有權益，包括(i)由其直接持有的7,032,655股股份；及(ii)由其全資擁有的受控制法團昇平國際發展有限公司（「昇平國際」）所持有的159,362,041股股份。
- 百分比權益乃基於本公司於二零一八年十二月三十一日2,287,996,121股已發行股份計算。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares:

主要股東於股份及相關股份的權益

於二零一八年十二月三十一日，以下人士（董事或本公司最高行政人員除外）擁有記錄於根據證券及期貨條例第336條本公司須存置的登記冊的股份及相關股份權益或淡倉：

於股份的好倉：

Name 董事姓名	Capacity/Nature of Interest 身份／權益性質	Number of Shares 股份數目	Approximate percentage of interest 權益概約百分比
Shi Jianxiang 施建祥	Beneficial Owner 實益所有者	186,850,000	8.17%
TopBig International 昇平國際	Beneficial Owner (Note 1) 實益所有者（附註1）	159,362,041	6.97%
Chen Rong 陳榕	Interest of controlled corporation (Note 2) 於受控制法團的權益（附註2）	157,340,018	6.88%
Happy Day Development Ltd. Happy Day Development Ltd.	Beneficial owner (Note 2) 實益擁有人（附註2）	157,340,018	6.88%
Wang Fucai 王賦財	Interest of controlled corporation (Note 3) 於受控制法團的權益（附註3）	132,084,068	5.77%
Rich Land Limited Rich Land Limited	Beneficial owner (Note 3) 實益擁有人（附註3）	132,084,068	5.77%
Chen Rui 陳銳	Interest of controlled corporation (Note 4) 於受控制法團的權益（附註4）	130,807,645	5.72%
Chung Tai Limited 頌泰有限公司	Beneficial owner (Note 4) 實益擁有人（附註4）	130,807,645	5.72%

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Notes:

- (1) TopBig International is a company incorporated under the laws of the BVI, which is wholly-owned by Mr. Chen, the executive director of the Company.
- (2) Happy Day Development Ltd. is a controlled corporation wholly-owned by Chen Rong.
- (3) Rich Land Limited is a controlled corporation wholly-owned by Wang Fucai.
- (4) Chung Tai Limited is a controlled corporation wholly-owned by Chen Rui.
- (5) The percentage interests are calculated on the basis of 2,287,996,121 issued Shares of the Company as at 31 December 2018.

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2018.

附註：

- (1) 昇平國際為一家根據英屬處女群島法律註冊成立的公司，由本公司執行董事陳先生全資擁有。
- (2) Happy Day Development Ltd. 為一家由陳榕全資擁有的受控制法團。
- (3) Rich Land Limited 為一家由王賦財全資擁有的受控制法團。
- (4) 頌泰有限公司為一家由陳銳全資擁有的受控制法團。
- (5) 百分比權益乃基於本公司於二零一八年十二月三十一日2,287,996,121股已發行股份計算。

除本文所披露者外，於二零一八年十二月三十一日，本公司並無獲知會有任何其他人士（董事或本公司最高行政人員除外）擁有記錄於根據證券及期貨條例第336條本公司須存置的登記冊的本公司股份及相關股份權益或淡倉。

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the transactions set out below which will be regarded as continuing connected transactions under the Listing Rules and subject to the disclosure requirements under Chapter 14A of the Listing Rules. Unless otherwise defined, capitalised terms below has the same meanings as those defined in the Prospectus.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Structure Contracts Background

Fuzhou ShiFangCe Culture Media Co., Ltd. ("Original WFOE"), which was a wholly-owned subsidiary of the Company prior to 24 December 2015, entered into (a) structured contracts (the "Internet Structured Contracts") to enable the Group to capture the economic benefits of and obtain the effective control over Beijing BaiChuanDuKe Science and Technology Co., Ltd. ("Internet Opco" or "Beijing BaiChuanDuKe") and its subsidiaries (collectively, the "Internet Opco Group"); and (b) structured contracts (the "Publishing Structured Contracts") to enable the Group to capture the economic benefits of and obtain the effective control over Beijing HongXinTu Culture Communication Co., Ltd ("Publishing Opco" or "Beijing HongXinTu") and its subsidiaries (collectively, the "Publishing Opco Group").

持續關連交易

本公司已訂立下文所載根據上市規則將被視為持續關連交易並須遵守上市規則第十四A章下的披露規定的交易。除非另有界定，否則下文的專有詞彙具有招股章程所界定的相同涵義。

非豁免持續關連交易

架構合約 背景

福州十方策文化傳媒有限公司（「原外商獨資企業」，於二零一五年十二月二十四日前為本公司的全資附屬公司）訂立(a)多項架構合約（「互聯網架構合約」），讓本集團可獲得北京百傳讀客科技有限公司（「互聯網營運公司」或「北京百傳讀客」）及其附屬公司（統稱「互聯網營運公司集團」）的經濟利益及取得其實際控制權；及(b)多項架構合約（「出版架構合約」），以讓本集團可獲得北京鴻馨圖文化傳播有限公司（「出版營運公司」或「北京鴻馨圖」）及其附屬公司（統稱「出版營運公司集團」）的經濟利益及取得其實際控制權。

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Pursuant to the Catalogue of Industries for Guiding Foreign Investment jointly promulgated by the National Development and Reform Commission of the PRC and the Ministry of Commerce of the PRC on 31 October 2007 (last updated on 10 April 2015), foreign investors are (i) prohibited from investing in news websites and online publication services; and (ii) restricted from investing in more than 50% controlling stake in value-added telecommunication and printing of publications. At the time of the entering into of the Internet Structured Contracts and the Publishing Structured Contracts, the Company could not directly acquire the equity interest in Internet Opco and the controlling equity interest in Publishing Opco. Therefore, the Company entered into the Internet Structured Contracts and the Publishing Structured Contracts to capture the economic benefits of and obtain the effective control over the Internet Opco and the Publishing Opco.

On 17 December 2015, in anticipation of the imminent disposal of Original WFOE by the Group to an independent third party, the Internet Structured Contracts were novated from Original WFOE to another wholly-owned subsidiary of the Company, Fuzhou DingCe Culture Communication Co. Ltd. ("New WFOE" or "Fuzhou DingCe"). With the disposal by the Group of its equity interests in Original WFOE, the Group ceased to be interested in the Publishing Structured Contracts or the Publishing Opco Group. With the novation of the Internet Structured Contracts to New WFOE, the Group continues to consolidate the financial results of the Internet Opco Group through the contractual arrangements under the Internet Structured Contracts.

依據由中國國家發展和改革委員會及中國商務部於二零零七年十月三十一日（最新於二零一五年四月十日更新）聯合頒佈的《外商投資產業指導目錄》，外國投資者(i)被禁止投資於新聞網站及網絡出版服務；及(ii)被限制不得投資於增值電訊業務及出版物印刷的控股權超過50%。於訂立互聯網架構合約及出版架構合約之時，本公司不能直接收購互聯網營運公司的股權及出版營運公司的控股股權。因此，本公司訂立互聯網架構合約及出版架構合約以讓本集團可獲得互聯網營運公司及出版營運公司的經濟利益及取得其實際控制權。

於二零一五年十二月十七日，鑑於本集團即將向獨立第三方出售原外商獨資企業，互聯網架構合約由本公司另一全資附屬公司福州鼎策文化傳播有限公司（「新外商獨資企業」或「福州鼎策」）代替原外商獨資企業承擔。隨著本集團出售其於原外商獨資企業的股權，本集團不再擁有出版架構合約或出版營運公司集團的權益。鑑於互聯網架構合約改由新外商獨資企業承擔，本集團繼續透過互聯網架構合約下的合約安排，將互聯網營運公司集團的財務業績合併入賬。

Internet Opco and Internet Opco Shareholders

Internet Opco is a limited liability company established under the laws of the PRC with a registered capital of RMB1 million and principally engaged in value-added telecommunication business, news websites, online publication services and printing of publications. Internet Opco Group holds a Permit for Internet Publication (互聯網出版許可證), an Operation Permit for Value-added Telecommunication Business (增值電信業務經營許可證) and an Operation Permit for News Publication Printing (新聞出版物印刷經營許可證).

The registered capital of Internet Opco is registered as to 60% in the name of Zheng Bo Ling ("Zheng") and 40% in the name of Xu Kai Ning ("Xu", and together with Zheng, collectively the "Internet Opco Shareholders").

Reasons for the entering into of the Internet Structured Contracts

The principal reasons for the entering into of the Internet Structured Contracts were (a) to establish a contractual position which allows the economic benefits of the businesses and operations of the Internet Opco Group to flow to the Group; (b) through the control of the right of nomination of directors of Internet Opco, to monitor, supervise and effectively control the business, operations and financial policies of the Internet Opco Group which in turn ensure due implementation of the Internet Structured Contracts; (c) to prevent any possible leakage of assets to the Internet Opco Shareholders; and (d) to enable the Group to acquire the equity interest of the Internet Opco at an agreed price, which was fixed as a matter of relatively nominal sums and being the lowest prices permissible under PRC law.

Save for the foreign investment restrictions described above, the contractual arrangements under the Internet Structured Contracts are not related to any other regulations or requirements.

互聯網營運公司及互聯網營運公司股東

互聯網營運公司為根據中國法律成立的有限責任公司，註冊資本為人民幣1百萬元，主要從事增值電信業務、新聞網站、網絡出版服務和出版物印刷業務。互聯網營運公司集團持有互聯網出版許可證、增值電信業務經營許可證及新聞出版物印刷經營許可證。

互聯網營運公司的註冊資本中，60%以鄭柏齡（「鄭」）的名義註冊，而40%以許開寧（「許」）的名義註冊。鄭及許統稱為「互聯網營運公司股東」。

訂立互聯網架構合約的理由

訂立互聯網架構合約的主要理由乃(a)確立一個合約地位，使互聯網營運公司集團業務及營運的經濟利益得以流入本集團；(b)透過控制互聯網營運公司董事的提名權，監控、監察及實際控制互聯網營運公司集團的業務、營運及財務政策，進而確保妥為實行互聯網架構合約；(c)防止有任何資產可能洩漏予互聯網營運公司股東的情況；及(d)使本集團可按協定價格（按相對名義款額釐定，即中國法律下允許的最低價格）購入互聯網營運公司的股權。

除上述外商投資限制外，互聯網架構合約下的合約安排與任何其他規例或規定無關。

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Key terms of the Internet Structured Contracts

In the summary table below, we set out the current status and the key terms of the Internet Structured Contracts:

互聯網架構合約的主要條款

下表概列互聯網架構合約目前狀況及主要條款：

Loan Agreement 貸款協議

Date: 17 December 2015

日期：二零一五年十二月十七日

Parties: New Wfoe (as lender), Zheng and Xu (as borrowers)

訂約方：新外商獨資企業（作為貸款人），鄭及許（作為借款人）

Loan sum: RMB600,000 (for Zheng) and RMB400,000 (for Xu)

貸款額：人民幣600,000元（鄭）及人民幣400,000元（許）

Term: 10 years, automatically renewable for successive periods of 5 years unless terminated by notice by New Wfoe

年期：10年，除非被新外商獨資企業發出通知終止，否則自動續期每次5年

No early repayment: Each of Zheng and Xu is not permitted to repay any loan without prior written consent of New Wfoe.

不得提早還款：鄭及許均不得在未經新外商獨資企業事先書面同意下償還任何貸款。

Equity Pledge Agreement 股權質押協議

Date: 17 December 2015

日期：二零一五年十二月十七日

Parties: Zheng and Xu (as pledgors), New Wfoe (as pledgee), Internet Opco

訂約方：鄭及許（作為質押人），新外商獨資企業（作為承押人），互聯網營運公司

Pledged assets: 60% equity interest in Internet Opco (by Zheng), 40% equity interest in Internet Opco (by Xu)

質押資產：互聯網營運公司60%股權（由鄭質押），互聯網營運公司40%股權（由許質押）

Guaranteed obligations: To guarantee the repayment of the loans under the Loan Agreement and the payment of the service fees under the Service Agreement.

擔保責任：擔保償還貸款協議下的貸款及支付服務協議下的服務費。

Dividends: Pursuant to the Equity Pledge Agreement, New Wfoe is entitled to all of the benefits arising from the pledged equity interests including dividends.

股息：依據股權質押協議，新外商獨資企業有權取得所有已質押股權產生的利益（包括股息）。

**Voting Right Proxy
Agreement**
投票權代表委任協議

Date: 17 December 2015
日期：二零一五年十二月十七日

Parties: Zheng and Xu (as appointers), New Wfoe (as appointee), Internet Opco
訂約方：鄭及許（作為委任人），新外商獨資企業（作為獲委任人），互聯網營運公司

Power granted: Each of Zheng and Xu granted to New Wfoe and its designee(s) the power to exercise all relevant voting rights in Internet Opco including but not limited to those relating to: (i) the amendment of company constitution; (ii) the appointment, election or dismissal of the directors, supervisors or senior management; (iii) the transfer or disposal of all or part of the equity interest in Internet Opco; (iv) the increase or reduction of capital, other capital reorganization, dissolution or liquidation of Internet Opco; and (v) the right to inspect all documents and information of Internet Opco.

所授權力：鄭及許各自向新外商獨資企業及其指派者授出行使互聯網營運公司所有相關投票權的權力，包括但不限於與以下項目相關者：(i)修訂公司章程；(ii)委任、選舉或辭退董事、監事或高級管理層；(iii)轉讓或處置互聯網營運公司所有或部分股權；(iv)增加或削減互聯網營運公司的資本、其他股本重組、解散或清盤；及(v)查核互聯網營運公司所有文件及資料的權利。

Restriction on equity transfer: None of Zheng nor Xu may transfer all or any part of their equity interest in Internet Opco without the prior written consent of New Wfoe.

股權轉讓限制：鄭及許均不得在未經新外商獨資企業事先書面同意下轉讓彼等於互聯網營運公司的全部或任何部分股權。

**Exclusive Purchase
Option Agreement**
獨家選擇購買權協議

Date: 17 December 2015
日期：二零一五年十二月十七日

Parties: Zheng and Xu (as grantors), New Wfoe (as grantee), Internet Opco
訂約方：鄭及許（作為授權人），新外商獨資企業（作為承授人），互聯網營運公司

Option: Each of Zheng and Xu irrevocably granted to New Wfoe or its designee(s) an exclusive option to purchase, at any time if and when permitted under PRC laws, all or part of their equity interests in Internet Opco at the agreed price, being the higher of (i) RMB1 million; and (ii) the lowest price permissible under PRC laws.

選擇權：鄭及許各自不可撤回地向新外商獨資企業或其指派者授出獨家選擇購買權，以於中國法律允許的任何時間內按協定價格（即(i)人民幣1百萬元；及(ii)中國法律下允許的最低價格兩者中的較高者）購買彼等於互聯網營運公司的全部或任何部分股權。

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Service Agreement 服務協議

Date: 17 December 2015

日期：二零一五年十二月十七日

Parties: New Wfoe (as consultant) and Internet Opco (as appointer)

訂約方：新外商獨資企業（作為顧問）及互聯網營運公司（作為委任人）

Term: 10 years, automatically renewable for successive periods of 5 years unless terminated by notice by New Wfoe

年期：10年，除非被新外商獨資企業發出通知終止，否則自動續期每次5年

Scope of services: New Wfoe agreed to provide to Internet Opco consulting services including (i) market research; (ii) business development and market consultation; (iii) consulting services in respect of labor matters; (iv) construction and maintenance of information networks and network security; (v) technical support for software and technology; and (vi) other services in relation to its business operations.

服務範圍：新外商獨資企業同意向互聯網營運公司提供諮詢服務，包括(i)市場研究；(ii)業務發展及市場諮詢；(iii)有關勞務的諮詢服務；(iv)建設及維護資訊網絡及網絡安全；(v)軟件及科技技術支援；及(vi)有關互聯網營運公司業務經營的其他服務。

Service fees: The service fees are according to the nature of the service content and time spent based on market price.

服務費：服務費按照服務內容性質及所費時間依照市價計算。

Unwinding of the Structured Contracts

The Internet Structured Contract has not been unwound up to the date of this report. The Company does not intend to unwind any Internet Structured Contract unless and until the foreign investment restriction relating to ownership of the equity interest in Internet Opco is lifted. When the foreign investment restriction is lifted, the Company intends to exercise its exclusive purchase right under the Exclusive Purchase Option Agreement to acquire the entire equity interest in Internet Opco, so that the Company can control the Internet Opco Group through the direct shareholding relationship rather than through the Internet Structured Contracts.

撤銷架構合約

截至本報告日期，互聯網架構合約並未被撤銷。除非及直至與互聯網營運公司股權的擁有權有關的外商投資限制被撤銷，否則本公司無意撤銷互聯網架構合約。倘若外商投資限制被撤銷，本公司有意行使其於獨家選擇購買權協議下的獨家選擇購買權，收購互聯網營運公司的全部股權，致使本公司能夠透過直接持股關係而非互聯網架構合約控制互聯網營運公司集團。

Accounting policies and financial information

The consolidated financial statements include the financial information of the Company, its subsidiaries, and structured entity where the Company is deemed the primary beneficiary. Fuzhou DingCe (a wholly owned subsidiary of the Company) entered into the Internet Structured Contracts with Beijing BaiChuanDuKe, whereby Fuzhou DingCe provides consulting services to Beijing BaiChuanDuKe and is entitled to (1) receive a substantial portion of the economic benefits from Beijing BaiChuanDuKe; (2) exercise effective control over Beijing BaiChuanDuKe, and (3) have an exclusive option to purchase all or part of the equity interests in Beijing BaiChuanDuKe when and to the extent permitted by the PRC laws. By virtue of the contractual arrangements under the Internet Structured Contracts, Beijing BaiChuanDuKe is a structured entity and deemed as a subsidiary of the Company under the requirements of IFRS 10 "Consolidated financial statements".

When assessing whether to combine a structured entity, the Group evaluates a range of factors, including whether (1) the activities of the structured entity are being conducted on behalf of the Group according to its specific business needs so that the Group obtains the benefits from the structured entity's operations, (2) the Group has decision-making powers to obtain the majority of the benefits, (3) the Group obtains the majority of the benefits of the activities of the structured entity, and (4) the Group retains the majority of the residual ownership risks related to the assets in order to obtain the benefits from its activities. The Group consolidates a structured entity if an assessment of the relevant factors indicates that it controls the structured entity. Based on the contractual arrangements under the Internet Structured Contracts, the Company consolidated the results, assets and liabilities of Beijing BaiChuanDuKe in the consolidated financial statements of the Group.

會計政策及財務資料

合併財務報表包括本公司、其附屬公司及本公司被視為首要受益人的結構性實體的財務資料。本公司全資附屬公司福州鼎策與北京百傳讀客訂立互聯網架構合約，據此，福州鼎策向北京百傳讀客提供諮詢服務，並有權(1)收取來自北京百傳讀客的絕大部分經濟利益；(2)對北京百傳讀客實施有效控制；及(3)擁有在中國法律允許的時間及範圍內購買北京百傳讀客全部或部分股權的獨家選擇權。憑藉互聯網架構合約下的合約安排，北京百傳讀客為結構性實體，且根據國際財務報告準則第10號「合併財務報表」的規定，北京百傳讀客被視為本公司的附屬公司。

當評估是否將結構性實體合併入賬時，本集團會評估多項因素，包括(1)結構性實體業務活動是否根據其特殊業務需要代表本集團進行，而本集團因此從結構性實體業務中獲利；(2)本集團是否擁有獲得大多數利益的決策權；(3)本集團是否獲得結構性實體業務活動的大多數利益；及(4)本集團是否保留大多數與資產有關的餘下擁有權風險以從其業務活動中獲利。倘評估相關因素後顯示其控制結構性實體，則本集團會將結構性實體合併入賬。基於互聯網架構合約下的合約安排，本公司將北京百傳讀客的業績、資產及負債於本集團的合併財務報表合併入賬。

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PRC laws strictly prohibits foreign investment in, and ownership of, companies engaging in news websites and online publication services, and place significant restrictions on foreign investment in, and ownership of, companies engaging in the value-added telecommunication business (Chinese parties as controlling shareholders) and printing of publications (Chinese parties as controlling shareholders). The Company is considered as a foreign-invested enterprise, and is required to comply with the PRC laws and regulations applicable to foreign-invested enterprises. Due to such restrictions, the Company are not permitted to have and does not have direct ownership of any interest in Beijing BaiChuanDuKe as Beijing BaiChuanDuKe, together with its subsidiaries, holds a Permit for Internet Publication (互聯網出版許可證), an Operation Permit for Value-added Telecommunication Business (增值電信業務經營許可證) and an Operation Permit for News Publication Printing (新聞出版物印刷經營許可證). Instead, the Company conducts the above operations in China principally through contractual arrangements among its subsidiary Fuzhou DingCe on the one hand, and Beijing BaiChuanDuKe and its shareholders, on the other. These contractual arrangements permit the financial results of Beijing BaiChuanDuKe to be consolidated with and effectively all of the economic benefits of its business to be transferred to Fuzhou DingCe. The contractual arrangement is not related to any regulations other than the restriction on foreign investment.

中國法律嚴格禁止外商投資及擁有從事新聞網站、網絡出版服務公司，亦嚴格限制外商投資及擁有從事增值電信業務（中方控股）及出版物印刷（中方控股）公司。本公司被視為外商投資企業，須遵守適用於外商投資企業的中國法律法規。由於該等限制，而北京百傳讀客及其附屬公司持有互聯網出版許可證、增值電信業務經營許可證及新聞出版物印刷經營許可證，故本公司不得亦並無直接擁有北京百傳讀客的任何權益。因此，本公司主要透過附屬公司福州鼎策作為一方與北京百傳讀客以及其股東作為另一方訂立合約安排在中國經營上述業務。該等合約安排使得北京百傳讀客的財務業績與福州鼎策合併，並且實際上其業務的所有的經濟利益均能由此轉移至福州鼎策。合約安排並非與外資進入限制以外的規定相關。

For the year ended 31 December 2018, revenue generated from the printing and online services businesses through Beijing BaiChuanDuKe was RMB4.8 million and nil (2017: RMB4.6 million and nil) respectively, which accounted for 8.7% and 0% of total revenue (2017: 10.5% and 0%) of the total revenue; and the assets of Beijing BaiChuanDuke and the relevant businesses amounted to RMB30.7 million (2017: RMB34.7 million). As Beijing BaiChuanDuke and the relevant businesses have not contributed any significant profit to the Group in the past, Beijing BaiChuanDuke and the relevant businesses were insignificant to the Group respectively, of total revenue. The Company relied on and expects to continue to rely on contractual arrangements with Beijing BaiChuanDuKe and its shareholders to operate the printing and online services business components in China. The PRC legal advisor has advised the Company that the contractual arrangements are in compliance with and enforceable under the relevant PRC laws. However, there exist uncertainties regarding the interpretation and application of PRC laws and regulations regarding the performance and enforcement of such contractual arrangements. As such, there can be no assurance that the relevant PRC regulatory authorities will not, in the future, determine that the contractual arrangements are in breach of applicable PRC laws. If the contractual arrangements are found to be in breach of any existing or future PRC laws, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including revoking the business and operating licenses held by Beijing BaiChuanDuKe, restricting or prohibiting any transactions between the Company and Beijing BaiChuanDuKe, imposing penalties or other requirements with which the Company may not be able to comply, or requiring the Company to restructure the relevant ownership, control or operating structure of the Company or its business. The imposition of any of these penalties or requirements could result in a material and adverse effect on its business, and could even result in us being required to cease the printing and online services businesses completely.

截至二零一八年十二月三十一日止年度，透過北京百傳讀客進行的印刷及網絡服務業務所得收入分別為人民幣4.8百萬元及無（二零一七年：人民幣4.6百萬元及無），分別佔收入總額的8.7%及0%（二零一七年：10.5%及0%）；北京百傳讀客及相關業務的資產為人民幣30.7百萬元（二零一七年：人民幣34.7百萬元）。由於過往北京百傳讀客及相關業務對集團並未有重大盈利的貢獻，北京百傳讀客及相關業務對本集團的重要性低。本公司一貫依賴並預期將繼續依賴與北京百傳讀客以及其股東訂立的合約安排，以經營在中國的印刷及網絡服務業務部分。中國法律顧問告知本公司，合約安排符合相關中國法律，可根據相關中國法律強制執行。然而，中國法律法規有關履行及強制執行相關合約安排的詮釋及應用方面存在不確定因素。因此，無法保證中國有關監管機關日後不會認定該等合約安排違反有關適用中國法律。倘若合約安排被發現違反中國的任何現行法律或日後通過的法律，則相關中國監管機關處理有關違法情況時將擁有高度自由裁量權，包括吊銷北京百傳讀客所持有的營業及經營執照、限制或禁止本公司與北京百傳讀客進行任何交易、徵收罰款或施加本公司可能無法遵守的其他要求，或要求本公司重組本公司或其業務的相關擁有權、控制權或經營架構。該等懲罰或要求可能對本公司的業務構成重大不利影響，甚至可能導致本公司須完全中止印刷及網絡服務業務。

DIRECTORS' REPORT

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In addition to the possibility of administrative penalties or other requirements being imposed upon us due to the relationships with Beijing BaiChuanDuKe and its shareholders, the Company may not be able to effectively enforce such contractual relationships in a cost-effective manner or at all. Under the current contractual arrangements, if Beijing BaiChuanDuKe or any of their shareholders fails to perform their respective obligations under these contractual arrangements, or are required to incur substantial costs to do so, the Company may be forced to incur substantial costs and resources to enforce such arrangements or to rely on PRC law to obtain remedies, including specific performance or damages, and we may not be successful in obtaining such remedies or obtaining such remedies might be cost prohibitive. In the event the Company is unable to enforce these contractual arrangements, its business, financial condition and results of operations may be materially and adversely affected.

Fuzhou ShiFang Printing Co., Ltd., Kunming HanDing Printing Technology Consulting Co., Ltd. and Guizhou ShiFang Printing Co., Ltd, which are subsidiaries of Beijing BaiChuanDuKe, currently hold Operation Permits for News Publication Printing (新聞出版物印刷經營許可證). Xiamen DuKe Information Science & Technology Co., Ltd., a subsidiary of Beijing BaiChuanDuKe, currently holds a Permit for Internet Publication (互聯網出版許可證) and a Operation Permit for Value-added Telecommunication Business (增值電信業務經營許可證) for the operation of www.duk.cn. Pursuant to the Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄) jointly promulgated by NDRC and MOFCOM on 31 October 2007 (with subsequent revisions, the latest being the version that came into effect on 10 April 2015), news websites and online publication services are classified as industries in which foreign investors are prohibited from investing, and value-added telecommunication business (Chinese parties as controlling shareholders) and printing of publications (Chinese parties as controlling shareholders) is classified as an industry in which foreign investors are restricted from investing. These views have been confirmed by our PRC legal advisor.

除本公司可能因與北京百傳讀客以及其股東的關係而被處以行政處分或施加其他要求外，本公司亦可能無法以符合成本效益的方式有效強制執行該等合約關係，或根本無法強制執行合約關係。根據現行合約安排，倘北京百傳讀客或其任何股東無法履行各自於該等合約安排下的責任，或須支付巨額成本方能履行有關責任，則本公司可能被迫付出巨額成本及資源以強制執行有關安排或依賴中國法律獲得補救措施，包括尋求特定的履約或損害賠償，而本公司未必能成功獲得該類補救措施，或本公司可能須付出高昂成本方可獲得該類補救措施。倘本公司無法強制執行該等合約安排，則本公司的業務、財務狀況及營運業績可能受到重大不利影響。

福州十方印務有限公司、昆明漢鼎印刷技術諮詢有限公司及貴州十方印務有限公司（為北京百傳讀客的附屬公司）目前持有新聞出版物印刷經營許可證。廈門讀客信息科技有限公司（為北京百傳讀客的附屬公司）目前持有經營讀客網（www.duk.cn）的互聯網出版許可證和增值電信業務經營許可證。依據國家發改委及商務部於二零零七年十月三十一日共同頒佈的《外商投資產業指導目錄》（其後已作修訂，最新版本於二零一五年四月十日生效），新聞網站、網絡出版服務是外國投資者被禁止投資的產業，而增值電信業務（中方控股）及出版物印刷（中方控股）是限制外商投資經營的產業。此等意見已獲中國法律顧問確認。

DIRECTORS' REPORT

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The Directors believe that the Company's structure whereby Beijing BaiChuanDuKe's financial results are consolidated into the Company's financial statements as if it was a wholly-owned subsidiary and the flow of economic benefits from its business to the Company, places the Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Structure Contracts technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, the Directors consider that it would be unduly burdensome and impracticable and would impose unnecessary administrative costs on us to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules in respect of these continuing connected transactions.

Pursuant to the Listing Rules, in relation to the transactions regarding Beijing BaiChuanDuKe, the Company has applied for and the Stock Exchange has granted a waiver from strict compliance with the reporting, announcement, independent shareholders' approval, annual cap and agreements with fixed term of no more than three years requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under the Structure Contracts for so long as the Shares are listed on the Stock Exchange.

In accordance with the relevant Structured Contracts, no dividends or other distributions has been made by Beijing BaiChuanDuKe to their shareholders.

董事相信本公司的架構（據此，北京百傳讀客的財務業績將於本公司的財務報表內合併入賬，猶如其為本公司的全資附屬公司，且其業務的經濟利益流入本公司），使本集團處於關連交易規則的特殊位置。因此，儘管根據架構合約擬進行的交易技術上構成上市規則第十四A章項下的持續關連交易，惟董事認為就該等持續關連交易嚴格遵守上市規則第十四A章所載的規定會構成不必要的繁重負擔及不可行，並會為本公司帶來不必要的行政費用。

依據上市規則，本公司已就有關北京百傳讀客的交易向聯交所申請於股份在聯交所上市期間豁免嚴格遵守上市規則第十四A章下有關架構合約下的持續關連交易的申報、公告、獨立股東批准、年度上限及協議固定年期不得超過三年的規定，並已獲聯交所批准。

按照相關架構合約，北京百傳讀客並無向其股東派發股息或作出其他分派。

DIRECTORS' REPORT

董事報告

The independent non-executive Directors have reviewed the Structure Contracts and the above continuing connected transactions. In the opinion of the independent non-executive Directors:

- (i) the continuing connected transactions carried out during the year are in the ordinary and usual course of business of the Group and have been entered into in accordance with the relevant provisions of the Structure Contracts so that the revenue generated by Beijing BaiChuanDuKe and the subsidiaries of the Company have been mainly retained by the Group;
- (ii) the continuing connected transactions were entered into either (a) on normal commercial terms; or (b) where there is no available comparison, on terms that are no less favourable to the Group than terms to or from independent third parties;
- (iii) no dividends or other distributions have been made by Beijing BaiChuanDuKe to their shareholders; and
- (iv) any new Structure Contracts entered into, renewed or reproduced between Beijing BaiChuanDuKe and the Company during the relevant financial period are fair and reasonable, or advantageous, so far as the Company are concerned and in the interests of our shareholders as a whole.

Other than disclosed above, there was no other transaction which needs to be disclosed as connected transaction in accordance with the requirements of the Listing Rules during the twelve months ended 31 December 2018.

獨立非執行董事已審閱架構合約及上述持續關連交易。獨立非執行董事認為：

- (i) 年內進行的持續關連交易乃於本集團日常及一般業務過程中訂立，並遵照架構合約有關規定而訂立，故北京百傳讀客與本公司的附屬公司產生的收入主要撥歸本集團；
- (ii) 持續關連交易乃(a)按正常商業條款；或(b)（倘無條款可作比較）按不遜於本集團給予或來自獨立第三方的條款訂立；
- (iii) 北京百傳讀客並無向其股東派發股息或作出其他分派；及
- (iv) 於有關財政期間內，北京百傳讀客與本公司訂立、續簽或重訂的任何新架構合約對本公司而言是公平合理或有利，且符合股東整體利益。

除上文所披露者外，於截至二零一八年十二月三十一日止十二個月，並無其他交易須按照上市規則規定披露為關連交易。

DIRECTORS' REPORT

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Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged PricewaterhouseCoopers, the auditor of the Company, to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers has reported the results and their work to the Board, confirming that the transaction has received the approval of the Directors, has been entered into in accordance with the relevant Structured Contracts and that no dividends or other distributions has been made by Beijing BaiChuanDuKe to its shareholders.

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 the date of this report.

RELATIONSHIP WITH STAKEHOLDER

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

依據上市規則第14A.56條，董事會已委聘本公司核數師羅兵咸永道會計師事務所根據香港會計師公會頒佈的香港鑒證業務準則第3000號（修訂）「歷史財務資料審計或審閱以外的鑒證業務」，並參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」就本集團的持續關連交易作出報告。羅兵咸永道會計師事務所已向董事會匯報有關結果及彼等的工作，並確認交易已獲董事批准，已根據相關架構合約進行以及北京百傳讀客概無向其股東派發股息或作出其他分派。

公眾持股量充足程度

依照本公司可公開獲得的資料及就董事所知，於本報告日期，本公司已發行股本總額最少25%由公眾人士持有。

與持份者的關係

本集團致力以可持續方式經營，同時平衡各持份者（包括客戶、供應商及僱員）的利益。本集團透過定期從不同渠道接觸持份者，鼓勵彼等就本集團的環境、社會及管治政策提供意見。

此等舉措包括為客戶提供優質服務，與供應商建立有效率且互惠互利的合作關係，以及為僱員提供具競爭力的薪酬待遇及安全的工作環境。

DIRECTORS' REPORT

董事報告

The details of environmental, social and governance policies and performance of the Group will be disclosed in a standalone Environmental, Social and Governance Report, which is available on the Company's website (www.shifangholding.com) and on the website of the Stock Exchange (www.hkexnews.hk).

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Siuming Tsui

Executive Director (Chief Executive Officer)

Hong Kong

28 March 2019

本集團環境、社會及管治的政策及表現詳情將於本集團的獨立環境、社會及管治報告中披露，而該報告可於本公司網站 (www.shifangholding.com) 及聯交所網站 (www.hkexnews.hk) 閱覽。

核數師

羅兵咸永道會計師事務所已審核合併財務報表。羅兵咸永道會計師事務所將於本公司應屆股東週年大會上任滿告退，惟合資格並願意於會上獲續聘。

代表董事會

執行董事 (行政總裁)

徐小明

香港

二零一九年三月二十八日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE CODE

The Company recognises the importance and value of achieving high standards of corporate governance practices. The Board believes that good corporate governance is an essential element in maintaining and promoting shareholder value and investor confidence.

The Company has adopted the principles and complied with the former and revised code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 3 December, 2010, which shall also be revised from time to time in accordance with the Listing Rules. Save as disclosed below, the Board considers the Company has complied with the code provisions as set out in the CG Code.

Apart from the corporate governance aspect, which will be further discussed in this report below, the Company has prepared and published its first environmental, social and governance report (the “ESG Report”) in accordance with the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), which sets out information regarding the period from 1 January to 31 December 2018, which is available on the Company’s website (www.shifangholding.com) and on the website of the Stock Exchange (www.hkexnews.hk).

Set out below the corporate governance principles and the practices adopted and observed by the Company during the year ended 31 December 2018

企業管治守則

本公司深明達致高水平企業管治常規的重要性及價值。董事會相信良好企業管治乃維持及提升股東價值與投資者信心的要素。

自本公司股份於聯交所主板上市日期二零一零年十二月三日起，本公司一直採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載先前及經修訂企業管治守則（「企業管治守則」）的原則，並遵守該守則的守則條文，作為本身的企業管治守則，而本公司亦須按照上市規則不時修訂此守則。除下文所披露者外，董事會認為本公司已遵守企業管治守則所載的守則條文。

除將於本報告下文進一步討論的企業管治層面外，本公司已按照香港聯合交易所有限公司證券上市規則（「上市規則」）附錄二十七所載的環境、社會及管治報告指引編製及刊發其首份環境、社會及管治報告，當中載有關於二零一八年一月一日至十二月三十一日期間的資料。環境、社會及管治報告可於本公司網站（www.shifangholding.com）及聯交所網站（www.hkexnews.hk）閱覽。

下文載列本公司於截至二零一八年十二月三十一日止年度採納及遵循的企業管治原則及常規。

CORPORATE GOVERNANCE REPORT

企業管治報告

Code Provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board met regularly to consider and review the major and appropriate issues which may affect the operations of the Company arising from the overlap of chairman and CEO and/or the vacancy of chairmanship. As such, the Board considers that the sufficient measures had been taken, and that either the overlap of chairman and CEO and/or the vacancy of chairmanship should not impair the balance of power and authority between the Board and the management.

Code Provision E.1.2

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting.

The Board has invited Mr. Chen Zhi, an executive director and ex-chairman of the Company to act as the chairman of the annual general meeting of the Company which was held on 25 May 2018, as the position of the chairman of the Company has been vacated since 1 April 2016. The Board considered that Mr. Chen Zhi was the appropriate person to answer questions, if any, from shareholders at the annual general meeting.

守則條文A.2.1

根據企業管治守則的守則條文A.2.1，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

董事會定期舉行會議，考慮及審議主席及首席執行官角色重疊及／或主席職位懸空可能影響本公司經營的重大及合適議題。因此，董事會認為已採取足夠措施，且主席及首席執行官角色重疊及／或主席職位懸空不會使董事會與管理層之間的權力及授權失衡。

守則條文E.1.2

根據企業管治守則的守則條文E.1.2，董事會主席應出席股東週年大會。

由於本公司主席的職位自二零一六年四月一日以來一直懸空，故董事會已邀請本公司執行董事及前主席陳志先生擔任於零一八年五月二十五日舉行的本公司股東週年大會的主席。董事會認為陳志先生是於股東週年大會上回答股東提問（如有）的適當人選。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD

The Board provides effective and responsible leadership for the Company in setting the strategic decision and overseeing the Company's overall operations. The Board meets regularly and each Director has to make decisions objectively in the best interests of the Company and its shareholders.

Board Composition

At the date of this report, the Board comprises 8 Directors, 3 of whom are executive Directors and 2 of whom are non-executive Directors and 3 of whom are independent non-executive Directors. The Composition of the Board is well balanced with each Director having extensive knowledge, experience and expertise relevant to the business operations and development of the Group. The biographies of all Directors are set out on pages 26 to 31 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

The Company has adopted the Board Diversity Policy in March 2014. The policy sets out the approach to achieve diversity on the Board of the Company which includes but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional experience. The Nomination Committee made an annual review on the structure, size and composition of the Board and where appropriate, made recommendations on changes to the Board that are relevant to the Company's business growth.

董事會

董事會負責有效領導本公司，制訂策略及監督本公司整體營運。董事會定期舉行會議，各董事須以本公司及其股東的最佳利益為依歸，客觀地作出決策。

董事會組成

於本報告日期，董事會成員包括八名董事，三名為執行董事，兩名為非執行董事，其餘三名為獨立非執行董事。董事會的組成均衡，各董事均具備與本集團業務營運及發展相關的豐富知識、經驗及專長。各董事的履歷載於本年報第26至31頁。除本年報所披露者外，概無董事與董事會成員擁有任何其他財務、業務、家族或其他重大或相關關係。

本公司已於二零一四年三月採納董事會多元政策，制訂實現本公司董事會多元化的方針，包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識及地區經驗。提名委員會將每年檢討董事會的架構、規模及組成，並在適當時候就本公司的業務發展提供改變董事會的推薦建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

Chairman and Chief Executive Officer

Under Code provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Chen Zhi acted as the chairman and chief executive officer (CEO) of the Company until (a) Mr. Siuming Tsui was appointed as the CEO of the Company on 29 January 2016; and (b) Mr. Shi Jianxiang was appointed as the chairman of the Company on 25 February 2016. Subsequently, on 1 April 2016, Mr. Shi Jianxiang resigned as the chairman and a director of the Company and since then the position of the chairman of the Company was vacated. The Company is identifying suitable candidate to fill the vacancy of chairman.

The Board met regularly to consider and review the major and appropriate issues which may affect the operations of the Company arising from the overlap of Chairman and CEO and/or the vacancy of chairmanship. As such, the Board considers that the sufficient measures had been taken and that either the overlap of chairman and CEO and/or the vacancy of chairmanship should not impair the balance of power and authority between the Board and the management.

Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board, based on such confirmation, considers all independent non-executive Directors independent.

主席及行政總裁

根據企業管治守則的守則條文A.2.1，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

陳志先生擔任本公司主席及首席執行官，直至(a)徐小明先生於二零一六年一月二十九日獲委任為本公司的行政總裁；及(b)施建祥先生於二零一六年二月二十五日獲委任為本公司的主席為止。其後，施建祥先生於二零一六年四月一日辭任本公司主席及董事等職位，此後本公司主席職位一直懸空。本公司現正物色合適人選填補主席空缺。

董事會定期舉行會議，考慮及審議主席及行政總裁角色重疊及／或主席職位懸空可能影響本公司經營的重大及合適議題。因此，董事會認為已採取足夠措施，且主席及行政總裁角色重疊及／或主席職位懸空應不會使董事會與管理層之間的權力及授權失衡。

獨立非執行董事

本公司已遵守上市規則第3.10(1)條，委任三名獨立非執行董事，佔董事會人數三分之一以上。本公司已接獲各獨立非執行董事根據上市規則第3.13條就其獨立性發出的書面確認。基於有關確認，董事會認為全體獨立非執行董事均屬獨立人士。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Proceedings

The Company will hold at least four board meetings at approximately quarterly intervals and will also meet at such other times when necessary. Formal agenda of all Board meetings are distributed to the Directors for comments and approval, generally, at least 14 days before the meetings. Adequate time and sufficient resources will be provided to all Directors to discharge their duties at which the Directors actively participate and hold informed discussions. All minutes of Board meetings will be recorded in sufficient detail the matters considered by the Board and decisions reached.

During the period under review, the Board convened 4 shareholders' general meetings, 5 board meetings, 4 Audit Committee meetings, 1 Remuneration Committee meeting and 1 Nomination Committee meeting respectively. The attendance of individual Directors at general meetings and meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee is as follows:

董事會程序

本公司將最少舉行四次董事會會議，約每季舉行一次，有需要時亦會於其他時間舉行會議。所有董事會會議的正式議程一般於會議前最少十四日分發予董事，以供發表意見及批准。各董事將獲賦予足夠時間及充足資源履行其職務，而董事須積極參與並於知情情況下進行討論。董事會會議所有會議紀錄將充分詳細記錄董事會審議的議題及作出的決策。

於回顧期間，董事會分別曾召開四次股東大會、五次董事會會議、四次審核委員會會議、一次薪酬委員會會議及一次提名委員會會議。董事於股東大會以及董事會、審核委員會、薪酬委員會及提名委員會各會議的出席率如下：

		Shareholders' general meeting 股東大會	Meeting attended/held 出席/舉行會議次數			
			Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會
Executive Directors	執行董事					
Siuming Tsui (<i>Chief Executive Officer</i>)	徐小明 (行政總裁)	4	5	N/A不適用	1	1
Chen Zhi	陳志	4	5	N/A不適用	N/A不適用	N/A不適用
Yu Shi Quan (<i>Chief Financial Officer</i>)	余詩權 (首席財務官)	4	5	N/A不適用	N/A不適用	N/A不適用
Non-executive Directors	非執行董事					
Chen Wei Dong	陳偉東	-	5	N/A不適用	N/A不適用	N/A不適用
Chen Min	陳敏	-	5	N/A不適用	N/A不適用	N/A不適用
Independent Non-executive Directors	獨立非執行董事					
Wong Heung Ming, Henry	黃向明	4	5	4	1	1
Zhou Chang Ren	周昌仁	-	5	4	1	N/A不適用
Cai Jian Quan	蔡建權	-	5	4	N/A不適用	1

CORPORATE GOVERNANCE REPORT

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All the Directors have access to relevant and timely information. They also have access to the advice and services of the company secretary of the Company, who is responsible for providing the Directors with Board papers and related materials. Where queries are raised by the Directors, prompt and full responses will be given if possible.

Should a potential conflict of interest involving a substantial shareholder of the Company or a Director arise, the matter will be discussed in a physical Board meeting, as opposed to being dealt with by a written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

Independent Non-Executive Directors are identified in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the Independent Non-Executive Directors and the roles and functions of the Directors is maintained on the website of the Company and the website of the Stock Exchange.

Roles and responsibilities of the Board

The Board is collectively responsible for promoting the success and interest of the Group through its leadership and supervision. The principal tasks of the Board are to:

- (i) provide entrepreneurial leadership for the Company with a framework of prudent and effective controls which enables risks to be assessed and managed;
- (ii) set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review its management performance; and
- (iii) set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

所有董事可獲得相關及適時的資料。彼等亦可獲得本公司的公司秘書提供的意見及服務，公司秘書負責向董事提供董事會文件及有關材料。倘董事提出問題，本公司會在可能情況下儘快作出詳盡回應。

倘出現涉及本公司主要股東或董事的潛在利益衝突，有關事宜將於實際董事會會議上討論，而不會透過提呈書面決議案處理。並無涉及利益衝突的獨立非執行董事將會出席會議，處理有關衝突事宜。

所有載有董事姓名的公司通訊均會列出獨立非執行董事的身份。列有獨立非執行董事身份以及董事角色及職能的最新董事名單載於本公司網站及聯交所網站。

董事會的角色及責任

董事會通過領導及監督，集體負責推動本集團的成功及增進其利益。董事會的主要工作為：

- (i) 以審慎有效的監控架構為本公司提供企業領導，令風險得以評估及管理；
- (ii) 制定本公司的策略目標，確保所需財務及人力資源配置得宜，令本公司可達成其目標及檢討其管理層的表現；及
- (iii) 訂定本公司的價值及標準，確保可了解及履行其對股東及其他人士的責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

No event or condition of material uncertainties was found that may cast significant doubt about the Company's ability to continue as a going concern during the period under review. The Directors were responsible for the preparation and the true and fair presentation of the financial statements of the Company, in all material respects, in accordance with applicable regulatory requirements.

Skills, knowledge, experience and attributes of Directors

All Directors of the Board served in office during the period under review. Every Director commits to give sufficient time and attention to the affairs of the Company. The Directors also demonstrate their understanding and commit to high standards of corporate governance. The Executive Director brings his perspectives to the Board through his deep understanding of the Group's business. The Non-Executive Directors and the Independent Non-Executive Directors contribute their own skills and experience, understanding of local and global economies, and knowledge of capital markets to the Group's business. The Company is responsible for arranging and funding suitable continuous professional development programmes for all Directors to hone and refresh their knowledge and skills.

Induction and training

Each newly appointed Director, executive or non-executive, is required to undertake an induction program to ensure that he has a proper understanding of his duties and responsibilities. The induction program includes an overview of the Group's business operation and governance policies, the Board meetings' procedures, matters reserved to the Board, an introduction of the Board committees, the Directors' responsibilities and duties, relevant regulatory requirements, review(s) of minutes of the Board and Board committees in the past 12 months, and briefings with senior officers of the Group and site visits (if necessary).

於回顧期間並無發現有任何重大不明朗事件或情況，可導致本公司能否持續經營嚴重成疑。董事有責任根據適用監管規定，編製及在各重大方面真實而公平地呈列本公司的財務報表。

董事技能、知識、經驗及特性

董事會所有董事於回顧期間在任。各董事承諾投放足夠時間及注意力處理本公司事務。董事亦表明了解並致力維持高水平的企業管治。執行董事透過對本集團業務的深入了解將其視野帶入董事會。非執行董事及獨立非執行董事則因應本身的技能及經驗、對本地及全球經濟的了解以及對資本市場的認識，為本集團業務作出貢獻。本公司有責任為所有董事安排及出資提供合適的持續專業發展課程，以增進及更新彼等的知識及技能。

就職與培訓

各新任執行或非執行董事須參與就職計劃，以確保對其職責及責任有正確理解。就職計劃包括本集團業務營運及管治政策概覽、董事會會議程序、保留予董事會決策的事項、董事委員會簡介、董事責任及職責、有關監管規定、過往十二個月董事會及董事委員會的會議紀錄回顧以及本集團高級管理人員簡報與實地考察（如有需要）。

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Pursuant to the Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains informed and relevant. During the year, all Directors had participated in appropriate continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. In addition, all Directors have been updated on the latest development regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. A summary of training received by Directors for the year ended 31 December 2018 according to the records provided by the Directors is as follow:

根據企業管治守則的守則條文A.6.5，所有董事應參與持續專業發展，發展並更新其知識及技能，以確保其在具備全面資訊及切合所需的情況下對董事會作出貢獻。本年度內，所有董事已透過參加培訓及／或閱讀有關本公司業務或董事職責及責任的材料參與適當的持續專業發展活動。此外，所有董事已獲提供關於上市規則及其他適用監管規定的最新發展資料，以確保遵守及提升彼等對良好企業管治常規的認知。按照董事提供的紀錄，董事於截至二零一八年十二月三十一日止年度接受的培訓概要如下：

**Training on
corporate
governance,
regulatory
development and
other relevant topics**
有關企業管治、
監管發展及
其他相關課題的培訓

Director	董事	
Executive:		
Siuming Tsui, <i>CEO</i>	徐小明 (<i>行政總裁</i>)	✓
Chen Zhi	陳志	✓
Yu Shi Quan	余詩權	✓
Non-executive:		
Chen Wei Dong	陳偉東	✓
Chen Min	陳敏	✓
Independent Non-executive:		
Wong Heung Ming, Henry	黃向明	✓
Zhon Chang Ren	周昌仁	✓
Cai Jian Quan	蔡建權	✓

CORPORATE GOVERNANCE REPORT

企業管治報告

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers in respect of legal actions against the Directors. Throughout 2018 no claim had been made against the Directors and the officers of the Company.

Appointment and Re-election of Directors

Each of the executive Directors (save for Mr. Siuming Tsui) and non-executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than six months' (in case of executive Directors) and by not less than one month's (in case of non-executive Directors) notice in writing served by either party on the other. Mr. Siuming Tsui has entered into a service contract with the Company for a term of 3 years, which may be terminated by (i) the director giving to the Company not less than six months' written notice between 1 October 2016 and 30 September 2019, or not less than three months' written notice thereafter, or (ii) the Company giving not less than twelve months' written notice between 1 October 2016 and 30 September 2019, or not less than three months' written notice thereafter. The independent non-executive Directors have been appointed for a term of three years and shall be terminable by either party giving not less than one month prior notice in writing. The Directors have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of our Company and shall then be eligible for re-election at that meeting. In accordance with the Articles of the Company, at every annual general meeting of the Company, one-third of the Directors for the time being or, if the number is not three or a multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

董事及高級職員的責任保險及彌償保證

本公司已安排適當責任保險，以就針對董事的法律訴訟向董事及高級職員作出彌償保證。於二零一八年全年，並無任何人士向本公司董事及高級職員提出索償。

委任及重選董事

各執行董事（徐小明先生除外）及非執行董事已與本公司訂立服務合約，為期三年，可由任何一方向另一方發出不少於六個月（就執行董事而言）及不少於一個月（就非執行董事而言）的書面通知而終止。徐小明先生已經與本公司訂立一份服務合約，為期三年，可(i)由該董事於二零一六年十月一日至二零一九年九月三十日期間向本公司發出不少於六個月的書面通知，或於上述期間後發出不少於三個月的書面通知終止；或(ii)由本公司於二零一六年十月一日至二零一九年九月三十日期間向該董事發出不少於十二個月的書面通知，或於上述期間後發出不少於三個月的書面通知終止。獨立非執行董事委任年期為三年，可由任何一方發出不少於一個月的事先書面通知而終止。董事有權隨時及不時委任任何人士出任董事，以填補臨時空缺或出任新增的董事職位。按上述方式委任的董事，任期將於本公司下屆股東週年大會舉行時屆滿，屆時符合資格可於會上重選連任。根據本公司細則，於本公司每年的股東週年大會上，三分之一在任董事，或倘董事人數並非三位或三的倍數，則最接近但不少於三分之一的董事須輪席告退，惟每名董事（包括按特定任期獲委任的董事）均須最少每三年輪席告退一次。

CORPORATE GOVERNANCE REPORT

企業管治報告

Relationships and associations among the Directors

Ms. Chen Min is the sister of Mr. Chen Zhi. Save as disclosed, there was no relationship between members of the Board (including financial, business, family or other material/relevant relationship(s)).

Company secretary

The company secretary of the Company (the “Company Secretary”) is responsible for keeping detailed minutes of each meeting of the Board or the Board committees including any dissenting views expressed by the Directors, which should be made available to all Directors for inspection. She is also responsible for ensuring that the Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. All agenda, relevant materials and document are required to be sent out at least 3 days prior to the intended dates of the Board meetings or meetings of the Board committees. It is the responsibility of the Company Secretary to send the draft minutes of the meetings of the Board or the Board committees to all Directors for comments within a reasonable time after the aforesaid meetings. Final versions of minutes of meetings of the Board or the Board committees are also required to be sent to all Directors for record. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed.

Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company.

During the Year, the Company Secretary had confirmed that she had taken no less than 15 hours of relevant professional training.

董事間之關係及聯繫

陳敏女士為陳志先生的胞妹。除已披露者外，董事會成員間並無任何關係（包括財務、業務、家族或其他重大／相關關係）。

公司秘書

本公司的公司秘書（「公司秘書」）負責保存各董事會會議或董事委員會會議的詳細會議紀錄，當中包括董事發表的任何相反意見。有關會議紀錄應可供全體董事查閱。彼亦負責確保董事會程序符合所有適用法律、規則及規例，以及就企業管治事宜向董事會提供意見。所有會議議程、有關資料及文件至少須於董事會或董事委員會會議預定舉行日期前3天發出。公司秘書有責任於上述會議結束後，在合理時間內將董事會或董事委員會會議的會議紀錄初稿提交予全體董事，讓董事給予意見，而董事會或董事委員會會議紀錄定稿亦須交予全體董事備存。所有董事可取得公司秘書的意見及享用其提供的服務，以確保董事會程序及所有適用法律得以遵循。

再者，公司秘書有責任讓全體董事得悉有關上市規則、監管規定及本公司內部行為守則的最新資訊。

於本年度內，公司秘書確認已參加不少於15個小時的相關專業培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Specific enquiries have been made with all the incumbent directors of the Company and all of them confirmed and declared that they have complied with the required standards as set out in the Model Code during the year ended to 31 December 2018.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") has been established on 8 November, 2010 with written terms of reference in compliance with the CG Code. The Audit Committee comprises three members, all are independent non-executive Directors, namely Mr. Wong Heung Ming, Henry (Chairman), Mr. Zhou Chang Ren and Mr. Cai Jianquan.

The primary duties of the Audit Committee are:

- To make recommendations to the Board on (i) the appointment, reappointment and removal of the external auditors; (ii) the audit fee and terms of engagement of the external auditors; and (iii) any questions of resignation or dismissal of that auditor
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards

董事進行證券交易的標準守則

本公司採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」），作為本公司董事進行證券交易的行為守則。在向本公司全體董事作出具體查詢後，彼等全部確認及聲明彼等於上市日期至截至二零一八年十二月三十一日止年度期間一直遵守標準守則所載的規定標準。

董事委員會

審核委員會

本公司於二零一零年十一月八日成立審核委員會，並制訂符合企業管治守則的書面職權範圍。審核委員會包括三名成員，即黃向明先生（主席）、周昌仁先生及蔡建權先生，全部均為獨立非執行董事。

審核委員會的主要職責為：

- 就(i)委任、重新委任及撤換外部核數師；(ii)外部核數師的核數費用及委聘條款；及(iii)任何有關核數師辭任或解聘的問題向董事會提出建議
- 按照適用準則，檢討及監察外部核數師的獨立及客觀性，以及核數程序的成效

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- To monitor the integrity of the financial statements of the Company and the Company's annual report and accounts, interim report and quarterly financial highlights, and reviewing significant financial reporting judgements contained in those reports
 - To review the adequacy and monitor the effectiveness of the Company's financial reporting system, internal control and risk management systems.
 - To review the financial reporting system, risk management and internal control system.
- 監察本公司財務報表、本公司年報及賬目、中期報告及季度財務摘要的完整性，並審閱該等報告所載就財務報告作出的重大判斷
 - 檢討本公司財務報告制度、內部監控及風險管理制度是否全面，並監察其成效。
 - 檢討財務報告制度、風險管理及內部監控制度。

The Audit Committee has reviewed with the management in conjunction with the external auditor, the annual results and annual report of the Group for the year ended 31 December, 2018, including the accounting policies and practice adopted by the Group.

審核委員會已會同外部核數師與管理層審閱本集團截至二零一八年十二月三十一日止年度的年度業績及年報，包括本集團採納的會計政策及慣例。

During the year ended 31 December 2018, the Audit Committee had performed their primary duties to review and supervise the financial reporting process and the internal control procedures of the Company. The Audit Committee has also held meeting with the Company's external auditor, Messrs. PricewaterhouseCoopers ("PwC") without the presence of executive Directors and management, to discuss matters arising from the auditing and report to the Board on material issues, if any, and make recommendations to the Board.

於截至二零一八年十二月三十一日止年度，審核委員會已履行其主要職責，檢討及監督本公司的財務報告程序及內部監控程序。審核委員會亦在執行董事及管理層避席的情況下，與本公司外部核數師羅兵咸永道會計師事務所舉行會議，討論因核數而產生的事項，並向董事會匯報重大事宜（如有），以及向董事會提供推薦意見。

The Audit Committee is provided with sufficient resources to perform its duties. Latest terms of reference of the Audit Committee can be viewed on the website of the Company and the website of the Stock Exchange.

本公司已向審核委員會提供足夠資源，供其履行職責。審核委員會的最新職權範圍可在本公司網站及聯交所網站查閱。

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Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) has been established on 8 November, 2010 with written terms of reference in compliance with the CG Code. The Remuneration Committee comprises three members, namely Mr. Zhou Chang Ren (Chairman), Mr. Siuming Tsui and Mr. Wong Heung Ming, Henry, the majority of which are independent non-executive Directors. The primary duties of the Remuneration Committee are to evaluate and make recommendations to the Board regarding the remuneration packages to the Directors and senior management which will be determined by reference to the performance of the individual and the Company as well as market trends and practices.

The Remuneration Committee is provided with sufficient resources to perform its duties. The current duties and responsibilities of the Remuneration Committee are more specifically set out in its latest terms of reference, details of which can be viewed on the website of the Company and the website of the Stock Exchange.

The following is a summary of work performed by the Remuneration Committee during the period under review:

- (a) formulating and recommending the policy and structure of the remuneration of the Directors and senior officers of the Group to the Board;
- (b) assessing individual performance of the Directors and senior officers of the Group;
- (c) reviewing specific remuneration packages of the Directors and senior officers of the Group with reference to the Board’s corporate goals and objectives as well as individual performances; and
- (d) reviewing and making recommendations to the Board on compensation-related issues.

薪酬委員會

本公司於二零一零年十一月八日成立薪酬委員會，並制訂符合企業管治守則的書面職權範圍。薪酬委員會包括三名成員，即周昌仁先生（主席）、徐小明先生及黃向明先生，大部分為獨立非執行董事。薪酬委員會的主要職責為評估董事及高級管理層的薪酬組合，並就此向董事會提供推薦意見。有關薪酬將參照個人及本公司表現以及市場趨勢及慣例釐定。

本公司已向薪酬委員會提供足夠資源，供其履行職責。薪酬委員會現時的職責及責任於其最新職權範圍有更具體描述，詳情可在本公司網站及聯交所網站查閱。

於回顧期間，薪酬委員會已進行的工作概列如下：

- (a) 制訂本集團董事及高級職員的薪酬政策及架構，並向董事會提供建議；
- (b) 評估本集團董事及高級職員的個別表現；
- (c) 參照董事會的企業目標及目的以及個別表現，檢討本集團董事及高級職員的特定薪酬待遇；及
- (d) 檢討有關薪酬相關問題，並向董事會提供建議。

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Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) has been established on 8 November, 2010 with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises three members, namely Mr. Cai Jian Quan (Chairman), Mr. Siuming Tsui, and Mr. Wong Heung Ming, the majority of which are independent non-executive Directors. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee selects and recommends the candidates for directorship shall base on the criterion including professional knowledge, competence, experience, independence and integrity.

The Nomination Committee is provided with sufficient resources to perform its duties. The current duties and responsibilities of the Nomination Committee are more specifically set out in its latest terms of reference, details of which can be viewed on the website of the Company and the website of the Stock Exchange.

The Company has adopted the Board Diversity Policy in March 2014. The policy sets out the approach to achieve diversity on the Board of the Company which include but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional experience. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board that are relevant to the Company’s business growth.

提名委員會

本公司於二零一零年十一月八日成立提名委員會，並制訂符合企業管治守則的書面職權範圍。提名委員會現時包括三名成員，即蔡建權先生（主席）、徐小明先生及黃向明先生，大部分為獨立非執行董事。提名委員會的主要職責為就委任或重新委任董事及董事繼任計劃向董事會提供推薦意見。提名委員會根據專業知識、勝任能力、經驗、獨立性及誠信等準則挑選及推薦董事人選。

本公司已向提名委員會提供足夠資源，供其履行職責。提名委員會現時的職責及責任於其最新職權範圍有更具體描述，詳情可在本公司網站及聯交所網站查閱。

本公司已於二零一四年三月採納董事會多元政策，制定實現本公司董事會多元化的方針，包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識及地區經驗。提名委員會將每年檢討董事會的架構、規模及組成，並在適當時候就本公司的業務發展提供改變董事會的推薦建議。

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The following is a summary of the work performed by the Nomination Committee during the period under review:

- (a) reviewing and evaluating the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the Directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings;
- (b) reviewing and recommending the re-appointment of the retiring Directors for re-election at the previous general meeting; and
- (c) assessing independence of the Independent Non-Executive Directors.

During the year ended 31 December 2018, the Nomination Committee had performed their primary duties to review and make recommendations to the Board on the structure, size and composition of the Board, including its diversity, based on a range of perspectives with reference to the Company's business model and requirements, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional experience. The Nomination Committee considered that the current composition of the Board is balanced in terms of diversity and is able to meet the objectives of the Board.

於回顧期間，提名委員會已進行的工作概列如下：

- (a) 參照若干準則檢討及評價董事會組成。該等準則包括上市規則或任何其他相關法例規定須具備的資格，包括董事個性及技能、專業操守及誠信、適合的專業知識及行業經驗、能否付出足夠時間參與董事會及其委員會的工作以及參與所有董事會會議及股東大會；
- (b) 檢討續聘於之前股東大會上膺選連任的退任董事，並提供建議；及
- (c) 評估獨立非執行董事的獨立性。

於截至二零一八年十二月三十一日止年度，提名委員會已履行其主要職責，參照本公司的業務模式及需要及從多個角度（包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識及地區經驗）檢討董事會的架構、規模及組成（包括其多元性），並就此向董事會提供推薦建議。提名委員會認為，董事會目前之組成在多元性方面誠屬均衡，並夠達到董事會的目標。

CORPORATE GOVERNANCE REPORT

企業管治報告

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for preparing the Company's financial statements for the year ended 31 December 2018 which reflect true and fair view of the financial position of the Company and the Group and in compliance with relevant law and disclosure provisions of the Listing Rules. The Board is responsible for presenting a balanced, clear and comprehensible assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules.

The Group appointed PwC as the Group's external auditor. The statement by PwC regarding their reporting responsibility to the shareholders on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 82 to 96 of this annual report.

During the year ended 31 December 2018, the remuneration paid or payable to PwC for audit services and non-audit services amounted to RMB3,437,000 (2017: RMB2,960,000) and RMB1,142,000 (2017: RMB715,000) respectively.

問責及核數

董事及核數師就財務報表的責任

董事清楚彼等須負責編製本公司截至二零一八年十二月三十一日止年度的財務報表，而財務報表須真實及公平地反映本公司及本集團的財務狀況，及符合相關法例及上市規則的披露規定。董事會負責衡平、清晰及全面地呈列年報及中期報告、其他股價敏感公告及上市規則規定的其他財務披露事項。

本集團已委任羅兵咸永道會計師事務所為本集團外部核數師。羅兵咸永道會計師事務所就其向股東報告本集團合併財務報表的責任發出的聲明載於本年報第82至96頁的獨立核數師報告內。

於截至二零一八年十二月三十一日止年度，就審核服務非審核相關服務而已付或應付羅兵咸永道會計師事務所的酬金分別為人民幣3,437,000元（二零一七年：人民幣2,960,000元）及人民幣1,142,000元（二零一七年：人民幣715,000元）。

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企業管治報告

Internal Control and Risk Management

The Board is responsible for maintaining sound and effective risk management and internal control systems, and for reviewing their design, operational adequacy, and effectiveness on an ongoing basis to safeguard the shareholders' investment and the assets of the Group. During the year ended 31 December 2018, the Board has reviewed the effectiveness of the risk management and internal control systems of the Group through the Audit Committee. The Board engaged an internal audit team which carries out the analysis and independent assessment of the adequacy and effectiveness of the Company's risk management and internal control systems and reports to the Board. Review of the Group's internal controls cover major financial, operational and compliance controls as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls. The scope of review for the year had been determined and approved by the Audit Committee. Save as disclosed below, no major issues but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

The Company recognises that the vacancy of chairmanship may affect the operations of the Company. The Board has met regularly to consider and review the major and appropriate issues. As such, the Board considers that the sufficient measures had been taken and the vacancy of chairmanship should not impair the balance of power and authority between the Board and the management.

內部監控及風險管理

董事會負責維持穩健而有效的風險管理及內部監控制度，且不斷檢討其設計、運作充份性及效益，以保障股東的投資及本集團資產。於截至二零一八年十二月三十一日止年度，董事會已透過審核委員會檢討本集團風險管理及內部監控制度的成效。董事會亦已委聘一支內部審核團隊，就本公司風險管理及內部監控系統是否充足及有效進行分析及獨立評估，並向董事會匯報。本集團的內部監控檢討涵蓋主要的財務、營運及合規監控，而不同系統之風險管理職能已基於對營運及監控作出之風險評估按有系統基準履行。年度檢討範圍已由審核委員會釐定及批准。除下文所披露者外，撇除確認需予改進之處，並無發現重大問題。董事會及審核委員會認為，本集團已合理實施內部監控系統的主要部分。

本公司確認，主席職位懸空或會影響本公司營運。董事會定期舉行會議，考慮及審議重大及合適議題。因此，董事會認為已採取足夠措施，不會因主席職位懸空而使董事會與管理層之間的權力及授權失衡。

CORPORATE GOVERNANCE REPORT

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Corporate governance functions

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior officers of the Group;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the codes of conduct applicable to employees and the Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the period under review, the Board considered the following corporate governance matters:

- (i) review of the compliance with the CG Code; and
- (ii) review of the effectiveness of the internal controls and risk management systems of the Group through the Audit Committee.

企業管治職能

董事會有責任根據企業管治守則履行下列企業管治職責：

- (a) 制定及檢討本公司的企業管治政策及常規；
- (b) 檢討及監察本集團董事及高級職員的培訓及持續專業發展；
- (c) 檢討及監察本公司遵守法定及監管規定的政策及常規；
- (d) 制定、檢討及監察適用於僱員及董事的行為守則；及
- (e) 檢討本公司有否遵守企業管治守則，以及審閱本企業管治報告內的披露資料。

於回顧期間，董事會已考慮以下企業管治事宜：

- (i) 檢討有否遵守企業管治守則；及
- (ii) 透過審核委員會檢討本集團的內部監控及風險管理系統的成效。

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INVESTORS AND SHAREHOLDERS RELATIONS

The Board recognises the importance of effective communication with shareholders and continues to act in the best interests of the Company and its shareholders. The Company keeps shareholders and investors informed of its business performance and strategies by adopting a transparent and timely disclosure policy which complies with the Listing Rules and provides all shareholders equal access to such information. The Company also publishes all documents on the Company's website at www.shifangholding.com.

The annual general meeting of the Company (the "AGM") also provides a forum for the Board to dialogue and interact with the Shareholders directly. The Directors and the committee members are available to answer questions during the AGM.

Notice of AGM, annual report, financial statements and related papers were posted to shareholders of the Company for their consideration at least 20 clear business days prior to the AGM. AGM proceedings of the Company are continually reviewed in the light of corporate governance best practices.

Shareholders' rights

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Paragraph O of the CG Code which is effective from 1 April 2012.

投資者及股東關係

董事會了解與股東有效溝通的重要性，繼續以本公司及其股東的最佳利益為依歸行事。本公司透過採納符合上市規則、具透明度及適時的披露政策，讓股東及投資者清楚其業務表現及策略，並為所有股東提供取得該等資料的平等途徑。本公司亦於本公司網站 (www.shifangholding.com) 登載所有文件。

本公司股東週年大會（「股東週年大會」）亦為董事會提供與股東直接對話及互動的平台。董事及委員會成員均會出席股東週年大會解答提問。

股東週年大會通告、年報、財務報表及有關文件已於股東週年大會舉行前最少20個完整營業日寄予本公司股東，供彼等省覽。本公司股東週年大會程序會根據企業管治最佳常規持續檢討。

股東權利

以下載有根據由二零一二年四月一日起生效的企業管治守則第O段的強制性披露規定須予披露的本公司股東若干權利概要。

CORPORATE GOVERNANCE REPORT

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(a) Convening of general meeting on requisition by shareholders

General meetings shall also be convened on the written requisition of any one or more members of the Company to the Board or the Secretary of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within further 2 months of the deposit of such requisites, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(a) 應股東要求召開股東大會

股東大會亦須在一名或以上本公司董事會成員或秘書向本公司於香港的主要辦事處或（倘本公司並無主要辦事處）登記辦事處送達書面要求的情況下召開，書面要求須列明大會目的，並由提出要求的人士簽署，惟提出要求的人士於遞交要求當日須持有有權於本公司股東大會上投票的本公司繳足股本不少於十分一。股東大會亦可在任何一名屬認可結算所的本公司股東（或其代名人）向本公司於香港的主要辦事處或（倘本公司並無主要辦事處）登記辦事處送達書面要求的情況下召開，書面要求須列明大會目的，並由提出要求的人士簽署，惟提出要求的人士於遞交要求當日須持有有權於本公司股東大會上投票的本公司繳足股本不少於十分一。

倘董事會未有於提交要求日期後21天內正式召開須於其後提交該要求日期的2個月內舉行的大會，提出要求的人士或當中持有彼等總投票權過半的任何人士可自行以與董事會召開大會同樣的方式（盡可能相近）召開股東大會，惟如此召開的大會不可遲於提交要求當日起三個月後召開，而提出要求的人士因董事會未能完成有關要求而產生的所有合理開支，將由本公司向彼等作出補償。

CORPORATE GOVERNANCE REPORT

企業管治報告

(b) Procedures for putting forward proposals at a Shareholders' meeting

There are no provisions allowing Shareholders to put forward new resolutions at the general meetings under the Bermuda Companies Act 1981 or the bye-laws of the Company. However, Shareholders who wish to put forward a resolution may request the Company to convene an special general meeting following the procedures set out above.

Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

(c) Enquiries to the Board

Shareholders may put forward enquiries to the Board in writing to the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the enquiries.

Constitutional documents

During the period under review, there had been no significant change in the Company's constitutional documents.

(b) 於股東大會上提呈議案的程序

百慕達1981年公司法或本公司之公司細則並無容許股東於股東大會上提呈新決議案的條文。然而，股東如欲提呈決議案，可按上文所載程序要求本公司召開股東特別大會。

股東提名任何人士參選董事的詳細程序可於本公司網站查閱。

(c) 向董事會查詢

股東可以書面形式向董事會作出查詢，有關查詢應送遞至本公司於香港的主要辦事處或（倘本公司並無主要辦事處）登記辦事處，並列明查詢事項。

憲章文件

於回顧期間，本公司的憲章文件並無重大變動。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the Shareholders of ShiFang Holding Limited

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of ShiFang Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 252, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

致十方控股有限公司股東

(於開曼群島註冊成立及於百慕達存續的有限公司)

意見

我們已審計的內容

十方控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第97至252頁的合併財務報表,包括:

- 於二零一八年十二月三十一日的合併資產負債表;
- 截至該日止年度的合併全面收益表;
- 截至該日止年度的合併權益變動表;
- 截至該日止年度的合併現金流量表;及
- 合併財務報表附註,包括主要會計政策概要。

我們的意見

我們認為,該等合併財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量,並已遵照香港《公司條例》的披露規定妥為擬備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Purchase price allocation for the acquisition of Supreme Glory Limited
- Impairment assessment of goodwill
- Valuation of the Group’s properties held for sale

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據國際會計師專業操守理事會頒佈的《專業會計師道德守則》（以下簡稱「道德守則」），我們獨立於 貴集團，並已履行道德守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 收購卓耀有限公司之購買價分配
- 商譽減值評估
- 貴集團持作出售物業的計價

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Purchase price allocation for the acquisition of Supreme Glory Limited

收購卓耀有限公司之購買價分配

Refer to note 2.4 (Accounting policies), note 4(a) (Critical accounting estimates and assumptions), note 8 (Intangible assets) and note 33 (Business combination) to the consolidated financial statements

請參閱合併財務報表附註2.4(會計政策)、附註4(a)(關鍵會計估計及假設)、附註8(無形資產)及附註33(業務合併)

The Group completed the acquisition of the entire equity interest of Supreme Glory Limited at a consideration of HK\$275,334,000 (equivalent to approximately RMB223,339,000) on 8 May 2018, date of acquisition ("date of acquisition").

貴集團於收購日期二零一八年五月八日(「收購日期」)完成收購卓耀有限公司全部股權，代價為275,334,000港元(相等於約人民幣223,339,000元)。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our procedures in relation to management's judgements used to estimate the fair values of identifiable assets and liabilities assumed at the acquisition date included:

我們就管理層用以估計收購日期可識別資產及所承擔負債的公允值的判斷所用程序包括：

- (i) Evaluating the independent external valuer's objectivity, capability and competency to perform the valuation;
- (i) 評估獨立外部估值師是否客觀、有能力及勝任進行估值：

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Purchase price allocation for the acquisition of Supreme Glory Limited (Continued)
收購卓耀有限公司之購買價分配(續)

The Group is required to determine the fair values of identified assets acquired and liabilities assumed of Supreme Glory Limited as at the date of acquisition. Management engaged an independent external valuer assist them to perform the fair valuation using appropriate valuation methodologies. The purchase price was allocated to the identified assets and liabilities assumed and the Group recognised identifiable net assets of RMB157,281,000 and goodwill of RMB66,058,000 at date of acquisition. The identifiable net assets mainly comprised the right to a land lease and property, plant and equipment.

貴集團須釐定卓耀有限公司所收購可識別資產及所承擔負債於收購日期之公允值。管理層委聘獨立外部估值師協助彼等使用適當估值方法進行公平估值。購買價分配至可識別資產及所承擔負債，而 貴集團於收購日期確認可識別資產淨值人民幣157,281,000元及商譽人民幣66,058,000元。可識別資產淨值主要包括土地租賃權以及物業、廠房及設備。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- (ii) Assessing the appropriateness of valuation methodologies adopted and the reasonableness of the key assumptions used in the valuation with the involvement of our internal valuation expert;
- (ii) 我們的內部估值專家參與評估所採納估值方法的適當性及估值所用主要假設的合理性；
- (iii) Evaluating the appropriateness of the valuation methodologies used by the independent external valuer based on our industry knowledge and relevant market practice; and
- (iii) 基於我們的行業知識及相關市場慣例，評估獨立外部估值師所用估值方法是否適當；及
- (iv) Assessing the reasonableness of key assumptions used in the valuation by comparing these assumptions against relevant market data and industry information.
- (iv) 通過對比該等假設與相關市場數據及行業資料，評估估值所用主要假設是否合理；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Purchase price allocation for the acquisition of Supreme Glory Limited (Continued)
收購卓耀有限公司之購買價分配(續)

The key assumptions included market rental yield rate and adjusted land unit rate used to determine the fair values of the right to a land lease and property, plant and equipment. 主要假設包括用作釐定土地租賃權以及物業、廠房及設備公允值之市場租金收益率及經調整土地單位價格。

We focused on this area due to the significant management's judgements involved in determining the valuation methodologies and assumptions used in the valuation of purchase price allocation.

我們關注此範疇是由於釐定購買價分配估值所用之估值方法及假設時涉及重大管理層判斷。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Based on the above, we found management's judgements involved in the valuation methodologies and assumptions used in the valuation of the purchase price allocation were supported by available evidence.

基於上文所述，我們發現管理層判斷涉及的購買價分配估值所用估值方法及假設有可得憑證支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Impairment assessment of goodwill

商譽減值評估

Refer to note 2.9 (Accounting policies), note 4(e) (Critical accounting estimates and assumptions) and note 8 (Intangible assets) to the consolidated financial statements 請參閱合併財務報表附註2.9(會計政策)、附註4(e)(關鍵會計估計及假設)及附註8(無形資產)

As at 31 December 2018, the Group had goodwill arising from the acquisition of Supreme Glory Limited amounting to RMB66,058,000. Management has identified Supreme Glory Limited and its subsidiaries (together as "Supreme Glory") as a cash generating unit ("CGU").

於二零一八年十二月三十一日，貴集團收購卓耀有限公司產生之商譽金額為人民幣66,058,000元。管理層已確認卓耀有限公司及其附屬公司(統稱「卓耀」)為現金產生單位。

The Group tests annually or whenever events or changes in circumstances indicate an indicator of impairment of goodwill arisen from business combinations.

貴集團每年檢測業務合併產生之商譽減值，或於某些事件或情況變動顯示業務合併產生商譽減值時進行。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

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

我們涉及管理層減值評估的程序包括：

- (i) Evaluating the independent external valuer's objectivity, capability and competency to perform the valuation;
- (i) 評估獨立外部估值師是否客觀、有能力及勝任進行估值；
- (ii) Evaluating management's assessment on identification of CGU;
- (ii) 評估管理層針對識別現金產生單位作出之評估；
- (iii) Assessing the appropriateness of valuation methodology adopted and the reasonableness of key assumptions used in determining the fair value less costs of disposal amount with the involvement of our internal valuation expert;
- (iii) 我們的內部估值專家參與評估釐定公允值減出售成本金額所採納估值方法的適當性及所使用主要假設的合理性；
- (iv) Considering the appropriateness of the valuation methodologies used by the independent external valuer based on our industry knowledge and relevant market practice;
- (iv) 基於我們的行業知識及相關市場慣例，考慮獨立外部估值師所用估值方法是否適當；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Impairment assessment of goodwill (Continued)

商譽減值評估(續)

Management engaged an independent external valuer to appraise the fair value less costs of disposal of the Supreme Glory CGU to support the impairment assessment. The key assumptions used in the valuation including, discount rate, revenue generated from operation, revenue growth rate and terminal growth rate.

管理層委聘獨立外部估值師評估卓耀現金單位公允值減出售成本，以進行減值評估。估值所用主要假設包括貼現率、經營產生之收益、收益增長率及永久增長率。

We focused on this area due to the significant management's judgements involved in the assumptions used in the impairment assessment of goodwill.

我們關注此範疇是鑒於商譽減值評估所用假設涉及重大管理層判斷。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- (v) Assessing the reasonableness of key assumptions used in the valuation by comparing these assumptions such as discount rate, revenue generated from operation, revenue growth rate and terminal growth rate against the approved budget, latest development of Supreme Glory, relevant market data and industry information; and
- (v) 通過對比貼現率、經營產生之收益、收益增長率及永久增長率等該等假設與經批准預算、卓耀的近期發展狀況、相關市場數據及行業資料，評估估值所用主要假設是否合理；
- (vi) Considering management's sensitivity analysis with respect to variations of key assumptions adopted, to evaluate the extent to which reasonably possible changes, both individually and in aggregate, would result in material changes in the assessment on goodwill impairment.
- (vi) 考慮管理層有關所採納主要假設變動的敏感度分析，以評估在合理範圍內的可能變動(個別及合計)可能對商譽減值評估造成的重大變動。

Based on the above, we found management's judgements and assumptions involved in the goodwill impairment assessment were supported by available evidence.

基於上文所述，我們發現管理層評估商譽減值涉及的判斷及假設有可得憑證支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Valuation of the Group's properties held for sale

貴集團持作出售物業的估價

Refer to note 2.10 (Accounting policies), note 4(c) (Critical accounting estimates and assumptions) and note 11 (Properties held for sale) to the consolidated financial statements

請參閱合併財務報表附註2.10(會計政策)、附註4(c)(關鍵估計及假設)及附註11(持作出售物業)

The Group owns certain properties held for sale which are stated at the lower of carrying amount and fair value less costs to sell. The net carrying value of the Group's properties held for sale was RMB24,622,000 as at 31 December 2018. 貴集團擁有若干持作出售物業，該等物業按賬面值與公允值減出售成本較低者列賬。貴集團持作出售物業於二零一八年十二月三十一日的賬面淨值為人民幣24,622,000元。

Management engaged an independent external valuer to appraise the value of the properties held for sale using the direct market comparable approach and income approach. Management assessed the appropriateness of methodologies and assumptions underlying the valuations performed by the independent external valuer.

管理層委聘獨立外部估值師利用市場比較法及收入法評估持作出售物業的價值。管理層已評估獨立外部估值師進行估值時的相關方法及假設是否合適。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our procedures in relation to management's judgement and estimates used to determine the fair value less costs to sell of the Group's properties held for sale included:

我們就管理層用以釐定貴集團持作出售物業的公允值減出售成本的管理層判斷及估計所用程序包括：

- (i) Evaluating the independent external valuer's objectivity, capability and competency to perform the valuation;
- (ii) 評價獨立外部估值師是否客觀、有能力及勝任進行估值；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Valuation of the Group's properties held for sale (Continued)
貴集團持作出售物業的估價（續）

We focused on this area due to the significant management judgement and estimates used to determine the fair value less costs to sell and, consequentially, the provision for loss for the Group's properties held for sale.

我們關注此範疇是鑑於釐定 貴集團持作出售物業的公允價值減出售成本及因此得出的虧損撥備時須運用重大管理層判斷及估計。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- (ii) Considering the appropriateness of the valuation methodologies used by the independent external valuer with reference to the nature and purposes of the Group's properties and relevant market practice;
- (ii) 參照 貴集團物業之性質及用途以及相關市場慣例，考慮獨立外部估值師所用估值方法是否合適；
- (iii) Discussing with management the appropriateness of the selection criteria of comparable properties and the adjusting factors used in the independent external valuer's valuation under market comparable approach having regard to the location, size and nature of the properties;
- (iii) 與管理層討論可比較物業的挑選準則及獨立外部估值師根據市場比較法就物業位置、大小及性質所用的調整因素是否合適；
- (iv) Assessing the reasonableness of key assumptions used in the valuation under income approach, including expected rental income, growth rate and discount rate, based on our knowledge of the business and industry and comparing with relevant market data;
- (iv) 根據我們對有關業務及行業的知識，評估根據收入法進行估值時所用的關鍵假設（包括預期租金收入、增長率及折現率）是否合理，並與相關市場數據進行比較；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Valuation of the Group's properties held for sale (Continued)

貴集團持作出售物業的估價（續）

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- (v) Comparing the independent external valuer's valuation results, on a sample basis, with recent market transaction data of similar properties; and
- (v) 以抽樣方式比較獨立外部估值師的估值結果與類似物業的近期市場交易數據；及
- (vi) inspecting the physical conditions, on a sample basis, of the Group's properties held for sale to evaluate management's consideration of changes in the properties' conditions that would have a material impact to the valuation results.
- (vi) 以抽樣方式查察 貴集團持作出售物業的實際狀況，以評估管理層所考慮物業狀況的變動，可能對估值結果造成重大影響。

Based on the above, we found management's judgement and estimates used to determine the fair value less costs to sell of the Group's properties held for sale to be supported by available evidence. 基於上文所述，我們發現管理層用以釐定 貴集團的持作出售物業的公允值減出售成本的判斷及估計有可得憑證支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就合併財務報表須承擔的責任

貴公司董事須負責根據《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

The audit committee are responsible for overseeing the Group's financial reporting process.

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 ISAs 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.

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致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。我們僅向閣下（作為整體）報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《國際審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Hang, Benson.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2019

我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計專案合夥人是梁志恒。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年三月二十八日

CONSOLIDATED BALANCE SHEET

合併資產負債表

AS AT 31 DECEMBER 2018
於二零一八年十二月三十一日

	Note	2018	2017
	附註	二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
ASSETS			
Non-current assets			
Property, plant and equipment	7	67,426	14,707
Intangible assets	8	283,912	532
Interests in an associate		1,635	–
Available-for-sale financial asset		–	84,726
Prepayments, deposits and other receivables	9	37,689	105,826
		390,662	205,791
Current assets			
Inventories	10	1,420	1,224
Properties held for sale	11	24,662	34,519
Financial assets at fair value through profit or loss	12	6,173	–
Trade receivables – net	13	7,858	6,068
Contract assets – net	5	2,173	–
Prepayments, deposits and other receivables	9	9,593	3,803
Amounts due from related parties	32(c)	820	740
Cash and cash equivalents	14	33,880	60,178
		86,539	106,532
Total assets		477,201	312,323
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	191,994	123,919
Share premium	15	851,682	816,907
Other reserves	16	53,914	48,904
Accumulated deficits		(922,308)	(750,092)
		175,282	239,638
Non-controlling interests	17(a)	12,680	7,969
Total equity		187,962	247,607

CONSOLIDATED BALANCE SHEET

合併資產負債表

AS AT 31 DECEMBER 2018

於二零一八年十二月三十一日

	Note	2018	2017
	附註	二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
LIABILITIES			
Non-current liabilities			
Promissory notes	21	81,552	–
Deferred income tax liabilities	18	51,723	120
Loans from a related party	32(c)	87,132	–
		220,407	120
Current liabilities			
Trade payables	19	4,597	4,513
Other payables and accrued expenses	19	34,046	30,464
Borrowings	20	8,377	9,113
Current income tax liabilities		21,184	20,031
Amounts due to related parties	32(c)	628	475
		68,832	64,596
Total liabilities		289,239	64,716
Total equity and liabilities		477,201	312,323

Approved and authorised for issue by the Board of Directors on 28 March 2019 and signed on behalf of the Board by:

經董事會於二零一九年三月二十八日批准並授權刊發，並由下列董事代表董事會簽署：

Siuming Tsui

徐小明

Director

董事

Yu Shi Quan

余詩權

Director

董事

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述合併資產負債表須與隨附附註一併閱讀。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2018
截至二零一八年十二月三十一日止年度

		Note	2018	2017
		附註	二零一八年	二零一七年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Revenue	收入	5	55,016	43,428
Cost of sales	銷售成本	23	(36,521)	(31,472)
Gross profit	毛利		18,495	11,956
Selling and marketing expenses	銷售及營銷開支	23	(3,439)	(5,476)
General and administrative expenses	一般及行政開支	23	(88,053)	(66,066)
Net fair value loss on financial assets at fair value through profit or loss	公允值經損益表入賬的 金融資產的公允值虧損淨額	12	(84,498)	–
Other income	其他收入	22	917	587
Operating loss	經營虧損		(156,578)	(58,999)
Finance income	財務收入	26	111	3,381
Finance costs	財務成本	26	(7,260)	–
Finance (costs)/income – net	財務(成本)/收入—淨額	26	(7,149)	3,381
Share of losses of an associate	應佔聯營公司虧損		(165)	–
Loss before income tax	除所得稅前虧損		(163,892)	(55,618)
Income tax expense	所得稅開支	27	(705)	(713)
Loss for the year	年內虧損		(164,597)	(56,331)
(Loss)/profit attributable to:	下列項目應佔(虧損)/溢利:			
– Owners of the Company	– 本公司所有者		(164,403)	(56,493)
– Non-controlling interests	– 非控股權益		(194)	162
			(164,597)	(56,331)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2018
截至二零一八年十二月三十一日止年度

	Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Other comprehensive (loss)/income	其他全面(虧損)/收益		
<i>Items that may be reclassified to profit or loss</i>	可重新分類至損益賬的項目		
Currency translation differences	貨幣換算差額	(2,571)	1,904
Other comprehensive (loss)/income for the year	年內其他全面(虧損)/收益	<u>(2,571)</u>	<u>1,904</u>
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	<u>(167,168)</u>	<u>(54,427)</u>
(Loss)/profit and total comprehensive (loss)/income attributable to:	下列項目應佔(虧損)/溢利及全面(虧損)/收益總額:		
- Owners of the Company	- 本公司所有者	(166,974)	(54,589)
- Non-controlling interests	- 非控股權益	(194)	162
		<u>(167,168)</u>	<u>(54,427)</u>
Loss per share for loss attributable to owners of the Company	本公司所有者應佔虧損的每股虧損		
- Basic (RMB per share)	- 基本(每股人民幣)	28 (0.0790)	(0.0390)
- Diluted (RMB per share)	- 攤薄(每股人民幣)	28 (0.0790)	(0.0390)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述合併全面收益表須與隨附附註一併閱讀。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2018
截至二零一八年十二月三十一日止年度

		Attributable to owners of the Company 本公司所有者應佔										
		Share Capital	Share premium	Available-for-sale financial asset fair value reserve	Capital redemption reserve	Capital reserves	Exchange reserves	Statutory Reserves	Accumulated deficits	Total	Non-controlling interests	Total equity
		股本	股份溢價	可供出售金融資產之公允價值儲備	股本贖回儲備	資本儲備	匯兌儲備	法定儲備	累計虧絀	總計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	123,919	816,907	(7,063)	997	41,297	1,209	12,464	(750,092)	239,638	7,969	247,607
Changes in accounting policies	會計政策變更	-	-	7,063	-	-	-	-	(7,295)	(232)	-	(232)
Restated total equity as at 1 January 2018	於二零一八年一月一日的經重述總權益	123,919	816,907	-	997	41,297	1,209	12,464	(757,387)	239,406	7,969	247,375
Comprehensive income	全面收益											
Loss for the year	年內虧損	-	-	-	-	-	-	-	(163,403)	(164,403)	(194)	(164,597)
Other comprehensive income	其他全面收益											
Currency translation differences	貨幣換算差額	-	-	-	-	-	(2,571)	-	-	(2,571)	-	(2,571)
Total comprehensive income	全面收益總額	-	-	-	-	-	(2,571)	-	(163,403)	(166,974)	(194)	(167,168)
Transactions with owners	與擁有人的交易											
Appropriation to statutory reserves	轉撥至法定儲備	-	-	-	-	-	-	518	(518)	-	-	-
Issuance of ordinary shares	發行普通股	23,461	9,792	-	-	-	-	-	-	33,253	-	33,253
Issuance of ordinary shares as consideration for acquisition of subsidiaries, net of cash acquired	發行普通股作為收購附屬公司之代價，扣除所收現金	44,614	24,983	-	-	-	-	-	-	69,597	-	69,597
Capital injection from non-controlling shareholders of a subsidiary	來自一間附屬公司一位非控股股東的注資	-	-	-	-	-	-	-	-	-	4,005	4,005
Acquisition of a subsidiary	收購一間附屬公司	-	-	-	-	-	-	-	-	-	900	900
Total transactions with owners	與擁有人的交易總額	68,075	34,775	-	-	-	-	518	(518)	102,850	4,905	107,755
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	191,994	851,682	-	997	41,297	(1,362)	12,982	(922,308)	175,282	12,680	187,962

		Attributable to owners of the Company 本公司所有者應佔										
		Share capital	Share premium	Available-for-sale financial asset fair value reserve	Capital redemption reserve	Capital reserves	Exchange reserves	Statutory reserves	Accumulated deficits	Total	Non-controlling interests	Total equity
		股本	股份溢價	可供出售金融資產之公允價值儲備	股本贖回儲備	資本儲備	匯兌儲備	法定儲備	累計虧絀	總計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2017	於二零一七年一月一日的結餘	123,919	816,907	(7,063)	997	41,297	(695)	12,444	(693,579)	294,227	5,692	299,919
Comprehensive income	全面收益											
Loss for the year	年內虧損	-	-	-	-	-	-	-	(56,493)	(56,493)	162	(56,331)
Other comprehensive income	其他全面收益											
Currency translation differences	貨幣換算差額	-	-	-	-	-	1,904	-	-	1,904	-	1,904
Total comprehensive income	全面收益總額	-	-	-	-	-	1,904	-	(56,493)	(54,589)	162	(54,427)
Transactions with owners	與擁有人的交易											
Appropriation to statutory reserves	轉撥至法定儲備	-	-	-	-	-	-	20	(20)	-	-	-
Capital injection from a non-controlling shareholder of a subsidiary	來自一間附屬公司一位非控股股東的注資	-	-	-	-	-	-	-	-	-	2,115	2,115
Total transactions with owners	與擁有人的交易總額	-	-	-	-	-	-	20	(20)	-	2,115	2,115
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	123,919	816,907	(7,063)	997	41,297	1,209	12,464	(750,092)	239,638	7,969	247,607

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述合併權益變動表須與隨附附註一併閱讀。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2018
截至二零一八年十二月三十一日止年度

	Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash flows from operating activities			
Cash used in operations	30(a)	(57,423)	(34,504)
Interest received	26	111	430
Interest paid		(459)	(585)
Income tax paid		(520)	(28)
Net cash used in operating activities		(58,291)	(34,687)
Cash flows from investing activities			
Prepayment for acquisition of a subsidiary	9	(3,000)	–
Deposit paid for the proposed acquisition of a subsidiary	9(ii)	–	(29,945)
Payments for property, plant and equipment		(21,767)	(881)
Additions of intangible assets	8	(12)	–
Deposit for township development	9(iii)	–	(28,000)
Prepayment for township operation right	9(iii)	–	(22,000)
Proceeds from disposal of property, plant and equipment	30(b)	11	349
Payment for acquisition of subsidiaries, net of cash acquired	33	(55,551)	–
Investment in an associate		(1,800)	–
Acquisition of assets through acquisition of a subsidiary	34	(4,100)	–
Net cash used in investing activities		(86,219)	(80,477)
Cash flows from financing activities			
Capital injection from non-controlling shareholders of a subsidiary		4,005	2,115
Repayment of bank borrowings		(2,236)	(2,237)
Net proceeds from issuance of ordinary shares	15(c)	33,253	–
Drawdown of loans from a related party		80,113	–
Proceeds from other borrowing		1,500	–
Net cash generated from/(used in) financing activities		116,635	(122)
Net decrease in cash and cash equivalents		(27,875)	(115,286)
Cash and cash equivalents at beginning of the year	14	60,178	182,833
Exchange gains/(losses) on cash and cash equivalent		1,577	(7,369)
Cash and cash equivalents at end of the year	14	33,880	60,178

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述合併現金流量表須與隨附附註一併閱讀。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

1 GENERAL INFORMATION

ShiFang Holding Limited (the “Company”) is an investment holding company and its subsidiaries (together, the “Group”) are principally engaged in the business of publishing and advertising (the “Publishing and Advertising Businesses”) in the People’s Republic of China (the “PRC”). The Group has been focusing on restructuring its publishing and advertising businesses by consolidating with cultural media and film media business in PRC.

The Company was incorporated in the Cayman Islands on 9 December 2009 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands.

The Company announced on 18 January 2019 that the Company proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of discontinuation in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change has been effective on 18 March 2019 (Bermuda time).

The address of its registered office has been changed to Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda with effect from the change of domicile becoming effective.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2019.

1 一般資料

十方控股有限公司(「本公司」)為一家投資控股公司，而其附屬公司(統稱「本集團」)主要於中華人民共和國(「中國」)從事出版及廣告業務(「出版及廣告業務」)。本集團一直專注於透過整合中國文化傳媒及電影媒體業務，重組其出版及廣告業務。

本公司於二零零九年十二月九日在開曼群島根據開曼群島公司法(二零零九年修訂版，經修訂、補充或以其他方式修改)註冊成立為獲豁免有限公司。

本公司於二零一九年一月十八日宣佈，本公司建議透過撤銷於開曼群島的註冊及根據百慕達法例以獲豁免公司的形式存續，將本公司由開曼群島遷冊至百慕達。該變更自二零一九年三月十八日(百慕達時間)生效。

本公司註冊辦事處地址變更為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，自遷冊生效起生效。

本公司股份於香港聯合交易所有限公司主板上市。

除另有說明者外，本合併財務報表以人民幣千元呈列。本合併財務報表已於二零一九年三月二十八日獲董事會批准刊發。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of ShiFang Holding Limited have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Amendments to standards effective in 2018

Amendment to IFRS 1	First time adoption of IFRS
Amendment to IFRS 2	Classification and measurement of share-based payment transactions
Amendment to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

2 重大會計政策概要

2.1 編製基準

十方控股有限公司的合併財務報表已按照所有適用國際財務報告準則及香港《公司條例》(第622章)的披露規定編製。本合併財務報表乃根據歷史成本基準編製，惟按公允值計量之公允值經損益表入賬的金融資產除外。

編製符合國際財務報告準則的合併財務報表需要採用若干關鍵會計估計。管理層亦須在採用本集團會計政策的過程中作出判斷。涉及高度判斷或極為複雜的範疇，或涉及對合併財務報表屬重大的假設及估計的範疇於附註4披露。下文載列編製此等合併財務報表時所應用的主要會計政策。除另有說明者外，該等政策已於所有呈報年度貫徹應用。

(i) 於二零一八年生效之準則修訂本

國際財務報告準則第1號的修訂本	首次採用國際財務報告準則
國際財務報告準則第2號的修訂本	以股份為基礎付款交易之分類及計量
國際財務報告準則第4號的修訂本	應用國際財務報告準則第9號金融工具與國際財務報告準則第4號保險合約

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(i) Amendments to standards effective in 2018 (Continued)

IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
Amendment to IFRS 15	Clarifications to IFRS 15
Amendment to IAS 28	Investments in associates and joint ventures
Amendment to IAS 40	Transfers of investment property
IFRIC 22	Foreign currency transactions and advance consideration

The Group had to change its accounting policies and make certain retrospective adjustments on the opening consolidated balance sheet on 1 January 2018 following the adoption of IFRS 9 and IFRS 15. The adoption of other amendments to standards did not have any material impact on the consolidated financial statements for the current year or any prior years.

(ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

Amendments to IFRS 9	Prepayment features with negative compensation ¹
Amendments to IAS 19	Defined benefit plan amendment, curtailment or settlement ¹
Amendments to IAS 28	Long-term interests in associates and joint ventures ¹

2 重大會計政策概要 (續)

2.1 編製基準 (續)

(i) 於二零一八年生效之準則修訂本 (續)

國際財務報告準則第9號	金融工具
國際財務報告準則第15號	客戶合約收入
國際財務報告準則第15號的修訂本	釐清國際財務報告準則第15號
國際會計準則第28號的修訂本	於聯營公司及合營企業的投資
國際會計準則第40號的修訂本	轉移投資物業
國際財務報告詮釋委員會第22號	外幣交易及預付代價

本集團於採納國際財務報告準則第9號及國際財務報告準則第15號後，須更改其計政策，並對二零一八年一月一日期初合併資產負債表作出若干追溯調整。採納該等準則的其他修訂本並未對本年度或任何過往年度的合併財務報表產生任何重大影響。

(ii) 尚未生效且本集團並無提早採納之新準則、準則的修訂本及詮釋

國際財務報告準則第9號的修訂本	具有負補償之提前付款特徵 ¹
國際會計準則第19號的修訂本	界定福利計劃修訂、縮減或結算 ¹
國際會計準則第28號的修訂本	於聯營公司及合營企業之長期權益 ¹

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 16	Leases ¹
IFRIC 23	Uncertainty over income tax treatment ¹
Annual improvements project	Annual Improvements 2015-2017 Cycle ¹
Amendments to IFRS 3	Definition of a business ²
Amendments to IAS 1 and IAS 8	Definition of material ²
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting ²
IFRS 17	Insurance contract ³
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or after 1 January 2020
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective date to be determined

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (ii) 尚未生效且本集團並無提早採納之新準則、準則的修訂本及詮釋 (續)

國際財務報告準則第16號	租賃 ¹
國際財務報告詮釋委員會第23號	所得稅處理的不確定性 ¹
年度改進項目	二零一五年至二零一七年週期的年度改進 ¹
國際財務報告準則第3號的修訂本	業務的定義 ²
國際會計準則第1號及國際會計準則第8號的修訂本	重大的定義 ²
二零一八年財務報告概念框架	經修訂財務報告概念框架 ²
國際財務報告準則第17號	保險合約 ³
國際財務報告準則第10號及國際會計準則第28號的修訂本	投資者與其聯營公司或合營企業之間出售或注入資產 ⁴

- ¹ 於二零一九年一月一日或之後開始的年度期間生效
- ² 於二零二零年一月一日或之後開始的年度期間生效
- ³ 於二零二一年一月一日或之後開始的年度期間生效
- ⁴ 尚未釐定生效日期

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 16 Leases

The standard provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated balance sheet. Instead, all leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation.

The Group is a lessee of certain office spaces which are currently classified as operating leases. The Group's current accounting policy for such leases is to record the rental expenses in the Group's consolidated statements of comprehensive income for the year with the related operating lease commitments being separately disclosed.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (ii) 尚未生效且本集團並無提早採納之新準則、準則的修訂本及詮釋 (續)

多項新準則、準則的修訂本及詮釋於二零一九年一月一日或之後開始的年度期間生效，且於編製該等合併財務報表時尚未採用。該等新準則、準則的修訂本及詮釋預期不會對本集團的合併財務報表產生重大影響，惟以下所載各項除外：

國際財務報告準則第16號租賃

該準則載列租賃會計處理的新規定，當中不再允許承租人於合併資產負債表外確認租賃。與之相反，所有租賃均須以資產（若為使用權）及金融負債（若為付款責任）的形式於合併資產負債表內確認。少於十二個月的短期租賃及低價值資產租賃獲豁免遵守申報責任。

本集團為多處辦公場所的承租人，其目前被分類為經營租賃。本集團有關該租賃的現有會計政策乃為將租賃開支計入本集團的年內合併全面收益表內，而相關經營租賃承擔分開披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 16 Leases (Continued)

The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheet. As for the impact on financial performance in the consolidated statement of comprehensive income, operating lease charges will decrease, and amortisation and interest expense will increase.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of RMB9,102,000 (Note 31). Of these commitments, approximately RMB579,000 relate to short-term leases and RMB15,000 to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB5,401,000 on 1 January 2019, lease liabilities of RMB5,924,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018) and deferred income tax assets of RMB103,000. Overall net assets will be approximately RMB420,000 lower, and net current assets will be RMB1,999,000 lower due to the presentation of a portion of the liability as a current liability.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (ii) 尚未生效且本集團並無提早採納之新準則、準則的修訂本及詮釋 (續)

國際財務報告準則第16號租賃 (續)

因此，新準則將導致合併資產負債表內的資產及金融負債增加。就對合併全面收益表內財務表現的影響而言，經營租賃開支將會減少，而攤銷及利息開支將會增加。

於二零一八年十二月三十一日，本集團擁有的不可撤銷經營租賃承擔為人民幣9,102,000元（附註31）。該等承擔中約人民幣579,000元與短期租賃有關，而人民幣15,000元與低價值租賃有關，均將按直線基準於損益內確認為開支。

就餘下的租賃承擔而言，本集團預期於二零一九年一月一日確認使用權資產約人民幣5,401,000元、租賃負債人民幣5,924,000元（於就二零一八年十二月三十一日確認之預付款項及應計租賃付款作出調整後）及遞延所得稅資產人民幣103,000元。由於部分負債按流動負債呈列，整體資產淨值將減少約人民幣420,000元，而流動資產淨值將減少人民幣1,999,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 16 Leases (Continued)

The Group expects that net profit after tax will decrease by approximately RMB175,000 for the year ending 31 December 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows will decrease by approximately RMB1,658,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the consolidated financial statements. However, some additional disclosures will be required from next year.

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses).

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (ii) 尚未生效且本集團並無提早採納之新準則、準則的修訂本及詮釋 (續)

國際財務報告準則第16號租賃 (續)

本集團預期截至二零一九年十二月三十一日止年度除稅後淨溢利將因採納新準則而減少約人民幣175,000元。經營現金流量將增加，而融資現金流量將減少約人民幣1,658,000元，原因為租賃負債的本金部分還款將分類為融資活動現金流量。

本集團作為出租人的業務並不重大，故本集團預期不會對合併財務報表產生重大影響。然而，下一年度須就此作出若干額外披露。

新準則會於二零一九年一月一日或之後開始的財政年度強制生效。本集團擬採用簡單過渡法，且將不會於首次採納前的年度重列比較金額。物業租賃的使用權資產將不會於過渡時計量，猶如已一直應用新規則。所有其他使用權資產將於採納時按租賃負債的金額計量（就任何預付或應計租賃開支作出調整）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9, “Financial Instruments” and IFRS 15, “Revenue from Contracts with Customers” on the Group’s consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods. Certain of the Group’s accounting policies have been changed to comply with the adoption of IFRS 9 and IFRS 15.

(a) Impact on the consolidated financial statements

As a result of the changes in the entity’s accounting policies, prior year consolidated financial statements had to be restated. As explained in Note 2.2(b) below, IFRS 9 was generally adopted by the Group without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more details by standard below.

2 重大會計政策概要 (續)

2.2 會計政策之變動

本附註解釋採納國際財務報告準則第9號「金融工具」及國際財務報告準則第15號「客戶合約收益」對本集團合併財務報表之影響，亦披露自二零一八年一月一日起適用而與過往期間所適用者不同的新會計政策。本集團若干會計政策已作變動，以與採納國際財務報告準則第9號及國際財務報告準則第15號保持一致。

(a) 對合併財務報表之影響

由於實體會計政策之變動，過往年度合併財務報表未予重列。如下文附註2.2(b)所述，本集團通常採納國際財務報告準則第9號時不會重述比較資料。因此，重新分類及因新減值規則產生的調整於二零一七年十二月三十一日之經重列合併資產負債表內未有反映，但於二零一八年一月一日之期初合併資產負債表內確認。

下表呈列就各單獨項目確認的調整，惟不包括不受變動影響的項目。該等調整的詳情由下述準則詳述。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(a) Impact on the financial information (Continued)

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(a) 對財務資料之影響 (續)

Consolidated balance sheet (extract)	合併資產負債表 (節選)	As originally presented			Restated 1 January 2018
		31 December 2017 如先前 二零一七年 十二月 三十一日 呈列 RMB'000 人民幣千元	IFRS 15 RMB'000 人民幣千元	IFRS 9 RMB'000 人民幣千元	
Non-current assets	非流動資產				
Financial assets at fair value through profit or loss	公允值經損益表入賬的金融資產	-	-	84,726	84,726
Available-for-sale financial asset	可供出售金融資產	84,726	-	(84,726)	-
Current assets	流動資產				
Contract assets	合約資產	-	1,000	(26)	974
Trade receivables – net	貿易應收款項 – 淨額	6,068	(1,000)	(206)	4,862
Equity attributable to owners of the Company	本公司擁有人應佔權益				
Available-for-sale financial asset fair value reserve	可供出售金融資產公允值儲備	(7,063)	-	7,063	-
Accumulated deficits	累計虧絀	(750,092)	-	(7,295)	(757,387)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, “Financial Instruments” – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9, “Financial Instruments” from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in Note 2.11 below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響

國際財務報告準則第9號取代國際會計準則第39號與確認、分類及計量金融資產及金融負債、取消確認金融工具、金融資產減值以及對沖會計處理有關的條文。

自二零一八年一月一日採納國際財務報告準則第9號「金融工具」導致會計政策變動及合併財務報表內確認之金額有所調整。新會計政策載於下文附註2.11。根據國際財務報告準則第9號之過渡條文，毋須重述比較數據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

The total impact on the Group's accumulated deficits as at 1 January 2018 is as follows:

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

於二零一八年一月一日對本集團累計虧絀之總影響如下：

	Notes 附註	2018 二零一八年 RMB'000 人民幣千元
Closing accumulated deficits 31 December 2017	於二零一七年 十二月三十一日之 期末累計虧絀	<u>(750,092)</u>
Reclassify investments from available-for-sale to fair value through profit or loss ("FVTPL")	重新分類可供出售金融資產 至公允值經損益表入賬 的金融資產 (i)	(7,063)
Increase in provision for trade receivables and contract assets	貿易應收款項及合約資產 減值撥備增加 (ii)	<u>(232)</u>
Adjustment to accumulated deficits from adoption of IFRS 9 on 1 January 2018	對二零一八年一月一日 採納國際財務報告準則 第9號產生之累計虧絀作出 之調整	<u>(7,295)</u>
Opening accumulated deficits 1 January 2018	於二零一八年一月一日之期 初累計虧絀	<u>(757,387)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(i) 分類及計量

於二零一八年一月一日 (初步應用國際財務報告準則第9號之日期)，本集團管理層已評估本集團所持有金融資產適用的業務模式，並已將其金融工具分類至國際財務報告第9號中的適當類別。該重新分類產生之主要影響如下：

		FVTPL 公允值 經損益表 入賬的 金融資產	Available- for-sale 可供出售 金融資產
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Closing balance			
31 December 2017			
– IAS 39			
		–	84,726
Reclassify investments from available-for-sale to FVTPL			
	(a)	84,726	(84,726)
Opening balance			
1 January 2018			
– IFRS 9		84,726	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(i) *Classification and measurement (Continued)*

The impact of these changes on the group's equity is as follows:

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(i) 分類及計量 (續)

該等變動對集團權益之影響如下：

		Effect on available-for sale financial asset fair value reserve 對可供出售 金融資產 公允值儲備 之影響	Effect on accumulated deficits 對累計 虧絀之影響
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Closing balance 31 December 2017 – IAS 39	於二零一七年 十二月三十一日 之期末結餘－國際 會計準則第39號	(7,063)	(693,579)
Reclassify investments from available-for-sale to FVTPL	重新分類可供出售 金融資產至公允值 經損益表入賬的 金融資產	(a) <u>7,063</u>	<u>(7,063)</u>
Opening balance 1 January 2018 – IFRS 9	於二零一八年 一月一日之 期初結餘－國際 財務報告準則第9號	<u>–</u>	<u>(700,642)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(i) Classification and measurement (Continued)

(a) Reclassification from available-for-sale to FVTPL

An investment in 55% of the income right of a movie was reclassified from available-for-sale to financial assets at FVTPL (RMB84,726,000 as at 1 January 2018). They do not meet the IFRS 9 criteria for classification at amortised cost or at fair value through other comprehensive income, because their cash flows do not represent solely payments of principal and interest.

Related fair value loss of RMB7,063,000 were transferred from the available-for-sale financial assets fair value reserve to accumulated deficits on 1 January 2018. For the year ended 31 December 2018, net fair value loss of RMB84,726,000 relating to this investment was recognised in profit or loss.

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(i) 分類及計量 (續)

(a) 由可供出售金融資產重新分類至公允價值經損益表入賬的金融資產
投資電影收益權55%乃由可供出售金融資產重新歸類至公允價值經損益表入賬的金融資產(於二零一八年一月一日：人民幣84,726,000元)。由於該項投資的現金流量並非僅有本金及利息付款，故並不符合國際財務報告準則第9號分類為按攤銷成本或公允價值經其他全面收益入賬的標準。

於二零一八年一月一日，相關公允價值虧損人民幣7,063,000元由可供出售金融資產公允價值儲備轉撥至累計虧絀。截至二零一八年十二月三十一日止年度，涉及該項投資之公允價值虧損淨額人民幣84,726,000元已於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(ii) *Impairment of assets under IFRS 9*

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. The Group has three types of assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables
- Contract assets
- Financial assets at amortised cost, including deposits and other receivables, and amounts due from related parties

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's accumulated deficits and equity is disclosed above.

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(ii) 國際財務報告準則第9號項下之資產減值

新減值模式要求減值撥備須按預期信貸虧損確認，而非根據國際會計準則第39號所述僅按已產生的信貸虧損確認。本集團有三類資產須採用國際財務報告準則第9號規定的新預期信貸虧損模式：

- 貿易應收款項
- 合約資產
- 按攤銷成本列賬之金融資產，包括按金及其他應收款項及應收關連人士款項

根據國際財務報告準則第9號，本集團須修訂該等各類資產的減值方法。減值方法之變動對本集團累計虧絀及權益之影響於上文內披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(ii) *Impairment of assets under IFRS 9 (Continued)*

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Group applies the simplified approach to measure expected credit losses that uses a lifetime expected credit loss for all trade receivables and contract assets.

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(ii) 國際財務報告準則第9號項下之資產減值 (續)
為計量預期信貸虧損，貿易應收款項及合約資產已按分估信貸風險特點及逾期天數分類。合約資產涉及未入賬收益，且與同類合約的貿易應收款項具有大致相同的風險特徵。因此，本集團認為，貿易應收款項的預期虧損比率與合約資產損失率合理相若。本集團使用簡化方法計量預期信貸虧損，該方法規定就所有貿易應收款項及合約資產使用全期預期信貸虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(ii) Impairment of assets under IFRS 9 (Continued)

The provision for impairment of trade receivables and contract assets as at 31 December 2017 reconcile to the opening provision for impairment on 1 January 2018 as follows:

		Contract assets	Trade receivables
		合約資產	貿易應收款項
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 31 December 2017	於二零一七年 十二月三十一日		
– calculated under IAS 39	– 根據國際會計準則 第39號計算	–	13,752
Amount restated through opening accumulated deficits	透過期初累計虧絀重列之 金額	26	206
Opening provision for impairment as at 1 January 2018	於二零一八年 一月一日之 期初減值撥備		
– calculated under IFRS 9	– 根據國際財務報告 準則第9號計算	26	13,958

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」– 採納之影響 (續)

(ii) 國際財務報告準則第9號項下之資產減值 (續)

於二零一七年十二月三十一日貿易應收款項及合約資產減值撥備與二零一八年一月一日期初減值撥備對賬如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) IFRS 9, "Financial Instruments" – Impact of adoption (Continued)

(ii) *Impairment of assets under IFRS 9 (Continued)*

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. The Group has concluded that the impact of expected credit losses on the other financial assets is insignificant as at 1 January 2018.

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(b) 國際財務報告準則第9號「金融工具」－採納之影響 (續)

(ii) 國際財務報告準則第9號項下之資產減值 (續)

貿易應收款項及合約資產於預期不可合理收回時撇銷。

按攤銷成本列賬之其他金融資產減值乃按12個月預期信貸虧損或全期預期信貸虧損計量，視乎信貸風險自初始確認後是否有大幅增加而定。於二零一八年一月一日，本集團認為，其他金融資產之預期信貸虧損影響並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(c) IFRS 15, "Revenue from Contracts with Customers" – Impact of adoption

The Group has adopted IFRS 15, "Revenue from Contracts with Customers", from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively. In summary, the following adjustments were made to the amounts recognised in the consolidated balance sheet at the date of initial application (1 January 2018):

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(c) 國際財務報告準則第15號「客戶合約收益」－採納之影響

本集團已自二零一八年一月一日起採納國際財務報告準則第15號「客戶合約收益」，此乃導致會計政策變動及合併財務報表內確認之金額有所調整。根據國際財務報告準則第15號之過渡條文，本集團已追溯採納新準則。總而言之，對首次應用日期（二零一八年一月一日）於合併資產負債表內確認之金額作出如下調整：

			IAS 18 carrying amount 國際會計 準則第18號 賬面值 RMB'000 人民幣千元	Reclassification 重新分類 RMB'000 人民幣千元	IFRS 15 carrying amount 國際財務報告 準則第15號 賬面值 RMB'000 人民幣千元
Trade receivables – net	貿易應收款項－淨額	(i)	6,068	(1,000)	5,068
Contract assets	合約資產	(i)	–	1,000	1,000
Other payables and accrued expenses – Receipts in advance	其他應付款項及應計開支－預先收取的款項	(i)	6,245	(6,245)	–
Other payables and accrued expenses – Contract liabilities	其他應付款項及應計開支－合約負債	(i)	–	6,245	6,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(c) IFRS 15, "Revenue from Contracts with Customers" – Impact of adoption (Continued)

The amounts above are before the adjustments from the adoption of IFRS 9, including increases in the provision for impairment of trade receivables and contract assets (Note 2.2(b)).

(i) *Presentation of assets and liabilities related to contracts with customers*

The Group has also changed the presentation of certain amounts in the consolidated balance sheet to reflect the terminology of IFRS 15:

- Contract assets recognised in relation to the marketing and promotion contracts were previously presented as part of trade receivables – net (amounted to RMB974,000 as at 1 January 2018, net of impairment allowance)
- Contract liabilities recognised were previously presented as part of other payables and accrued expenses – receipts in advance (amounted to RMB6,245,000 as at 1 January 2018)

2 重大會計政策概要 (續)

2.2 會計政策之變動 (續)

(c) 國際財務報告準則第15號「客戶合約收益」—採納之影響 (續)

上述金額乃為自採納國際財務報告準則第9號起作出的調整前，包括貿易應收款項及合約資產減值撥備增加(附註2.2(b))。

(i) *呈列涉及客戶合約之資產及負債*

本集團亦已改變合併資產負債表內若干金額之呈列，以反映國際財務報告準則第15號之專門術語：

- 就營銷及市場推廣合約確認之合約資產先前呈列為部分貿易應收款項—淨額(於二零一八年一月一日為人民幣974,000元，扣除減值撥備)
- 合約負債先前呈列為部分其他應付款項及應計開支—預先收取的款項(於二零一八年一月一日為人民幣6,245,000元)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation

(a) Subsidiaries

Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2 重大會計政策概要 (續)

2.3 合併入賬原則

(a) 附屬公司

合併入賬

附屬公司為受本集團控制的實體(包括結構性實體)。當本集團因參與實體的營運而承擔可變回報的風險或享有可變回報的權利，並有能力透過其對該實體的權力影響有關回報時，本集團即控制該實體。附屬公司自控制權轉讓予本集團當日起合併入賬，並自該項控制權終止當日起終止合併入賬。

集團內公司間交易、結餘及集團內公司間交易未變現收益均會抵銷。未變現虧損亦會抵銷，惟該交易有證據顯示已轉讓資產出現減值則除外。附屬公司的會計政策已在有需要時作出調整，以確保與本集團所採納有關政策一致。

附屬公司業績及權益中的非控股權益分別於合併全面收益表、合併權益變動表及合併資產負債表中單獨呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(a) Subsidiaries (Continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(a) 附屬公司 (續)

出售附屬公司

本集團失去控制權時，於實體的任何保留權益將按失去控制權當日的公允值重新計量，有關賬面金額變動在損益賬內確認。就其後入賬列作聯營公司、合資企業或金融資產的保留權益，其公允值為初始賬面金額。此外，先前於其他全面收益內確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。這意味著先前在其他全面收益內確認的金額重新分類至損益賬。

獨立財務報表

於附屬公司的投資乃以成本減減值的方法記賬。成本包括投資的直接應佔成本。附屬公司的業績由公司按已收及應收股息入賬。

當收到於附屬公司的投資的股息，而股息超過附屬公司在宣派股息期間的全面收益總額，或倘獨立財務報表的投資賬面金額超過被投資方淨資產（包括商譽）在合併財務報表的賬面金額，則必須對有關投資進行減值測試。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(b) Structured entity

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and structured entity where the Company is deemed the primary beneficiary. Fuzhou DingCe Culture, one of the Company's wholly-owned subsidiaries, entered into contractual agreements with Beijing BaiChuanDuKe (the "Structural Agreements"), where Fuzhou DingCe Culture provides consulting services to Beijing BaiChuanDuKe, and is entitled to (1) receive a substantial portion of the economic benefits from Beijing BaiChuanDuKe; (2) exercise effective control over Beijing BaiChuanDuKe, and (3) have an exclusive option to purchase all or part of the equity interests in Beijing BaiChuanDuKe when and to the extent permitted by the PRC laws. By virtue of the contractual arrangements, Beijing BaiChuanDuKe is a structured entity and deemed as subsidiary of the Company under the requirements of IFRS 10 "Consolidated financial statements".

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(b) 結構性實體

合併財務報表包括本公司、其附屬公司及本公司被視為首要受益人的結構性實體的財務報表。本公司全資附屬公司福州鼎策文化與北京百傳讀客訂立合約性協議（「架構協議」），據此，福州鼎策文化向北京百傳讀客提供諮詢服務，並有權(1)收取來自北京百傳讀客的絕大部分經濟利益；(2)對北京百傳讀客實施有效控制；及(3)擁有在中國法律允許的時間及範圍內購買北京百傳讀客全部或部分股權的獨家選擇權。憑藉該等合約安排，北京百傳讀客為結構性實體，且根據國際財務報告準則第10號「合併財務報表」的規定被視為本公司的附屬公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(b) Structured entity (Continued)

When assessing whether to combine a structured entity, the Group evaluates a range of factors, including whether (1) the activities of the structured entity are being conducted on behalf of the Group according to its specific business needs so that the Group obtains the benefits from the structured entity's operations, (2) the Group has decision-making powers to obtain the majority of the benefits, (3) the Group obtains the majority of the benefits of the activities of the structured entity, and (4) the Group retains the majority of the residual ownership risks related to the assets in order to obtain the benefits from its activities. The Group consolidates a structured entity if an assessment of the relevant factors indicates that it controls the structured entity.

Based on the contractual arrangements, the Company consolidated Beijing BaiChuanDuKe's results, assets and liabilities in its consolidated financial statements.

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(b) 結構性實體 (續)

當評估是否將結構性實體合併入賬時，本集團會評估多項因素，包括(1)結構性實體業務活動是否根據其特殊業務需要代表本集團進行，而本集團因此從結構性實體業務中獲利；(2)本集團是否擁有獲得大多數利益的決策權；(3)本集團是否獲得結構性實體業務活動的大多數利益；及(4)本集團是否保留大多數與資產有關的餘下擁有權風險以從其業務活動中獲利。倘評估相關因素後顯示其控制結構性實體，則本集團會將結構性實體合併入賬。

基於該等合約安排，本公司將北京百傳讀客的業績、資產及負債於十方控股有限公司的合併財務報表合併入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(c) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(c) 聯營公司

聯營公司指本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於聯營公司的投資以權益會計法入賬。根據權益法，投資初步按成本確認，並調高或調低賬面金額以確認投資者於收購日期後應佔的被投資方損益。在收購聯營公司的擁有權權益時，該聯營公司的成本與本集團應佔該聯營公司可識別資產及負債的公允淨值的任何差額會入賬列為商譽。

倘於聯營公司的擁有權權益減少，而重大影響力獲保留，則先前於其他全面收益內確認的金額僅有一定比例部分重新分類至損益賬（視情況而定）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(c) Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of losses of associates' for using equity method in the consolidated statement of comprehensive income.

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(c) 聯營公司 (續)

本集團應佔的收購後溢利或虧損於合併全面收益表內確認，應佔收購後其他全面收益的變動則於其他全面收益內確認，而投資賬面金額會作相應調整。當本集團應佔聯營公司虧損等於或超過其佔聯營公司的權益（包括任何其他無抵押應收款項）時，本集團不再確認進一步虧損，除非本集團須承擔法定或推定負債或代聯營公司支付款項。

本集團在每個報告日期釐定於聯營公司的投資是否存在客觀減值證據。倘存在減值證據，則本集團會按聯營公司可收回金額與其賬面值差額計算減值金額，並使用權益法於合併全面收益表「應佔聯營公司虧損」確認有關金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principal of consolidation (Continued)

(c) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2.4 Business combination

The Group applies acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 重大會計政策概要 (續)

2.3 合併入賬原則 (續)

(c) 聯營公司 (續)

本集團與其聯營公司之間的上游及下游交易產生的溢利及虧損於本集團的財務報表內確認，惟僅以聯營公司中的非關連投資者權益為限。未變現虧損已對銷，除非有關交易有證據顯示所轉讓資產出現減值。聯營公司的會計政策已作必要更改，以確保與本集團所採納政策貫徹一致。

攤薄於聯營公司的股權所產生的收益或虧損於合併全面收益表內確認。

2.4 業務合併

本集團應用收購法為業務合併入賬。就收購一間附屬公司所轉讓之代價為所轉讓資產、欠付被收購方前擁有人之負債及本集團所發行股權之公允值。所轉讓代價包括因或然代價安排產生之任何資產或負債之公允值。於業務合併時所收購之可識別資產及所承擔之負債及或有負債，初步按收購日期之公允值計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 重大會計政策概要 (續)

2.4 業務合併 (續)

收購相關成本於產生時支銷。

所轉讓代價、被收購方之任何非控制性權益金額及任何先前於被收購方之股權於收購日期之公允值超逾所收購可識別淨資產公允值之差額，乃入賬列作商譽。就溢價購買而言，倘轉讓代價、已確認非控股權益及先前持有的權益總額低於所收購附屬公司資產淨值的公允值，其差額將直接於合併全面收益表內確認。

集團內公司間之交易、結餘、收入及開支均會予以對銷。於資產確認的集團內公司間交易所產生的溢利及虧損亦會予以對銷。附屬公司之會計政策已於必要時作出改變，以確保與本集團所採納之政策保持一致。附屬公司所呈報之金額已於必要是作出改變，以符合本集團之會計政策。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the “Board”) that makes strategic decisions.

2.6 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 Renminbi (“RMB”), which is the Company’s functional and the Group’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

2 重大會計政策概要 (續)

2.5 分類報告

經營分類按與向首席營運決策人作內部呈報者一致的方式呈報。首席營運決策人負責分配資源及評核經營分類的表現，被認為負責作出策略決定的董事會（「董事會」）。

2.6 外幣換算

(a) 功能及呈列貨幣

本集團旗下各實體財務報表計入的項目，均以該實體經營所在主要經濟環境的通行貨幣（「功能貨幣」）計量。合併財務報表以人民幣呈列，而人民幣為本公司功能貨幣及本集團呈列貨幣。

(b) 交易及結餘

外幣交易均按交易當日或倘有關項目經重計則按估值當日的匯率換算為功能貨幣。因結算該等交易及按年終匯率換算以外幣列值的貨幣資產和負債而產生的外匯收益及虧損均在合併全面收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'general and administrative expenses'.

(c) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

2 重大會計政策概要 (續)

2.6 外幣換算 (續)

(b) 交易及結餘 (續)

所有外匯收益及虧損均於合併全面收益表的「一般及行政開支」內呈列。

(c) 集團公司

功能貨幣有別於呈列貨幣的海外經營實體(並不涉及嚴重通脹經濟地區的貨幣)的業績及財務狀況,按下述方式換算為呈列貨幣:

- (i) 各資產負債表內呈列的資產與負債以該資產負債表結算日的收市匯率換算;
- (ii) 各全面收益表內的收入及支出乃按平均匯率換算,惟倘該平均值並非交易日通行匯率累計影響的合理約數,則收入及支出按交易日的匯率換算;及
- (iii) 所產生的所有匯兌差額均於其他全面收益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 重大會計政策概要 (續)

2.6 外幣換算 (續)

(c) 集團公司 (續)

於綜合賬目時，因換算海外實體投資淨額而產生的匯兌差額乃計入其他全面收益。當出售海外業務時，相關匯兌差額作為出售的部分收益或虧損重新分類為損益。

因收購海外實體而產生的商譽及公允值調整，均視作為該海外實體的資產及負債處理，並以收市匯率換算。

2.7 物業、廠房及設備

物業、廠房及設備按過往成本減累計折舊及累計減值虧損入賬。過往成本包括收購項目直接應佔的開支。

當項目相關的未來經濟利益可能會流入本集團及能可靠地計算項目成本時，其後成本方會視適用情況計入資產賬面金額或確認為獨立資產。替代部分的賬面金額會終止確認。所有其他維修及保養於產生財政期間自合併全面收益表扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
樓宇	40年
Leasehold improvements	5 – 10 years or the remaining term of any non-renewable lease, whichever is shorter
租賃物業裝修	5至10年或不可重續租賃的餘下年期(以較短者為準)
Machinery	5 – 10 years
機器	5至10年
Fixture, furniture and equipment	5 years
裝置、傢俬及設備	5年
Motor vehicles	5 – 10 years
汽車	5至10年
Exhibition animals	5 years
展覽動物	5年

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'General and administrative expenses' in the consolidated statement of comprehensive income.

2 重大會計政策概要(續)

2.7 物業、廠房及設備(續)

物業、廠房及設備的折舊以直線法計算，按估計可使用年期將成本分攤至其剩餘價值。有關年期如下：

資產的剩餘價值及可使用年期在各報告期末進行審閱，並在適當時作出調整。

倘資產的賬面金額超過其估計可收回金額，則資產的賬面金額即時撇減至其估計可收回金額(附註2.9)。

出售產生的收益及虧損乃透過比較所得款項與賬面金額而釐定，並於合併全面收益表的「一般及行政開支」內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 重大會計政策概要 (續)

2.8 無形資產

商譽

收購附屬公司所產生的商譽，指所轉讓代價、於被收購方的任何非控股權益金額及於被收購方的任何先前股權的收購日公允值超出所收購可識別淨資產的公允值的差額。

就減值測試而言，因業務合併獲得的商譽會分配至預期將受惠於合併的協同效應的各個或各組現金產生單位。獲分配商譽的各單位或各組單位指實體內為內部管理目的而對商譽進行監督的最低層面。商譽按經營分類層面監督。

商譽會每年進行減值檢討，或當有事件出現或情況轉變顯示可能出現減值時，作出更頻密檢討。包括商譽在內的現金產生單位的賬面值與可收回金額作比較，可收回金額為使用價值與公允值減去銷售成本後的數額兩者的較高者。任何減值即時確認為開支，且其後不會撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of seven years.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate over the expected life of the customer relationship of three years.

Computer software and web site

Costs associated with maintaining computer software program and web site are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique computer software and web site controlled by the Group are recognised as intangible assets when the following criteria are met:

2 重大會計政策概要 (續)

2.8 無形資產 (續)

商標及特許權

分開購入的商標及特許權按歷史成本列示。經業務合併購入的商標及特許權按於收購當日的公允值確認。商標及特許權有限定可使用年限，並按成本減累計攤銷列賬。攤銷利用直線法將商標及特許權的成本於其估計可使用年限七年攤分計算。

合約客戶關係

經業務合併獲得的合約客戶關係按收購當日的公允值確認。合約客戶關係有限定可使用年限，並按成本減累計攤銷列賬。攤銷利用直線法於客戶關係的預計年期三年攤分計算。

電腦軟件及網站

有關維護電腦軟件程式及網站的成本在產生時確認為開支。直接歸屬於設計及測試由本集團控制的可識別及獨特電腦軟件及網站的開發成本，會於符合以下標準時確認為無形資產：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

Computer software and web site (Continued)

- It is technically feasible to complete the computer software and web site so that they will be available for use;
- Management intends to complete the computer software and web site, and use or sell them;
- There is an ability to use or sell the computer software and web site;
- It can be demonstrated how the computer software and web site will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the computer software and web site are available; and
- The expenditure attributable to the computer software and web site during their development can be reliably measured.

Directly attributable costs that are capitalised as part of the computer software and web site cost include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2 重大會計政策概要 (續)

2.8 無形資產 (續)

電腦軟件及網站 (續)

- 於完成電腦軟件及網站使其可供使用方面，屬技術上可行者；
- 管理層有完成該電腦軟件及網站並使用或將其出售的意圖；
- 有使用或出售該電腦軟件及網站的能力；
- 能顯示該電腦軟件及網站將可能產生未來經濟利益；
- 有足夠的技術、財務及其他資源完成開發及使用或出售該電腦軟件及網站；及
- 能可靠地計量開發該電腦軟件及網站應佔的支出。

資本化為電腦軟件及網站成本一部分的直接應佔成本包括參與軟件開發的僱員成本。其他不符合該等標準的開發支出於產生時確認為開支。先前確認為開支的開發成本不會在後續期間確認為資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

Computer software and web site (Continued)

Remaining computer software and web site costs recognised as assets are amortised over their estimated useful lives and the terms of validity granted by corresponding authorities, which are three years.

Right to a land lease

Right to a land lease represents the operating lease with favourable terms relative to market terms as acquired in a business combination that is recognised at fair value at the acquisition date. The right to a land lease has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 41 years.

Township operation right

Township operation right represents a 40-years' exclusive operation right to develop, construct, manage and operate commercial activities in the operation site. The township operation right are shown at historical cost. It has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 40 years.

2 重大會計政策概要 (續)

2.8 無形資產 (續)

電腦軟件及網站 (續)

確認為資產的餘下電腦軟件及網站成本於其估計可使用年期及相關機關授予的三年有效期攤銷。

土地租賃權

土地租賃權指因業務合併獲得的經營租賃(享有較市場條款有利的條款),乃按於收購日期的公允值確認。土地租賃權有限定可使用年限,並按成本減累計攤銷列賬。攤銷利用直線法於預期可使用年限41年攤分計算。

小鎮項目經營權

小鎮項目經營權指以於經營選址內進行開發、建設、管理及商業運營活動的40年獨家經營權。小鎮項目經營權按歷史成本呈列。其擁有限定可使用年期,並按成本減累計攤銷列賬。攤銷利用直線法於預期使用年限40年攤分計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Properties held for sale

Properties are classified as properties held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2 重大會計政策概要 (續)

2.9 非金融資產減值

可使用年限不受限定的無形資產或尚未可供使用的無形資產毋須攤銷，但每年須就減值進行測試。須攤銷的資產會於出現顯示賬面金額可能無法收回的事件或情況轉變時檢討有否減值。當資產賬面金額高於可收回金額時，會將差額確認為減值虧損。可收回金額即資產公允值扣除銷售成本後的數額與使用價值兩者的較高者。為評估減值，資產按獨立可識別現金流量的最低級別（現金產生單位）分類。商譽以外的非金融資產若出現減值，則須於各報告日期評估其能否撥回減值。

2.10 持作出售物業

當物業的賬面金額將主要透過一項出售交易收回而該項出售被視為極有可能，則分類為持作出售物業。倘該等物業的賬面金額將主要透過一項出售交易而非持續使用而收回，則該等物業按賬面金額與公允值減去銷售成本後的數額兩者的較低者列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 重大會計政策概要(續)

2.11 投資及其他金融資產

分類

自二零一八年一月一日起，本集團按以下計量類別分類其金融資產：

- 其後按公允值計量之金融資產（經其他全面收益或經損益表呈列），及
- 按攤銷成本計量之金融資產

該分類取決於主體管理金融資產的業務模式以及該資產的合同現金流量特徵。

就按公允值計量的資產而言，其收益及虧損於損益或其他全面收益內列賬。對於並非持作買賣的權益工具投資，則取決於本集團是否不可撤回地選擇於初始確認時列作公允值經其他全面收益入賬的權益投資。

本集團於且僅於其管理該等資產之業務模式變動時重新分類其債務投資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

計量

於初始確認時，本集團的金融資產按公允值計量，另加（倘屬並非公允值經損益表入賬的金融資產）收購該金融資產產生的直接交易成本。公允值經損益表入賬的金融資產的交易成本於損益內列作開支。

對於包含嵌入式衍生工具的金融資產，會全面考慮其現金流量是否僅代表對本金和利息的支付。

債務工具

債務工具的後續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。本集團將其債務工具分類為三種計量類別：

- 攤銷成本：倘為收取合約現金流量而持有的資產的現金流量僅為本金及利息付款，則該等資產按攤銷成本計量。該等金融資產的利息收入採用實際利率法計入財務收入。終止確認時產生的任何收益或虧損直接於損益中確認，並於其他虧損內呈列。減值虧損於全面收益表內作為單獨項目列示。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Net foreign exchange gains and losses are presented in general and administrative expenses and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other losses in the period in which it arises.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

債務工具 (續)

- 公允值經其他全面收益入賬：倘為收取合約現金流量及出售金融資產而持有的資產的現金流量僅為本金及利息付款，則該等資產按公允值經其他全面收益入賬計量。賬面值變動乃透過其他全面收益確認，惟就確認減值收益或虧損，利息收入及外匯收益及虧損於損益確認。終止確認金融資產時，先前於其他全面收益確認的累計收益或虧損將自權益重新分類至損益並於其他虧損中確認。來自該等金融資產的利息收入採用實際利率法計入財務收入。外匯收益及虧損淨額於合併全面收益表內作為一般及行政開支呈列，而減值開支則作為單獨項目呈列。
- 公允值經損益表入賬：不符合攤銷成本或公允值經其他全面收益入賬標準的資產按公允值經損益表入賬計量。其後公允值經損益表入賬的債務投資產生的收益或虧損於損益內確認並於其產生期間的其他虧損以淨值列示。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets at amortised cost, the Group measures the impairment as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

減值

自二零一八年一月一日起，本集團按前瞻性基準評估與其以攤銷成本列賬的債務工具相關的預期信貸虧損。所應用的減值方法取決於信貸風險是否顯著增加。

就貿易應收款項及合約資產而言，本集團採用國際財務報告準則第9號所允許的簡化方法，該方法規定預期信貸虧損將自初始確認應收款項起確認。

按攤銷成本列賬之其他金融資產而言，本集團按12個月預期信貸虧損或全期預期信貸虧損計量減值，視乎信貸風險自初始確認後是否有大幅增加而定。倘應收款項之信貸風險自初始確認起大幅增加，減值乃按全期預期信貸虧損計量。

於二零一七年十二月三十一日前適用之會計政策

本集團已追溯應用國際財務報告準則第9號，但並未選擇重列比較資料。因此，所提供之比較資料繼續按本集團過往之會計政策列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition. See Note 3.3 for details about each type of financial asset.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'Trade receivables', 'Deposits and other receivables', 'Amounts due from related parties' and 'Cash and cash equivalents' in the consolidated balance sheet.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

分類

本集團將其金融資產分類為貸款及應收款項以及可供出售金融資產。有關分類乃視乎購入投資的目的而定。管理層於初始確認投資時釐定其分類。有關各類金融資產之詳情，請參閱附註3.3。

(a) *貸款及應收款項*

貸款及應收款項為有固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。倘預期於一年或較短時間收回的款項，則歸類非流動資產。否則，呈列為非流動資產。本集團的貸款及應收款項包括合併資產負債表內的「貿易應收款項」、「按金及其他應收款項」、「應收關連人士款項」及「現金及現金等值項目」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Classification (Continued)

(b) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

分類 (續)

(b) 可供出售金融資產

倘投資並無固定到期日及固定或可釐定款項且管理層中長期持有該等資產，則其指定為可供出售金融資產。未有分類至任何其他類別的金融資產亦歸類為可供出售資產。除非金融資產於由報告期末起計十二個月內到期，或管理層計劃於由報告期末起計十二個月內予以出售，否則歸類為非流動資產。

確認及終止確認

正常的金融資產買賣於交易日確認，即本集團承諾購買或出售資產當日。當自金融資產收取現金流量的權利屆滿或已轉讓而本集團已轉讓擁有權絕大部分風險及回報時，金融資產會被終止確認。

當分類為可供出售之金融資產售出時，已於其他全面收益確認之累計公允值調整於損益中重新分類為投資證券之損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income.

Impairment

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

計量

於初始確認時，本集團的金融資產按公允值計量，另加（倘屬並非公允值經損益表入賬的金融資產）收購該金融資產產生的直接交易成本。公允值經損益表入賬的金融資產的交易成本於損益內列作開支。

貸款及應收款項隨後採用實際利率法按攤銷成本列賬。

可供出售金融資產隨後按公允值列賬。分類為可供出售金融資產的貨幣及非貨幣證券的公允值變動所產生的損益於其他全面收益內確認。

減值

(a) *按攤銷成本列賬的資產*

本集團於各報告期末評估是否有客觀證據表明一項或一組金融資產出現減值。僅於有客觀證據顯示因資產在初始確認後發生一項或多項事件（「虧損事件」）而出現減值，並能夠可靠地估計虧損事件對一項或一組金融資產估計未來現金流量構成的影響時，該項或該組金融資產方會減值並產生減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Impairment (Continued)

(a) *Assets carried at amortised cost (Continued)*

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

減值 (續)

(a) *按攤銷成本列賬的資產 (續)*

本集團用以釐定是否有客觀證據顯示出現減值虧損的標準包括：

- 債務人有重大財務困難；
- 違反合約，如拖欠或欠繳利息或本金款項；
- 因與借款人的財政困難相關的經濟或法律原因，本集團給予借款人在一般情況下貸款人不會考慮的優惠條件；
- 借款人有可能破產或進行其他財務重組；
- 財政困難導致該金融資產的活躍市場消失；或

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Impairment (Continued)

(a) Assets carried at amortised cost (Continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

減值 (續)

(a) 按攤銷成本列賬的資產 (續)

- 顯示金融資產組合所產生估計未來現金流量自該等資產獲初始確認起有可量度減幅 (即使未能於組合內個別金融資產內識別有關減幅) 的可觀察數據, 包括:
 - (i) 組合內借款人的還款狀況有不利轉變; 及
 - (ii) 與組合內資產逾期還款相關的國家或地區經濟狀況。

本集團首先評估是否存在減值的客觀證據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Impairment (Continued)

(a) *Assets carried at amortised cost (Continued)*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

減值 (續)

(a) *按攤銷成本列賬的資產 (續)*

虧損金額按資產賬面金額與按金融資產原實際利率折現的估計未來現金流量現值(不包括尚未產生的未來信貸虧損)之間的差額計量。資產賬面金額會予以削減,而虧損金額會於合併全面收益表內確認。倘貸款按浮動利率計息,則計量任何減值虧損的折現率為根據合約釐定的當前實際利率。在實際運作上,本集團可能以可觀察市價釐定的工具公允值為基準計量減值。

倘減值虧損金額在往後期間減少,減幅亦可與確認減值後發生的事件有客觀關連(例如債務人信貸評級改善),則於合併全面收益表內確認撥回過往已確認的減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

Impairment (Continued)

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

減值 (續)

(b) 分類為可供出售的資產

本集團於各報告期末評估是否有客觀證據表明一項或一組金融資產出現減值。

就債務證券而言，倘存在任何有關證據，則累計虧損（按收購成本與現時公允值的差額，減該金融資產先前在損益賬內確認的任何減值虧損計量）自權益重新分類，並在損益賬內確認。倘於隨後期間，分類為可供出售的債務工具的公允值增加，而增幅可客觀地與在損益賬內確認減值虧損後所發生的事件聯繫，則於合併損益表撥回減值虧損。

2.12 抵銷金融工具

當有可依法執行抵銷已確認金額的權利，並有意按淨額基準結算或同一時間變現資產及清償負債時，金融資產及負債予以抵銷，淨額於資產負債表內呈列。可合法強制執行的權利不得視未來事件而定，必須於正常業務過程中及本公司或交易對手違約、無力償債或破產的事件中可強制執行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises of newsprint paper and printing consumables. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 13 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2 重大會計政策概要 (續)

2.13 存貨

存貨按成本與可變現淨值兩者的較低者入賬。成本按加權平均法釐定。製成品的成本包括新聞紙及印刷耗材。可變現淨值指日常業務過程中的估計售價減適用可變銷售開支。

2.14 貿易及其他應收款項

貿易應收款項為在日常業務過程中就已提供服務應收客戶的款項。倘貿易及其他應收款項預期可於一年或以內（或倘時間更長，則在業務的正常營運週期）收回，會分類為流動資產，否則以非流動資產呈列。

貿易及其他應收款項初步按公允價值確認，其後採用實際利率法按攤銷成本並扣除減值撥備計量。有關本集團貿易及其他應收款項的會計處理之進一步資料及有關本集團減值政策說明，請分別參閱附註13及附註3.1(b)。

2.15 現金及現金等值項目

在合併現金流量表內，現金及現金等值項目包括手頭現金及原定於三個月或以內到期的銀行活期存款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 重大會計政策概要 (續)

2.16 股本

普通股歸類為權益。直接歸屬於發行新股或購股權的遞增成本在權益內列為所得款項的扣減項目(扣除稅項)。

2.17 貿易應付款項

貿易應付款項為在日常業務過程中自供應商取得貨品或服務的付款責任。倘貿易應付款項於一年或以內(或倘時間更長,則在業務的正常營運週期)到期,會分類為流動負債,否則以非流動負債呈列。

貿易應付款項初步按公允值確認,隨後採用實際利率法按攤銷成本計量。

2.18 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項乃在合併全面收益表內確認,惟涉及已於其他全面收益內確認或直接於權益內確認的項目則除外。在此情況下,有關稅項亦會分別於其他全面收益內或直接於權益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 重大會計政策概要 (續)

2.18 即期及遞延所得稅 (續)

(a) 即期所得稅

即期所得稅支出乃按照本公司的附屬公司及聯營公司經營所在及產生應課稅收入的國家於結算日已頒佈或已大致頒佈的稅法計算。管理層定期就適用稅務條例出現須待詮釋的情況評估其採取的報稅立場。管理層會基於預期將向稅務機關繳付的金額於適當時作出撥備。

(b) 遞延所得稅

內在差異

遞延所得稅乃以負債方法按照資產負債的稅基與於合併財務報表內兩者賬面金額之間所產生的暫時差額確認。然而，倘遞延稅項負債因商譽經初步確認而產生，則不確認遞延稅項負債，倘遞延所得稅因一宗交易（而非業務合併）中的資產或負債經初始確認而產生（而該項交易當時並無對會計或應課稅溢利或虧損構成影響），則不會將遞延所得稅入賬。遞延所得稅乃以於結算日已頒佈或已大致頒佈、並預期會於有關遞延所得稅資產變現時或於遞延所得稅負債清償時應用的稅率（及稅法）釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Inside basis differences (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 重大會計政策概要 (續)

2.18 即期及遞延所得稅 (續)

(b) 遞延所得稅 (續)

內在差異 (續)

遞延所得稅資產僅於可能有未來應課稅溢利以供用於抵銷暫時差額時確認。

外在差異

遞延所得稅負債乃根據於附屬公司的投資所產生的應課稅暫時差額作撥備，惟對於撥回暫時差額的時間由本集團控制，並於可見將來不大可能撥回暫時差額的遞延所得稅負債則另作別論。

(c) 抵銷

當享有可依法執行的權利以即期稅項資產抵銷即期稅項負債，以及當遞延所得稅資產及負債乃關於同一稅務機關對有意按淨額基準結清即期所得稅資產及負債結餘的應課稅實體或不同應課稅實體所徵收的所得稅，遞延所得稅資產及負債會互相抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current accrual and other payables in the consolidated balance sheet.

(b) Pension obligations

Full time employees of the PRC entities participate in a government mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require the Company to accrue for these benefits based on certain percentages of the employees' salaries. Management believes full time employees who have passed the probation period are entitled to such benefits.

The Group contributes to Mandatory Provident Fund Scheme ("MPF") for eligible employees in Hong Kong. The assets of the MPF are held in a separate trustee administered fund. The Company's contributions to the MPF are expensed as incurred.

2 重大會計政策概要 (續)

2.19 僱員福利

(a) 短期債務

工資及薪金責任(包括預期在僱員提供相關服務期限結束後十二個月內全部結算之非貨幣福利及累計病假)乃就直至報告日期之僱員服務於其他應付賬款確認,並按預期於結清責任時支付之金額計算。負債乃於合併資產負債表中呈列為即期應計費用及其他應付款項。

(b) 退休金責任

中國實體的全職僱員參與政府強制性多邊僱主界定供款計劃,據此,僱員享有若干退休金福利、醫療福利、失業保險、僱員住房津貼及其他福利。中國勞工法規規定本公司根據僱員薪金的若干比例計付該等福利。管理層認為,通過試用期的全職僱員有權享有該等福利。

本集團為香港合資格僱員提供強制性公積金計劃(「強制性公積金計劃」)。強制性公積金計劃資產由一獨立信託管理基金持有。本公司強制性公積金計劃供款為應計費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(b) Pension obligations (Continued)

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on performance and takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 重大會計政策概要 (續)

2.19 僱員福利 (續)

(b) 退休金責任 (續)

支付供款後，本集團再無其他付款責任。供款在到期時確認為僱員福利開支，並扣除在供款完全歸屬前離開計劃的僱員被沒收的供款。預付供款確認為資產，以可獲得現金退款或可從未來付款扣除者為限。

(c) 花紅計劃

本集團就按業績計算並計及本公司股東應佔溢利在作出若干調整後的花紅確認負債及開支。本集團於有合約責任或過往慣例產生推定責任時確認撥備。

2.20 撥備

當本集團因過去事件而須承擔現有法律或推定責任，而履行該責任很有可能導致資源流出，且能夠可靠地估計金額的情況下，便會確認撥備。本集團不會就日後經營虧損確認撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 重大會計政策概要 (續)

2.20 撥備 (續)

倘出現多項類似責任，履行責任時導致資源流出的可能性乃考慮責任整體類別釐定。即使同類責任中任何一項可能導致資源流出的機會不大，仍會確認撥備。

撥備乃按採用稅前比率計算預期須就履行責任支付開支的現值計量，有關比率反映市場當時對貨幣時間價值及該責任的特定風險的評估。因時間流逝而產生的撥備增加確認為利息開支。

2.21 借款

借款於扣除所產生的交易成本後，初步按公允值確認，其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值之間的任何差額，於借款期內以實際利息法於合併全面收益表內確認。

在貸款融資將可能部分或全部提取的情況下，就設立融資支付的費用乃確認為貸款的交易成本。在此情況下，該費用將遞延至提取貸款為止。在並無跡象顯示將可能部分或全部提取該融資的情況下，該費用會撥充資本作為流動資金服務的預付款項，並於有關融資期間內攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Borrowings (Continued)

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

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 end of the reporting period.

2.22 Revenue recognition

The Group determined when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied.

(i) Newspaper advertising

The Group renders services for the creation, production and placement of advertising materials through certain newspaper publishers. Revenue from providing the advertising services are recognised at a point in time when the services are rendered.

2 重大會計政策概要 (續)

2.21 借款 (續)

當合約內規定的責任被解除、取消或屆滿，借款即從合併資產負債表剔除。已消除或轉移至另一方的金融負債的賬面金額與已付代價（包括已轉移的非現金資產或所承擔的負債）之間的差額，在合併全面收益表內確認為其他收入或財務成本。

除非本集團擁有無條件權利可將負債的償還日期遞延至報告期末後至少十二個月，否則借款乃分類為流動負債。

2.22 收益確認

本集團透過五個步驟釐定確定收益的時間及確認收益的金額：(i)與客戶確定合約；(ii)確定合約中獨立的履約責任；(iii)釐定交易價格；(iv)將交易價格分配至履約責任；及(v)於履約責任達成時確認收益。

(i) 報紙廣告

本集團透過若干報紙出版商提供創設、製作及投放廣告材料的服務。提供廣告服務的收益於提供服務時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

(i) Newspaper advertising (Continued)

The Group's role in the provision of services on newspaper advertising is that of a principal. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction. Hence, revenue from newspaper advertising services is recognised on a gross basis when services are rendered.

(ii) Marketing and consulting services

Revenue from marketing services comprised of (i) revenue from provision of marketing planning and consulting services and (ii) commission from sale of properties.

Revenue from marketing planning and consulting services is recognised over time when the services are rendered. Revenue are recognised over the respective contract terms.

Commission from sale of properties is recognised at a point in time when the services are rendered and the customer (i.e. property developer) has entered into the sales and purchase agreement with the buyer.

2 重大會計政策概要 (續)

2.22 收益確認 (續)

(i) 報紙廣告 (續)

本集團在提供報紙廣告服務方面的身份極為重要。在釐定收益或收益成本的最佳呈列基準時，本集團會審閱其與業務夥伴所訂立協議的法律形式及內容，以釐定各方在交易中的身份。因此，來自報紙廣告服務的收益於提供服務時按總額基準確認。

(ii) 營銷及諮詢服務

來自營銷服務的收益包括(i)提供營銷規劃及諮詢服務的收益及(ii)銷售物業所得佣金。

來自營銷規劃及諮詢服務的收益於提供服務時確認。收益於各合約期內確認。

銷售物業所得佣金於提供服務時確認，且客戶（即物業開發商）已與買家訂立買賣協議。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

(ii) Marketing and consulting services (Continued)

Customers are invoiced based on the payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(iii) Printing services

Printing revenue is recognised at a point in time when printing services are rendered and the legal title of the newspaper is transferred to the customers.

(iv) Others

Other revenue mainly includes rental income and other miscellaneous income. Rental income are recognised on a straight-line basis over the respective lease terms. Other miscellaneous income are recognised at a point in time when the respective control on goods or services are transferred to the customers.

2 重大會計政策概要 (續)

2.22 收益確認 (續)

(ii) 營銷及諮詢服務 (續)

本集團按付款進度向客戶開具發票。倘本公司所提供的服務超過付款，則確認合約資產。倘付款超過所提供的服務，則確認合約負債。

(iii) 印刷服務

印刷收益於提供印刷服務時確認，而報紙的合法所有權已轉讓予客戶。

(iv) 其他

其他收益主要包括租金收入及其他雜項收入。租金收入於各租賃期按直線法確認。其他雜項收入於貨品或服務的各项控制權轉交至客戶時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to expenses are shown separately as other income.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

2 重大會計政策概要 (續)

2.23 政府補助

倘能合理保證將取得政府補助及本集團將符合所有附帶條件，則該等政府補助將按公允值確認。

為配合擬補償的成本，政府補助會於必要期間內遞延處理並於合併全面收益表內確認。與開支相關的政府補助獨立呈列為其他收入。

2.24 租賃

如租賃擁有權的絕大部分風險和報酬由出租方保留，則租賃列為經營租賃。根據經營租賃支付的款項在扣除自出租方收取的任何獎勵金後，於租期內按直線基準自合併全面收益表扣除。

本集團作為出租方的經營租賃所得租金收入於租期內按直線法在收入內確認。各租賃資產按其性質計入合併資產負債表。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2 重大會計政策概要 (續)

2.25 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事(如適用)批准的期間內於本集團的財務報表內確認為負債。

2.26 借貸成本

收購、建造或生產合資格資產(指需要用上大量時間準備就緒作擬定用途或出售的資產)直接應佔的一般及特定借貸成本乃計入該等資產的成本,直至該等資產大致上已準備就緒作擬定用途或出售為止。

特定借款用於合資格資產之前作為短暫投資所賺取的投資收入,自合資格撥充資本的借款成本扣除。

所有其他借款成本於產生期間於合併全面收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates principally in the PRC. Majority of recognised assets and liabilities are denominated in RMB and majority of transactions are settled in RMB. Foreign exchange risk mainly arises from cash and cash equivalents, deposits and other receivables balance, promissory notes and loans from a related party denominated in Hong Kong dollar ("HKD"). The Group does not hold or issue any derivative financial instruments to manage its exposure to foreign currency risk.

3 財務風險管理

3.1 財務風險因素

本集團的業務承受多項財務風險：市場風險（包括貨幣風險、公允價值利率風險及現金流量利率風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃集中於金融市場的不可預測事項，並尋求盡量減低對本集團財務表現的潛在不利影響。本集團並無採用任何衍生金融工具對沖其所面對的風險。

(a) 市場風險

(i) 外匯風險

本集團主要在中國經營業務。已確認的大部分資產及負債均以人民幣列值，且大部分交易均以人民幣結算。外匯風險主要來自以港元計值的現金及現金等值項目、按金及其他應收款項結餘、承兌票據以及關聯方借款。本集團並無持有或發行任何衍生金融工具，以管理其所面對的外幣風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2018, if HKD had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax loss for the year would have been RMB8,329,000 lower/higher (2017:RMB3,212,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of HKD denominated cash and cash equivalents, deposits and other receivables balance, promissory notes and loans from a related party.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank borrowings, other borrowings, loans from a related party, promissory notes and bank deposits. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates.

Other borrowings, loans from a related party and promissory notes carry a fixed rate interest which expose the Group to fair value interest rate risk.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(i) 外匯風險 (續)

於二零一八年十二月三十一日，倘港元兌人民幣貶值／升值5%，而所有其他變數維持不變，則年內稅後虧損將減少／增加人民幣8,329,000元（二零一七年：增加／減少人民幣3,212,000元），主要是由於換算以港元計值的現金及現金等值項目、按金及其他應收款項結餘、承兌票據以及關聯方借款產生的匯兌收益／虧損所致。

(ii) 現金流量及公允值利率風險

本集團的利率風險來自銀行借款、其他借款、關聯方借款、承兌票據及銀行存款。按浮息取得的銀行借款使本集團面對現金流量利率風險，部分風險被按浮息持有的銀行存款所抵銷。

其他借款、關聯方借款及承兌票據採用固定利率，使本集團面對公允值利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) *Cash flow and fair value interest rate risk (Continued)*

The sensitivity analysis below has been determined based on the exposure to interest rate risk on its variable rate bank borrowings and bank deposits at the balance sheet date and prepared assuming the amount of bank borrowings and bank deposits outstanding at each balance sheet date was outstanding for the whole year.

At 31 December 2018, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's post-tax loss for the year ended 31 December 2018, would have been RMB52,000 higher/lower (2017: RMB5,000 higher/lower), mainly as a result of higher/lower interest expense on the bank borrowings.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(ii) *現金流量及公允價值利率 風險 (續)*

下列敏感度分析乃根據於結算日浮息銀行借款及銀行存款的利率風險釐定，並假設於各結算日現有銀行借款及銀行存款金額於全年內存置而編製。

於二零一八年十二月三十一日，倘利率上升／下降100個基點，而所有其他變數維持不變，本集團截至二零一八年十二月三十一日止年度的稅後虧損將增加／減少人民幣52,000元（二零一七年：增加／減少人民幣5,000元），主要是由於銀行借款利息開支增加／減少所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The carrying amounts of financial assets at fair value through profit or loss, trade receivables, deposits and other receivables, amounts due from related parties, and bank balances included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables, contract assets, other financial assets at amortised cost (including deposits and other receivables and amount due from related parties) and financial assets at fair value through profit or loss.

(i) Cash and cash equivalents

Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團就金融資產面臨之最高信貸風險乃指合併財務報表所載公允值經損益表入賬之金融資產、貿易應收款項、按金及其他應收款項、應收關連人士款項及銀行結餘之賬面值。本集團管理信貸風險措施的目標乃為控制就收回款項而可能承擔的潛在風險。

本集團的信貸風險主要來自現金及現金等值項目、貿易應收款項、合約資產、按攤銷成本計量之其他金融資產(包括按金及其他應收款項及應收關連人士款項)及公允值經損益表入賬之金融資產。

(i) 現金及現金等值項目

管理層認為本集團面臨的銀行信貸風險有限，原因為該等銀行均為領先且信譽良好的銀行，被評估為信貸風險較低。大部分銀行結餘存於信譽良好的銀行。本集團過往未曾因該等人士違約而招致重大損失，且管理層預期日後亦不會遭受重大損失。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the adoption of IFRS 9 on 1 January 2018, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permit the use of lifetime expected loss provision for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. As at 1 January 2018 and 31 December 2018, the loss allowance provision for trade receivables and contract assets was determined as follows. The expected credit losses below also incorporated forward looking information. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on the expected changes in this forward-looking factor.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

(ii) 貿易應收款項及合約資產

本集團僅與認可及信譽良好之第三方進行買賣。本集團之政策為所有有意按信貸條款進行買賣之客戶均須接受信貸審核程序。此外，本集團持續監控應收款項結餘，故此本集團面臨的壞賬風險並不重大。

自二零一八年一月一日採納國際財務報告準則第9號起，本集團按國際財務報告準則第9號之規定使用簡化法對預期信貸虧損作出撥備，該方法允許就貿易應收款項及合約資產使用全期預期虧損撥備。

為計量預期信貸虧損，貿易應收款項及合約資產已按共享信貸風險特徵及逾期天數分組。於二零一八年一月一日及二零一八年十二月三十一日，貿易應收款項及合約資產的虧損準則撥備按下文釐定。以下預期信貸虧損亦載有前瞻性資料。本集團已將其出售貨品及服務國家的GDP確定為最為相關因素，並就此按該類前瞻性因素的預期變動調整歷史虧損比率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

31 December 2018		Current	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	Over 365 days	Total
二零一八年十二月三十一日		即期	0-30日	31-60日	61-90日	91-180日	181-365日	365日	總計
Expected loss rate	預期虧損比率	2.3%	5.3%	9.6%	13.2%	21.5%	92.3%	100%	
Gross carrying amount	賬面總值								
(RMB'000)	(人民幣千元)								
- Trade receivables	- 貿易應收款項	6,691	688	12	471	210	1,082	1,177	10,331
- Contract assets	- 合約資產	2,224	-	-	-	-	-	-	2,224
Loss allowance provision	虧損準則撥備	(205)	(36)	(1)	(62)	(45)	(998)	(1,177)	(2,524)
(RMB'000)	(人民幣千元)								
1 January 2018		Current	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	Over 365 days	Total
二零一八年一月一日		即期	0-30日	31-60日	61-90日	91-180日	181-365日	365日	總計
Expected loss rate	預期虧損比率	2.5%	6.1%	11.1%	12.5%	23.8%	75.0%	88.6%	
Gross carrying amount	賬面總值								
(RMB'000)	(人民幣千元)								
- Trade receivables	- 貿易應收款項	3,637	198	54	16	172	1,045	14,698	19,820
- Contract assets	- 合約資產	1,000	-	-	-	-	-	-	1,000
Loss allowance provision	虧損準則撥備	(117)	(12)	(6)	(2)	(41)	(784)	(13,022)	(13,984)
(RMB'000)	(人民幣千元)								

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

(ii) 貿易應收款項及合約資產 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other financial assets at amortised cost

For other financial assets at amortised costs, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Management makes periodic collective assessments as well as individual assessment on the recoverability of the balances based on historical settlement records, past experience and forward-looking information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

(iii) 按攤銷成本列賬之其他金融資產

就按攤銷成本列賬之其他金融資產而言，本集團於初步確認資產時考慮違約的可能性及於各報告期間信貸風險是否持續大幅增加。

管理層按歷史結算記錄、過往經驗及前瞻性資料，定期對結餘的可收回性進行共同評估及個別評估。

為評估信貸風險是否有大幅增加，本集團比較於報告日期發生違約的風險及於初始確認日期發生違約的風險。本集團會考慮可獲取得合理及有據的前瞻性資料。尤其納入以下指標：

- 業務、財務或經濟狀況的實際或預期重大不利變動，預期引起債務人履行其責任的能力出現重大變動

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other financial assets at amortised cost (Continued)

- actual or expected significant changes in the operating results of debtors
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of debtors, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor

Other financial assets at amortised cost have low risk of default and it is not expected any losses from non-performance by the counterparties. As at 31 December 2018, the Group assessed that there is no significant increase in credit risk for these balances from initial recognition and the expected credit loss rate for these financial assets is immaterial under 12 months expected credit losses model.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

(iii) 按攤銷成本列賬之其他 金融資產 (續)

- 債務人的經營業績產生實際或預期重大變動
- 同一債務人其他金融工具的信貸風險出現重大變動
- 債務人的預期表現及行為的重大變動，包括債務人於本集團的付款狀況的變動及債務人經營業績的變動

按攤銷成本列賬之其他金融資產違約風險較低，且預期並無交易對手未履約產生的任何虧損。於二零一八年十二月三十一日，本集團評估該等結餘自初始確認起信貸風險並無重大增加，而該等金融資產的預期信貸虧損率於12個月的預期信貸虧損模式項下並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) *Other financial assets at amortised cost (Continued)*

The restatement of the loss allowance for other financial assets at amortised costs on transition to IFRS 9 as a result of applying the expected credit risk model was immaterial.

(iv) *Financial assets at fair value through profit or loss*

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

(iii) *按攤銷成本列賬之其他 金融資產 (續)*

於向國際財務報告準則第9號過渡期間，採用預期信貸虧損模式而重列按攤銷成本列賬之其他金融資產之減值準備所產生之影響並不重大。

(iv) *公允值經損益表入賬之 金融資產*

本集團亦就公允值經損益表入賬計量之債務投資承擔信貸風險。於報告期末之最高風險為該等投資之賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements for maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet its liquidity requirements in the short and longer term. The Group invests surplus cash in time deposits and money market deposits with appropriate maturities. The Group reported net loss of RMB164,597,000 and operating cash outflow of RMB58,291,000 during the year ended 31 December 2018. As at the same date, the Group held cash and cash equivalent of RMB33,880,000 (2017: RMB60,178,000) (Note 14), trade receivables of RMB7,858,000 (2017: RMB6,068,000) (Note 13) and undrawn borrowing facilities of RMB102,629,000 that are expected to readily generate cash inflows for managing liquidity risk and to fund the Group's operations.

As at 31 December 2018, the Group has mortgage loans with a repayable on demand clause amounted to RMB6,877,000 (2017: RMB9,113,000) to finance the Group's acquisition of properties. Details of the bank borrowings are disclosed in Note 20(i).

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險

本集團的政策是定期監察即期及預期流動資金需求，以維持充足的現金，並透過足夠的承諾信貸融資額，滿足短期及長期的流動資金需求。本集團將現金盈餘投資於附有合適到期日的定期存款及貨幣市場存款。於截至二零一八年十二月三十一日止年度，本集團錄得虧損淨額人民幣164,597,000元及經營現金流出人民幣58,291,000元。同日，本集團持有現金及現金等值項目人民幣33,880,000元（二零一七年：人民幣60,178,000元）（附註14）、貿易應收款項人民幣7,858,000元（二零一七年：人民幣6,068,000元）（附註13）以及未提取借款融資人民幣102,629,000元預計可為管理流動資金風險帶來現金流入及為本集團營運提供資金。

於二零一八年十二月三十一日，本集團有按要求還款的按揭貸款人民幣6,877,000元（二零一七年：人民幣9,113,000元），以就本集團收購物業提供資金。銀行借款詳情於附註20(i)披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2018, the Group has an other borrowing amounted to RMB1,500,000. (2017: Nil). The balance is unsecured, carries an interest rate at 6% per annum with a term of 2 years, and is repayable on demand.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. Specifically, for bank and other borrowings which contain a repayment on demand clause which can be exercised at the discretion of the counterparties, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

於二零一八年十二月三十一日，本集團有其他借款人民幣1,500,000元（二零一七年：無）。有關結餘為無抵押，按年利率6厘計息，為期兩年，及須按要求償還。

下表乃根據由結算日至合約到期日止剩餘期間，將本集團的金融負債劃分為相關到期日組別的分析。表中披露的金額為合約未折現現金流。由於折現的影響不大，於12個月內到期的結餘相等於其賬面結餘。具體而言，對於載有對方可酌情行使的應要求償還條款的銀行及其他借款，以下分析所現現金流出量乃以實體可能被要求付款的最早期限為基礎。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

		Less than			
		1 year	1-2 years	2-5 years	Total
		一年以內	一至兩年	兩至五年	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2018	於二零一八年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	18,768	-	-	18,768
Bank borrowings	銀行借款	6,896	-	-	6,896
Other borrowing	其他借款	1,500	-	-	1,500
Promissory notes	承兌票據	4,819	4,819	89,310	98,948
Loans from a related party	關聯方借款	-	93,491	-	93,491
Amounts due to related parties	應付關連人士款項	628	-	-	628
		32,611	98,310	89,310	220,231
At 31 December 2017	於二零一七年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	19,341	-	-	19,341
Bank borrowings	銀行借款	9,133	-	-	9,133
Amounts due to related parties	應付關連人士款項	475	-	-	475
		28,949	-	-	28,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The Group's undrawn borrowing facilities were as follows:

		As at 31 December 2018 於二零一八年 十二月 三十一日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月 三十一日 RMB'000 人民幣千元
Fixed rate – expiring within one year	固定利率 – 於一年內屆滿	2,629	–
Floating rate – expiring within one year (Note(i))	浮動利率 – 於一年內屆滿 (附註(i))	100,000	–
		102,629	–

Note (i):

On 14 March 2018, the Group obtained a banking facility with a facility limit of RMB100,000,000 and a facility period from 14 March 2018 to 13 March 2019. The facility has expired on 13 March 2019, since then, the Group does not hold any banking facilities.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

本集團尚未提取借款融資如下：

	As at 31 December 2018 於二零一八年 十二月 三十一日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月 三十一日 RMB'000 人民幣千元
Fixed rate – expiring within one year	2,629	–
Floating rate – expiring within one year (Note(i))	100,000	–
	102,629	–

附註(i)：

於二零一八年三月十四日，本集團取得銀行融資授信額度人民幣100,000,000元，授信期限自二零一八年三月十四日至二零一九年三月十三日。該項融資已於二零一九年三月十三日屆滿，自此，本集團並無持有任何銀行融資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheet.

During the year, the Group's strategy, which was unchanged from 2017, was to maintain the gearing ratio below 40%. Gearing ratio as at 31 December 2018 is 37.1% (2017: 2.9%).

3 財務風險管理 (續)

3.2 資本風險管理

在資本管理上，本集團的目標為保障本集團以持續經營基準繼續營運的能力，務求為股東提供回報及為其他持份者帶來利益，以及維持最有效的資本架構以減省資金成本。

為維持或調整資本架構，本集團或會調整派付予股東的股息額、發行新股或出售資產以削減債項。

本集團根據資產負債比率監察資本。該比率按合併資產負債表所示的借款總額除以總資產計算。

本集團於年內的策略是將資產負債比率維持在40%以下，與二零一七年相同。於二零一八年十二月三十一日的資產負債比率為37.1% (二零一七年：2.9%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Financial instruments by category

3 財務風險管理 (續)

3.3 按類別劃分的金融工具

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Assets as per balance sheet	資產負債表所列的資產		
Available-for-sale financials asset	可供出售金融資產	–	84,726
Financial assets at fair value through profit or loss	公允值經損益表入賬的金融資產	6,173	–
Loans and receivables:	貸款及應收款項：		
Trade receivables, deposits and other receivables	貿易應收款項、按金及其他應收款項	17,608	61,255
Amount due from related parties	應收關連人士款項	820	740
Cash and cash equivalents	現金及現金等值項目	33,880	60,178
Total	總計	58,481	206,899
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Liabilities as per balance sheet	資產負債表所列的負債		
Carried at amortised cost:	按攤銷成本列賬：		
Trade and other payables	貿易及其他應付款項	18,768	19,341
Borrowings	借款	8,377	9,113
Promissory notes	承兌票據	81,552	–
Loans from a related party	關聯方貸款	87,132	–
Amounts due to related parties	應付關連人士款項	628	475
Total	總計	196,457	28,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair value estimation

The carrying amounts of the following financial assets and financial liabilities approximate their fair values as all of them are short-term in nature: cash and cash equivalents, trade and other receivables, amounts due from related parties, trade and other payables, bank and other borrowings and amounts due to related parties. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

As at 31 December 2018, there are certain deposit and other receivables and financial assets at fair value through profit or loss (31 December 2017: available-for-sale financial asset) measured at value in use using discounted cash flow method which approximate their fair values. See Note 9 and Note 12 for disclosures relevant to deposits and other receivables, and financial assets at fair value through profit or loss.

As at 31 December 2018 and 31 December 2017, there are certain properties held for sale measured at fair value less cost to sell using direct market comparable approach and income approach which are approximate to their fair values. See Note 11 for disclosures relevant to properties held for sale.

3.5 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there is no netting arrangement in place during the year.

3 財務風險管理 (續)

3.4 公允值估計

以下金融資產及金融負債的賬面金額與其公允值相若，此乃由於該等項目均屬短期性質所致：現金及現金等值項目、貿易及其他應收款項、應收關連人士款項、貿易及其他應付款項、銀行及其他借款以及應付關連人士款項。就披露而言，其他金融負債的公允值按未來合約現金流量以本集團類似金融工具適用的現行市場利率貼現估計，惟貼現影響並不重大。

於二零一八年十二月三十一日，若干按金及其他應收款項及公允值經損益表入賬之金融資產（二零一七年十二月三十一日：可供出售金融資產）使用貼現現金流量按與其公允值相若的使用價值計量。有關按金及其他應收款項及公允值經損益表入賬之金融資產之披露，請參閱附註9及附註12。

於二零一八年十二月三十一日及二零一七年十二月三十一日，若干持作出售物業採用直接市場比較法及收益法按公允值減銷售成本計量，與其公允值相若。持作出售物業的相關披露見附註11。

3.5 抵銷金融資產及金融負債

由於年內並無淨額結算安排，因此並無作出抵銷金融資產及金融負債的披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Valuation of net identifiable assets arising from business combination

The Group completed the acquisition of Supreme Glory Limited on 8 May 2018. Management of the Group has engaged an independent valuer to assist in performing the purchase price allocation assessment on the fair values of assets acquired and liabilities assumed as at the acquisition date.

Significant management judgements were involved in the valuation methodologies and underlying assumptions of the valuation of purchase price allocation, including market rental yield rate and adjusted land unit rate used to determine the fair values of right to a land lease and property, plant and equipment.

4 關鍵會計估計及假設

本集團持續根據過往經驗及其他因素（包括對相信日後在若干情況下屬合理的若干事件的期望）衡量估計及判斷。

本集團對未來作出估計及假設。顧名思義，所得會計估計甚少等同相關實際結果。下文指出具有重大風險導致須就下個財政年度的資產和負債賬面金額作出重大調整的估計和假設。

(a) 因業務合併而產生的可識別資產淨值的估值

本集團於二零一八年五月八日完成收購卓耀有限公司。本集團管理層已委聘獨立估值師，以協助開展對收購日期所收購資產及所承擔負債的公允值的購買價分配評估。

購買價分配估值的估值方法及相關假設涉及重大管理層判斷，包括市場租金收益率及釐定土地租賃權及物業、廠房及設備的公允值所用的經調整土地單位價格。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(a) Valuation of net identifiable assets arising from business combination (Continued)

Had the Group used different inputs or assumptions, right to a land lease, property, plant and equipment, other identifiable assets acquired and liabilities assumed and the goodwill recognised would be different and thus cause impact to the consolidated balance sheet. Details of the business combination are disclosed in Note 33.

(b) Valuation of financial assets at fair value through profit or loss

The Group owns an investment in a movie income right and a network drama which have been classified as financial assets at fair value through profit or loss. The management performed an assessment on the fair value of the balance based on discounted cash flow model which required significant estimates, including the streams of income which the Group is entitled, determination of appropriate discount rate and expected timing of settlement. Where the expectation is different from the original estimate, such difference will impact the carrying value of the financial assets at fair value in the period in which such estimate has been changed.

4 關鍵會計估計及假設 (續)

(a) 因業務合併而產生的可識別資產淨值的估值 (續)

倘本集團使用不同輸入數據或假設，則土地租賃權、物業、廠房及設備、所收購的其他可識別資產及所承擔的負債以及所確認的商譽的公允值將有所不同，因而影響合併資產負債表。業務合併詳情於附註33披露。

(b) 公允值經損益表入賬之金融資產估值

本集團擁有一項電影收益權及一項網絡劇收益權的投資，該等投資被歸類為公允值經損益表入賬之金融資產。管理層按貼現現金流量模式評估結餘的公允值，此乃需要重大估計，包括本集團有權享有的收入來源、釐定合適的貼現率及預期結算時間。倘預期有別於原本估計，該差異將影響有關估計變動期間按公允值列賬之金融資產之賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(c) Valuation of properties held for sale

The Group owns certain properties held for sale which are stated at the lower of carrying amount and fair value less costs to sell. In absence of current price in an active market for similar properties which is the best evidence of fair value, the management determined the amount within a range of reasonable fair values estimates. In making its estimates, the management considers information from the valuations of properties performed by external professional valuer by (i) direct market comparable approach, including the assumptions of the adjusting factors regarding to the location, size and nature of the properties; and (ii) income approach, including the assumptions of the expected rent income, growth rate and discount rate to determine the fair value. Had the Group used different inputs or assumptions, the fair value of the properties would be different and thus caused impact to the consolidated income statement. Details of the valuation of properties held for sale are disclosed in Note 11.

(d) Impairment of trade and other receivables and contract assets

The Group recognises impairment provisions based on expected credit losses model. The model involves the assessment on the probability of default on the balances based on historical settlement records, past experience and forward-looking information. Impairment is determined by evaluating a range of possible outcomes. The identification of probability of default requires the use of judgement and estimates. Details of key assumptions and inputs used are disclosed in Note 3.1.

4 關鍵會計估計及假設 (續)

(c) 持作出售物業的估值

本集團擁有若干持作出售物業，按賬面值與公允值減出售成本的較低者列賬。類似物業於活躍市場的現價是公允值的最佳證據，倘無有關現價，管理層將於若干合理估計公允值範圍內釐定金額。於作出估計時，管理層考慮外部專業估值師所進行的物業估值資料，以釐定公允值，包括(i)直接市場比較法，當中包括有關物業位置、面積及性質的調整因素假設；及(ii)收入法，當中包括預期租金收入、增長率及折現率等假設。倘本集團使用不同輸入數據或假設，則物業的公允值將有所不同，因而影響合併收益表。持作出售物業估值詳情於附註11披露。

(d) 貿易及其他應收款項以及合約資產之減值

本集團按預期信貸虧損模式確認減值撥備。該模式涉及按歷史結算記錄、過往經驗及前瞻性資料評估結餘違約的可能性。減值透過評估各類可能結果釐定。確定違約可能性需要使用判斷及估計。有關所用主要假設及輸入數據之詳情乃於附註3.1內披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(e) Impairment of assets

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets are impaired, which requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (a CGU). The recoverable amount of the CGU has been determined based on fair value less cost of disposal calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, future economic conditions on growth rates and future returns.

Management of the Group has performed goodwill impairment review annually on 31 December 2018. Details of goodwill impairment review are disclosed in Note 8.

Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial position and results of operations.

4 關鍵會計估計及假設 (續)

(e) 資產減值

本集團遵從國際會計準則第36號「資產減值」的指引，以釐定資產何時出現減值（須作出重大判斷）。在作出此項判斷時，本集團評估（其中包括）資產的可收回金額少於賬面餘額的持續期間及程度，包括行業表現以及營運及融資現金流量變動等因素。就評估減值而言，資產按可獨立識別現金流量的最低水平分組（現金產生單位）。現金產生單位的可收回金額乃根據公允值減出售成本計算方法釐定。該等計算須使用估計，包括經營業績、業務的收入及開支、增長率等未來經濟狀況及未來回報。

本集團管理層於二零一八年十二月三十一日對商譽進行年度減值檢討。有關商譽減值檢討之詳情於附註8內披露。

資產可收回金額所依據的主要假設的變動可對本集團的財務狀況及經營業績造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(f) Income taxes

The Group is principally subject to income taxes in the PRC. Significant judgement is 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 current income tax provision and deferred income tax assets and liabilities in the period in which such determination is made.

5 REVENUE

Revenue from external customers are mainly derived from the provision of newspaper advertising services to advertisers in the PRC, the provision of marketing and consulting services and printing services. The total sales amount of the Group's five largest customers is RMB18,642,000 for the year ended 31 December 2018 (2017: RMB18,648,000). An analysis of the Group's revenue for the year is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Newspaper advertising	報紙廣告	6,952	7,210
Marketing and consulting services	營銷及諮詢服務	39,498	31,668
Printing services	印刷服務	4,765	4,550
Others	其他	3,801	-
		55,016	43,428

4 關鍵會計估計及假設 (續)

(f) 所得稅

本集團主要須在中國繳納所得稅。釐定所得稅撥備時須作出重大判斷。在日常業務過程中有許多交易及計算會導致難以明確作出最終的稅務釐定。倘有關事項最終的稅務結果與最初記入的金額不同，則該等差額會影響作出釐定期間的即期所得稅撥備以及遞延所得稅資產及負債。

5 收入

來自外部客戶的收入主要源於向中國廣告客戶提供報紙廣告服務，以及提供營銷、諮詢服務及印刷服務。截至二零一八年十二月三十一日止年度，本集團五大客戶所佔銷售總額為人民幣18,642,000元（二零一七年：人民幣18,648,000元）。本集團年內收入分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

5 REVENUE (Continued)

5 收入 (續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Timing of revenue recognition	收益確認時間		
– At a point in time	– 某個時點	40,821	39,846
– Over time	– 隨時間	14,195	3,582
		55,016	43,428

During the year ended 31 December 2018, no customer of the Group accounted for more than 10% of the Group's revenue (2017: revenue derives from a customer of the Group amounted to RMB5,633,000 which accounted for more than 10% of the Group's revenue).

於截至二零一八年十二月三十一日止年度，概無來自本集團的客戶的收入超過本集團收入的10%（二零一七年：來自本集團一名客戶的收入為人民幣5,633,000元，超過本集團收入的10%）。

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

與客戶合約相關之資產及負債

本集團已確認以下與客戶合約相關之資產及負債：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Contract assets (Note (i))	合約資產 (附註(i))	2,224	–
Less: Provision for impairment (Note (ii))	減：減值撥備 (附註(ii))	(51)	–
Contract assets – net	合約資產 – 淨額	2,173	–
Contract liabilities (Note (iii) and 19)	合約負債 (附註(iii)及19)	5,649	–
Total contract liabilities	合約負債總額	5,649	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

5 REVENUE (Continued)

Notes:

- (i) Contract assets represent the Group's right to consideration in the exchange for services that the Group has transferred to customer. The contract assets are transferred to trade receivables when the right to bill the customer has established and receipt of the consideration is conditional only on the passage of time.
- (ii) The Group expects that contract assets have the same risk characteristics as trade receivables.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS from 1 January 2018 (Note 2.2). As at 31 December 2018, a provision of RMB51,000 was made against the gross amount of contract assets. The impairment of contract assets is disclosed in Note 2.11.

- (iii) Contract liabilities represent receipts in advance of non-refundable payments made by customers.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the year, recognised during the year relates to carried-forward contract liabilities.

Revenue recognised that was included in the contract liability balance at the beginning of the year	計入年初合約負債結餘之已確認收入
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5 收入 (續)

附註：

- (i) 合約資產指本集團對於換取其轉讓予客戶服務交換代價的權利。當向客戶收款的權利已確立且代價款項僅隨時間流逝而收取，合約資產便轉至貿易應收款項。
- (ii) 本集團預期合約資產與貿易應收款項具有相同風險特徵。

本集團自二零一八年一日起，按國際財務報告準則規定使用簡化法對預期信貸虧損作出撥備（附註2.2）。於二零一八年十二月三十一日，就合約資產總額作出為數人民幣51,000元的撥備。合約資產減值於附註2.11內披露。

- (iii) 合約負債指先於客戶作出不可退還付款前收取的款項。

就合約負債確認的收入

下表列示年內所確認與結轉合約負債相關的收入金額（已計入年初合約負債結餘）。

2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
1,092	1,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

5 REVENUE (Continued)

Notes: (Continued)

(iv) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from newspaper advertising services contracts:

Newspaper advertising services	報紙廣告服務
--------------------------------	--------

* As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed.

Management expects the above unsatisfied (or partially satisfied) contracts will be recognised as revenue during the next reporting period.

6 SEGMENT INFORMATION

The Executive Directors have been identified as the CODM. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Executive Directors assess the performance of the Group's advertising, marketing, consulting and printing businesses from both geographic and product perspectives. From a product perspective, management takes into consideration of the economic benefits of abovementioned businesses as a whole when executing a centralised assessment of the performance as the CODM considers they are mutually dependent and inseparable. Geographically, management considers the Group's businesses activities are included in a single reportable segment in accordance with IFRS 8 "Operating segments". As such, no segment information is presented.

5 收入 (續)

附註：(續)

(iv) 尚未履行之履約責任

下表列示報紙廣告服務合約產生之尚未履行履約責任：

2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
5,649	—*

* 根據國際財務報告準則第15號過渡條文之規定，尚未披露截至二零一七年十二月三十一日分配至(部分)尚未履行之履約責任的交易價。

管理層預期上述尚未履行(或部分履行)的合約將於下一報告期間內確認為收入。

6 分類資料

執行董事被認為首席營運決策人。管理層根據首席營運決策人為分配資源及評估表現而審閱的資料釐定經營分類。

執行董事從地域及產品角度評估本集團廣告、營銷、諮詢及印刷業務的表現。產品角度方面，由於首席營運決策人認為上述業務互相依賴及不可分割，故管理層在進行集中表現評估時，總體考慮上述業務的經濟利益。地域方面，管理層認為本集團的業務活動均按照國際財務報告準則第8號「經營分類」計入單獨須呈報分類。因此，並無呈列分類資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT

7 物業、廠房及設備

		Land and buildings	Leasehold improvement	Machinery	Fixture, furniture and equipment	Motor vehicles	Total
		土地及樓宇	租賃物業裝修	機器	裝置、傢俬及 設備	汽車	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日						
Cost	成本	4,681	7,940	32,123	8,439	8,064	61,247
Accumulated depreciation	累計折舊	-	(2,279)	(26,820)	(5,711)	(4,614)	(39,424)
Accumulated impairment losses	累計減值虧損	-	-	(1,730)	-	-	(1,730)
Net carrying amount	賬面淨額	<u>4,681</u>	<u>5,661</u>	<u>3,573</u>	<u>2,728</u>	<u>3,450</u>	<u>20,093</u>
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度						
Opening net carrying amount	期初賬面淨額	4,681	5,661	3,573	2,728	3,450	20,093
Additions	添置	-	499	-	382	-	881
Disposals	出售	-	-	-	-	(571)	(571)
Depreciation (Note 23)	折舊(附註23)	(234)	(2,334)	(1,092)	(589)	(1,145)	(5,394)
Currency translation differences	貨幣換算差額	-	(358)	-	91	(35)	(302)
Closing net carrying amount	期末賬面淨額	<u>4,447</u>	<u>3,468</u>	<u>2,481</u>	<u>2,612</u>	<u>1,699</u>	<u>14,707</u>
At 31 December 2017	於二零一七年十二月三十一日						
Cost	成本	4,681	8,104	32,123	8,770	6,720	60,398
Accumulated depreciation	累計折舊	(234)	(4,636)	(27,912)	(6,158)	(5,021)	(43,961)
Accumulated impairment losses	累計減值虧損	-	-	(1,730)	-	-	(1,730)
Net carrying amount	賬面淨額	<u>4,447</u>	<u>3,468</u>	<u>2,481</u>	<u>2,612</u>	<u>1,699</u>	<u>14,707</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7 物業、廠房及設備 (續)

		Land and buildings	Construction in progress	Leasehold improvement	Machinery	Fixture, furniture and equipment 裝置、傢俬及 設備	Motor vehicles	Exhibition animals	Total
		土地及樓宇 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	租賃物業裝修 RMB'000 人民幣千元	機器 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	展覽動物 RMB'000 人民幣千元	總計 RMB'000 人民幣千元	
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度								
Opening net carrying amount	期初賬面淨額	4,447	-	3,468	2,481	2,612	1,699	-	14,707
Acquisition of subsidiaries (Note 33)	收購附屬公司 (附註33)	16,900	-	-	-	-	-	-	16,900
Acquisition of assets through acquisition of a subsidiary (Note 34)	透過收購一間附屬公司收購資產 (附註34)	-	-	-	-	707	-	4,293	5,000
Additions	添置	24,567	7,597	1,737	-	452	220	-	34,573
Transfer	轉讓	3,418	-	-	-	-	-	-	3,418
Disposals	出售	-	-	-	-	(11)	-	-	(11)
Depreciation (Note 23)	折舊 (附註23)	(675)	-	(1,732)	(679)	(455)	(600)	(143)	(4,284)
Impairment	減值	-	-	(1,227)	(1,802)	-	-	-	(3,029)
Currency translation differences	貨幣換算差額	-	-	83	-	52	17	-	152
Closing net carrying amount	期末賬面淨額	<u>48,657</u>	<u>7,597</u>	<u>2,329</u>	<u>-</u>	<u>3,357</u>	<u>1,336</u>	<u>4,150</u>	<u>67,426</u>
At 31 December 2018	於二零一八年十二月三十一日								
Cost	成本	49,565	7,597	10,071	32,123	9,675	6,970	4,293	120,294
Accumulated depreciation	累計折舊	(908)	-	(6,515)	(28,591)	(6,318)	(5,634)	(143)	(48,109)
Accumulated impairment losses	累計減值虧損	-	-	(1,227)	(3,532)	-	-	-	(4,759)
Net carrying amount	賬面淨額	<u>48,657</u>	<u>7,597</u>	<u>2,329</u>	<u>-</u>	<u>3,357</u>	<u>1,336</u>	<u>4,150</u>	<u>67,426</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2018, certain buildings with net book value of RMB3,418,000 (2017: Nil) were transferred from properties held for sale.

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive income as follows:

7 物業、廠房及設備 (續)

於截至二零一八年十二月三十一日止年度，賬面淨額人民幣3,418,000元（二零一七年：無）的若干樓宇已從持作出售物業轉出。

本集團的物業、廠房及設備折舊已按下列方式於合併全面收益表扣除：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of sales	銷售成本	1,192	1,194
General and administrative expenses	一般及行政開支	3,092	4,200
Total	總計	<u>4,284</u>	<u>5,394</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

8 INTANGIBLE ASSETS

8 無形資產

		Computer software 電腦軟件 RMB'000 人民幣千元	Non- compete agreement 不競爭協議 RMB'000 人民幣千元	Goodwill 商譽 RMB'000 人民幣千元	Customer relationships 客戶關係 RMB'000 人民幣千元	Trademark 商標 RMB'000 人民幣千元	Web site 網站 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日							
Cost	成本	3,127	11,500	12,573	14,500	9,400	8,476	59,576
Accumulated amortisation	累計攤銷	(2,656)	(11,500)	-	(14,500)	(6,176)	(8,476)	(43,308)
Accumulated impairment losses	累計減值虧損	(410)	-	(12,573)	-	(2,265)	-	(15,248)
Net carrying amount	賬面淨額	61	-	-	-	959	-	1,020
Year ended 31 December 2017	截至二零一七年 十二月三十一日 止年度							
Opening net carrying amount	期初賬面淨額	61	-	-	-	959	-	1,020
Amortisation (Note 23)	攤銷(附註23)	(9)	-	-	-	(479)	-	(488)
Closing net carrying amount	期末賬面淨額	52	-	-	-	480	-	532
At 31 December 2017	於二零一七年 十二月三十一日							
Cost	成本	3,127	11,500	12,573	14,500	9,400	8,476	59,576
Accumulated amortisation	累計攤銷	(2,665)	(11,500)	-	(14,500)	(6,655)	(8,476)	(43,796)
Accumulated impairment losses	累計減值虧損	(410)	-	(12,573)	-	(2,265)	-	(15,248)
Net carrying amount	賬面淨額	52	-	-	-	480	-	532

		Computer software 電腦軟件 RMB'000 人民幣千元	Non- compete agreement 不競爭協議 RMB'000 人民幣千元	Goodwill 商譽 RMB'000 人民幣千元	Customer relationships 客戶關係 RMB'000 人民幣千元	Trademark 商標 RMB'000 人民幣千元	Web site 網站 RMB'000 人民幣千元	Right to a land lease 土地租賃權 RMB'000 人民幣千元	Township operation right 經營權 小鎮項目 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度									
Opening net carrying amount	期初賬面淨額	52	-	-	-	480	-	-	-	532
Additions	添置	12	-	-	-	-	-	28,000	-	28,012
Acquisition of subsidiaries (Note 33)	收購附屬公司(附註33)	-	-	66,058	-	-	193,439	-	-	259,497
Amortisation (Note 23)	攤銷(附註23)	(7)	-	-	-	(480)	-	(3,171)	(471)	(4,129)
Closing net carrying amount	期末賬面淨額	57	-	66,058	-	-	190,268	27,529	-	283,912
At 31 December 2018	於二零一八年十二月三十一日									
Cost	成本	3,139	11,500	78,631	14,500	9,400	8,476	193,439	28,000	347,085
Accumulated amortisation	累計攤銷	(2,672)	(11,500)	-	(14,500)	(7,135)	(8,476)	(3,171)	(471)	(47,925)
Accumulated impairment losses	累計減值虧損	(410)	-	(12,573)	-	(2,265)	-	-	-	(15,248)
Net carrying amount	賬面淨額	57	-	66,058	-	-	190,268	27,529	-	283,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

8 INTANGIBLE ASSETS (Continued)

The amortisation of intangible assets has been charged to “General and administrative expenses” in the consolidated statement of comprehensive income.

Due to the acquisition of Supreme Glory Limited on 8 May 2018, the Group recognised intangible assets of RMB193,439,000, deferred income tax liabilities of RMB52,571,000 and goodwill of RMB66,058,000.

For the purpose of impairment testing, goodwill has been allocated to a cash generating unit, Supreme Glory Limited and its subsidiaries that operate the Beijing Shihua Caves Niaoyulin Project. During the year ended 31 December 2018, the basis of determining the recoverable amount of the cash generating unit and the major underlying assumptions are summarised below:

The recoverable amount has been determined based on fair value less cost of disposal method. That calculation uses cash flow projections based on financial budgets approved by the Directors covering a 5-year period, and at a post-tax discount rate of 14.16%. The cash flows beyond the 5-year period are extrapolated using a constant growth rate of 3% per annum.

For the year ended 31 December 2018, management does not foresee any significant change in the key assumptions used in the fair value less cost of disposal calculations that will cause the recoverable amount of goodwill to be less than their carrying amount.

8 無形資產 (續)

無形資產攤銷已於合併全面收益表的「一般及行政開支」扣除。

由於二零一八年五月八日收購卓耀有限公司，本集團確認無形資產人民幣193,439,000元、遞延所得稅負債人民幣52,571,000元及商譽人民幣66,058,000元。

就減值測試而言，商譽已分配至現金產生單位（即卓耀有限公司及其經營北京石花洞鳥語林項目的附屬公司）。截至二零一八年十二月三十一日止年度，釐定現金產生單位可收回金額的基準及主要相關假設於下文概述：

可收回金額已按公允值減出售成本法釐定。有關計算乃使用基於董事批准的財務預算的五年期現金流量預測，其按除稅後貼現率14.16%計算。超過五年期的現金流量使用固定年增長率3%推算。

截至二零一八年十二月三十一日止年度，管理層預期公允值減出售成本計算所使用的主要假設不會發生重大變動，而導致商譽的可收回金額少於其賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

9 預付款項、按金及其他應收款項

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current portion	非流動部分		
Prepayment for acquisition of properties (Note (i))	收購物業的預付款項 (附註(i))	–	24,211
Deposit for a proposed acquisition (Note (ii))	建議收購事項的按金 (附註(ii))	–	28,315
Deposit and prepayment for township development (Note (iii))	小鎮項目開發的按金及預付款項 (附註(iii))	22,000	22,000
Prepayment for township operation right (Note (iii))	小鎮項目經營權的預付款項 (附註(iii))	–	28,000
Long term prepayment (Note (iv))	長期預付款項 (附註(iv))	–	138,000
Deposits to a newspaper publisher (Note (iv))	給予一家報紙出版商的按金 (附註(iv))	–	30,000
Prepayment for property, plant and equipment	物業、廠房及設備預付款項	11,761	–
Prepayment for acquisition of a subsidiary	收購一間附屬公司預付款項	3,000	–
Rental deposits	租金按金	428	3,300
Other deposits	其他按金	500	–
		37,689	273,826
Less: Provision for impairment (Note (iv))	減：減值撥備 (附註(iv))	–	(168,000)
Prepayments, deposits and other receivables – net	預付款項、按金及其他應收款項–淨額	37,689	105,826
Current portion	流動部分		
Prepayment to a newspaper publisher	給予一家報紙出版商的預付款項	–	89,103
Other prepayments	其他預付款項	772	2,283
Rental deposit	租金按金	4,120	171
Deposits and other receivables	按金及其他應收款項	4,701	15,535
		9,593	107,092
Less: Provision for impairment (Note (iv))	減：減值撥備 (附註(iv))	–	(103,289)
Prepayments, deposits and other receivables – net	預付款項、按金及其他應收款項–淨額	9,593	3,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The carrying amounts of the Group's prepayments, deposits and other receivables are denominated in the following currencies:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
RMB	人民幣	43,405	77,023
HK\$	港元	3,877	32,606
		47,282	109,629

(i) Prepayment for acquisition of properties

As at 31 December 2017, prepayment for acquisition of properties represents the prepayment paid by the Group to Xiamen Information Group Ltd. for the purchase of certain commercial premises located within Xiamen Software Park III. Total consideration for the properties is RMB22,164,000, out of which RMB15,470,000 were financed by mortgage loans on the properties granted by a bank to the Group. Details of the mortgage loans are disclosed in Note 20. During the year, the Group has capitalised borrowing costs amounting to RMB356,000 (2017: RMB585,000) on the prepayment. As at 31 December 2018, the prepayments amounted to RMB24,567,000 were utilised in the acquisition of properties and the properties were recognised in the property, plant and equipment upon transfer of ownership.

9 預付款項、按金及其他應收款項 (續)

本集團的預付款項、按金及其他應收款項的賬面值以下列貨幣計值：

(i) 收購物業的預付款項

於二零一七年十二月三十一日，收購物業的預付款項指本集團就購買位於廈門軟件園三期的若干商業物業而向廈門信息集團有限公司預付的款項。該等物業的總代價為人民幣22,164,000元，其中人民幣15,470,000元以一家銀行就該等物業向本集團授出的按揭貸款撥付。按揭貸款的詳情於附註20披露。年內，本集團已就該預付款項將借款成本人民幣356,000元（二零一七年：人民幣585,000元）撥充資本。於二零一八年十二月三十一日，預付款項人民幣24,567,000元用作收購物業，而相關物業於所有權轉讓後於物業、廠房及設備內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

(ii) Deposit for a proposed acquisition

Pursuant to the acquisition agreement signed on 8 May 2017, the Group conditionally agreed to acquire and the sellers of Supreme Glory Limited conditionally agreed to sell the entire equity interest in Supreme Glory Limited for a consideration of HK\$340,000,000. As at 31 December 2017, the Group paid HK\$34,000,000 (equivalent to approximately RMB28,315,000) as a deposit for the acquisition. The deposit is non-interest bearing and is refundable if the acquisition is terminated. The deposit has been subsequently utilised upon completion of the acquisition on 8 May 2018 (Note 33).

(iii) Deposit and prepayment for township development and prepayment for township operation right

Pursuant to the framework agreement entered into by the Group with Yongtai Government on 15 September 2017, Yongtai Government agreed to form a long-term strategic cooperation with the Group regarding the development and operation of the Township Project. Under the framework agreement, the Group shall pay a deposit of RMB50,000,000 to Yongtai Government, which can be utilised for participating in open tender auctions to be organised by the Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation within the project site.

9 預付款項、按金及其他應收款項 (續)

(ii) 建議收購事項的按金

根據於二零一七年五月八日簽署的收購協議，本集團有條件同意收購而卓耀有限公司的賣方有條件同意出售卓耀有限公司的全部股權，代價為340,000,000港元。於二零一七年十二月三十一日，本集團支付34,000,000港元（相等於約人民幣28,315,000元）作為收購事項的按金。該按金不計利息且可予退回（倘收購事項予以終止）。該按金其後於收購事項於二零一八年五月八日完成後予以動用（附註33）。

(iii) 小鎮項目開發的按金及預付款項以及小鎮項目經營權的預付款項

根據本集團與永泰縣政府於二零一七年九月十五日訂立之框架協議，永泰政府同意就開發及經營小鎮項目與本集團訂立長期策略性合作關係。根據框架協議，本集團將向永泰政府支付按金人民幣50,000,000元，擬用於參與永泰政府將舉辦的就項目選址內的土地使用權、資產、租賃授予及／或經營權流轉的公開招標拍賣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

(iii) Deposit and prepayment for township development and prepayment for township operation right (Continued)

During the year ended 31 December 2017, the Group entered into an operation right agreement with the Yongtai Government for the acquisition of a 40-years' exclusive operation right to develop, construct, manage and operate commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment in the operation site at a consideration of RMB28,000,000. The consideration of RMB28,000,000 is deducted from the RMB50,000,000 refundable deposit placed by the Group with Yongtai Government under the framework agreement. The prepayment of RMB28,000,000 has been subsequently utilised upon completion of the acquisition on 19 April 2018.

As at 31 December 2018, the remaining deposit of RMB22,000,000 is intended to be utilised for township development and is classified as a prepayment for township development.

(iv) Provision for impairment

As at 31 December 2017, certain prepayments and deposits amounting to RMB271,289,000 were fully impaired and provided for in prior years. During the year ended 31 December 2018, these prepayments and deposits amounting to RMB271,289,000 that have been provided for in prior years have been written off.

9 預付款項、按金及其他應收款項 (續)

(iii) 小鎮項目開發的按金及預付款項以及小鎮項目經營權的預付款項 (續)

截至二零一七年十二月三十一日止年度，本集團與永泰政府訂立一項經營權協議，內容有關收購40年獨家經營權，以於經營選址內進行包括旅遊、觀光、度假村、文化、體育及娛樂在內的開發、建設、管理及商業運營活動，代價為人民幣28,000,000元。代價人民幣28,000,000元應自本集團根據框架協議向永泰政府已支付的可退還按金人民幣50,000,000元中扣除。預付款項人民幣28,000,000元其後於收購事項在二零一八年四月十九日完成後動用。

於二零一八年十二月三十一日，餘下按金人民幣22,000,000元擬用於小鎮項目開發，並歸類為小鎮開發項目的預付款項。

(iv) 減值撥備

於二零一七年十二月三十一日，金額為人民幣271,289,000元之若干預付款項及按金已於過往年度悉數減值及撥備。截至二零一八年十二月三十一日止年度，已於過往年度作出撥備的金額為人民幣271,289,000元的該等預付款項及按金已撇銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

10 INVENTORIES

10 存貨

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Newsprint and printing consumables	新聞紙及印刷消耗品	1,420	1,224

The cost of inventories recognised as expense and included in "Cost of sales" amounted to RMB3,621,000 (2017: RMB2,018,000).

確認為開支並納入「銷售成本」的存貨成本為人民幣3,621,000元（二零一七年：人民幣2,018,000元）。

11 PROPERTIES HELD FOR SALE

The Group's properties held for sale includes the following:

11 持作出售物業

本集團的持作出售物業包括以下項目：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Properties held for sale	持作出售物業	24,622	34,519

The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

中國物業乃於向中國房地產開發商交換廣告服務時取得。本集團的目的為銷售該等物業，因此，若相關物業可供出售，則有關權利於完成廣告銷售交易時確認為持作出售物業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

11 PROPERTIES HELD FOR SALE (Continued)

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. Valuation methodologies used in the valuation included direct market comparable approach and income approach which are within Level 2 and Level 3 of the fair value hierarchy respectively. For direct market comparable approach, observable inputs other than quoted prices within Level 1 included market price of comparable properties adjusted having regard to the location, size and nature of the properties (Level 2). For income approach, unobservable inputs included expected rent income, growth rate and discount rate (Level 3). There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. For the year ended 31 December 2018, the management compared the carrying amount and fair value less costs to sell of the properties and made further impairment provision of RMB4,252,000 (2017: Nil) (Note 23).

Cash flows associated with the disposal of properties held for sale are presented under "Operating activities" in the consolidated statement of cash flows. The gain or loss on disposal and impairment loss of properties held for sale are recorded in "General and administrative expenses" in the consolidated statement of comprehensive income.

11 持作出售物業 (續)

管理層在獨立物業估值師的協助下，參照物業的市值評估其公允值減去銷售成本。評估所用的估值方法包括直接市場比較法及收益法，乃分別屬於公允值架構等級的第二及第三級。就直接市場比較法而言，可觀察輸入數據（第一級內的報價除外）包括可資比較物業的市價，當中已就物業地點、大小及性質作出調整（第二級）。就收益法而言，不可觀察輸入數據包括預期租賃收入、增長率及折現率（第三級）。就經常性公允值計量而言，本年度第一級、第二級及第三級之間並無轉撥。於截至二零一八年十二月三十一日止年度，管理層已比較物業的賬面值與公允值減銷售成本，並作出進一步減值撥備人民幣4,252,000元（二零一七年：無）（附註23）。

有關出售持作出售物業的現金流量於合併現金流量表「經營活動」下呈列。出售持作出售物業的收益或虧損及持作出售物業的減值虧損在合併全面收益表的「一般及行政開支」內記錄。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

12 公允價值經損益表入賬的金融資產

		Investment in a movie income right 一項電影 收益權的投資 RMB'000 人民幣千元 (Note (i)) (附註(i))	Investment in a network drama 一項網絡劇 收益權的投資 RMB'000 人民幣千元 (Note (ii)) (附註(ii))	Total 總計 RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	-	-	-
Reclassification from available-for-sale financial assets (Note 2.2(a))	自可供出售金融資產重新分類(附註2.2(a))	84,726	-	84,726
Restated on 1 January 2018	於二零一八年一月一日經重列	84,726	-	84,726
Acquisition of subsidiaries (Note 33)	收購附屬公司(附註33)	-	5,945	5,945
Fair value (loss)/gain on financial assets at fair value through profit or loss	公允價值經損益表入賬的金融資產之公允價值(虧損)/收益	(84,726)	228	(84,498)
As at 31 December 2018	於二零一八年十二月三十一日	-	6,173	6,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(i) Investment in a movie income right

On 22 February 2016, the Group entered into a movie investment agreement with Shanghai Hehe Film Investment Co., Ltd. (“Shanghai Hehe”), a movie executive producer in China, pursuant to which the Group has agreed to acquire 55% of the income right of a movie, Ip Man 3, for 30 years. The purchase consideration of HK\$131,168,000 (equivalent to RMB110,000,000) was paid on 23 February 2016. Shanghai Hehe guaranteed to the Group that the total income from the income right within 1 year after the first release date will not be less than RMB16,500,000. During the year ended 31 December 2016, Shanghai Hehe acknowledged that the Group could, at minimum, receive RMB128,580,000 from the investment, of which RMB10,000,000 was already settled. The remaining balance was due on 3 January 2017 which was 10 months after the first PRC release date of the movie. Shanghai Hehe has not yet settled the balance up to the date of this report.

As at 31 December 2018, management has observed objective evidence showing that there is a significant deterioration in credit quality of the counterparty. The Group has assessed the recoverability of the investment in the movie income right, by evaluating past settlement record, the Group’s communications with Shanghai Hehe and credit profile of Shanghai Hehe, and considered the fair value of the investment in movie income right is close to zero.

A fair value loss of RMB84,726,000 relating to this investment was recognised in the consolidated statement of comprehensive income during the year ended 31 December 2018 (2017: Nil).

12 公允值經損益表入賬的金融資產 (續)

(i) 一項電影收益權的投資

於二零一六年二月二十二日，本集團與中國一家電影出品公司上海合禾影視投資有限公司（「上海合禾」）訂立一份電影投資協議，據此，本集團同意收購電影《葉問3》收益權的55%，為期30年。本集團已於二零一六年二月二十三日支付購買代價131,168,000港元（相等於人民幣110,000,000元）。上海合禾向本集團保證，於首個發行日後一年內收益權的總收入不會少於人民幣16,500,000元。截至二零一六年十二月三十一日止年度，上海合禾確認本集團可最少從該項投資收取人民幣128,580,000元，其中人民幣10,000,000元已支付。餘下款項於二零一七年一月三日（即電影於中國首次公映日期起計10個月）到期。直至本報告發出之日，上海合禾尚未結清有關餘下款項。

於二零一八年十二月三十一日，管理層觀察到，有可觀證據表明交易對手信貸質素嚴重惡化。本集團已評估電影收益權投資的可收回性，方式為評估過往結算記錄、本集團與上海合禾的溝通及上海合禾的信貸狀況，並認為電影收益權投資的公允值接近於零。

有關該投資的公允值虧損人民幣84,726,000元於截至二零一八年十二月三十一日止年度的合併全面收益表內確認（二零一七年：無）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) Investment in a network drama

On 8 May 2018, the Group has acquired an investment in a network drama through the acquisition of subsidiaries as disclosed in Note 33. Pursuant to the investment agreement on 22 May 2017, a wholly-owned subsidiary of Supreme Glory Limited has agreed to acquired 20% of the income right in a network drama for a consideration of RMB6,000,000.

The fair value estimation of the investment was based on the cash flows discounted using a rate based on the market interest rate and risk premium specific to the investment. Significant unobservable inputs involved in the fair value measurement included the expected timing of settlement and discount rate, which are within level 3 of the fair value hierarchy. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the year ended 31 December 2018.

For the year ended 31 December 2018, a fair value gain of RMB228,000 relating to this investment was recognised in the consolidated statement of comprehensive income.

12 公允值經損益表入賬的金融資產 (續)

(ii) 一項網絡劇收益權的投資

於二零一八年五月八日，本集團透過收購附屬公司取得網絡劇投資（如附註33所披露）。根據日期為二零一七年五月二十二日之投資協議，卓耀有限公司的全資附屬公司同意收購一部網絡劇收益權的20%，代價為人民幣6,000,000元。

該投資的公允值乃按以市場利率及該投資的特定風險溢價計算的利率折現的現金流量估計。公允值計量涉及的重大不可觀察輸入數據包括預期收回時期及折現率，屬於公允值架構等級的第三級。截至二零一八年十二月三十一日止年度，經常性公允值計量之任何第一級、第二級及第三級之間並無轉撥。

截至二零一八年十二月三十一日止年度，有關該項投資的公允值收益人民幣228,000元於合併全面收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

13 TRADE RECEIVABLES – NET

13 貿易應收款項 – 淨額

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	10,331	19,820
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備	(2,473)	(13,752)
Trade receivables – net	貿易應收款項 – 淨額	<u>7,858</u>	<u>6,068</u>

The payment terms with customers are mainly cash on delivery and on credit. The credit periods range from 30 days to 365 days after the end of the month in which the relevant sales occurred. Aging analysis of the Group's trade receivables based on invoice date was as follows:

客戶主要按貨到付現及以記賬方式付款。信貸期介乎作出相關銷售當月結束後30日至365日不等。本集團的貿易應收款項根據發票日期的賬齡分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
1 – 30 days	1至30日	3,942	1,133
31 – 60 days	31至60日	780	252
61 – 90 days	61至90日	470	417
91 – 180 days	91至180日	954	1,755
181 – 365 days	181至365日	1,800	272
Over 1 year	一年以上	2,385	15,991
		<u>10,331</u>	<u>19,820</u>
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備	(2,473)	(13,752)
Trade receivables – net	貿易應收款項 – 淨額	<u>7,858</u>	<u>6,068</u>

The carrying amounts of the Group's trade receivables are denominated in RMB.

本集團貿易應收款項的賬面值以人民幣計值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

13 TRADE RECEIVABLES – NET (Continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This resulted in an increase of the loss allowance on 1 January 2018 by RMB206,000 for trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

As at 31 December 2018, trade receivables of RMB2,473,000 (2017: RMB13,752,000) were impaired and provided for. For the year ended 31 December 2018, the amounts of the reversal of provision credited to the consolidated statement of comprehensive income were RMB607,000 (2017: provision charged to the consolidated statement of comprehensive income of RMB718,000).

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair value.

During the year ended 31 December 2018, trade receivables of RMB10,878,000 (2017: Nil) were directly written-off to the consolidated statement of comprehensive income.

13 貿易應收款項－淨額（續）

本集團採用國際財務報告準則第9號的簡化方法計量預期信貸虧損，就所有貿易應收款項及合約資產使用全期預期虧損撥備。此乃導致貿易應收款項虧損撥備於二零一八年一月一日增加人民幣206,000元。有關計算撥備之詳情載於附註3.1(b)。

於二零一八年十二月三十一日，貿易應收款項人民幣2,473,000元（二零一七年：人民幣13,752,000元）已減值及計提撥備。截至二零一八年十二月三十一日止年度，計入合併全面收益表的撥備撥回金額為人民幣607,000元（二零一七年：於合併全面收益表扣除的撥備為人民幣718,000元）。

由於當前應收款項的短期性質，其賬面值被視作與其公允值相同。

於截至二零一八年十二月三十一日止年度，人民幣10,878,000元（二零一七年：無）之貿易應收款項直接於合併全面收益表撇銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

13 TRADE RECEIVABLES – NET (Continued)

Movements on the Group's provision for impairment on trade receivables are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	13,752	14,045
Changes in accounting policies (Note 2.2(b))	會計政策變動(附註2.2(b))	206	-
Net (reversal of)/provision for impairment on trade receivables	貿易應收款項減值(撥回)/撥備淨額	(607)	718
Receivables written back	應收款項撥回	-	(1,011)
Receivables written off	應收款項撇銷	(10,878)	-
At 31 December	於十二月三十一日	<u>2,473</u>	<u>13,752</u>

The provision for and reversal of provision for trade receivables have been included in "General and administrative expenses" in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The Group does not hold any collateral as security.

13 貿易應收款項－淨額(續)

本集團貿易應收款項減值撥備的變動如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	13,752	14,045
Changes in accounting policies (Note 2.2(b))	會計政策變動(附註2.2(b))	206	-
Net (reversal of)/provision for impairment on trade receivables	貿易應收款項減值(撥回)/撥備淨額	(607)	718
Receivables written back	應收款項撥回	-	(1,011)
Receivables written off	應收款項撇銷	(10,878)	-
At 31 December	於十二月三十一日	<u>2,473</u>	<u>13,752</u>

貿易應收款項的撥備及撥備撥回已計入合併全面收益表的「一般及行政開支」內。於備抵賬扣除的數額一般會於預期不可收回額外現金時撇銷。

本集團並無持有任何抵押品作擔保。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

14 CASH AND BANK BALANCES

The Group's cash and cash equivalents are denominated in the following currencies:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash at bank and on hand:	銀行及手頭現金：		
Denominated in RMB	以人民幣計值	16,036	13,459
Denominated in HKD	以港元計值	2,372	38,126
Denominated in USD	以美元計值	<u>15,472</u>	<u>8,593</u>
		<u>33,880</u>	<u>60,178</u>
Maximum exposure to credit risk	最高信貸風險	<u>33,751</u>	<u>59,995</u>

Cash at bank earns interest at floating rates based on daily bank deposits rate. The carrying amounts of the cash at bank approximate their fair values.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

14 現金及銀行結餘

本集團的現金及現金等值項目乃以下列貨幣計值：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash at bank and on hand:	銀行及手頭現金：		
Denominated in RMB	以人民幣計值	16,036	13,459
Denominated in HKD	以港元計值	2,372	38,126
Denominated in USD	以美元計值	<u>15,472</u>	<u>8,593</u>
		<u>33,880</u>	<u>60,178</u>
Maximum exposure to credit risk	最高信貸風險	<u>33,751</u>	<u>59,995</u>

銀行現金按基於銀行每日存款利率的浮動利率計息。銀行現金的賬面值與其公允值相若。

將以人民幣計值的結餘兌換為外幣以及將有關以外幣計值的銀行結餘及現金匯出中國須遵守中國政府頒佈的相關外匯管制規則及規例。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

15 SHARE CAPITAL

15 股本

		Number of ordinary shares 普通股數目	Nominal value of ordinary shares 普通股面值 HK\$ 港元	Equivalent nominal value of ordinary shares 普通股等值面值 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Authorised:	法定：					
Ordinary shares of HK\$0.1 each at 1 January 2018 and 31 December 2017 (Note (a))	於二零一八年一月一日及 二零一七年十二月三十一日 每股面值0.1港元的普通股 (附註(a))	2,000,000,000	0.1			
Addition of authorised ordinary shares (Note (b))	增加法定普通股(附註(b))	<u>8,000,000,000</u>	0.1			
At 31 December 2018	於二零一八年 十二月三十一日	<u>10,000,000,000</u>	0.1			
Issued:	已發行：					
Ordinary shares at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日的 普通股	1,448,330,121	144,833,012	123,919	816,907	940,826
Issuance of ordinary shares (Note (c))	發行普通股(附註(c))	289,666,000	28,966,600	23,461	9,792	33,253
Issuance of ordinary shares as consideration for acquisition of subsidiaries, net of cash acquired (Note (d))	發行普通股作為收購 附屬公司之代價， 扣除所收取現金 (附註(d))	<u>550,000,000</u>	<u>55,000,000</u>	<u>44,614</u>	<u>24,983</u>	<u>69,597</u>
At 31 December 2018	於二零一八年 十二月三十一日	<u>2,287,996,121</u>	<u>228,799,612</u>	<u>191,994</u>	<u>851,682</u>	<u>1,043,676</u>

Notes:

- (a) Prior to 19 April 2018, the Company had an authorised share capital of HK\$200 million divided into 2,000,000,000 shares of HK\$0.1 each.
- (b) The Company's shareholders approved the increase in the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 shares to HK\$1,000,000,000 divided into 10,000,000,000 shares by creation of additional 8,000,000,000 shares through an extraordinary general meeting on 19 April 2018.

附註：

- (a) 於二零一八年四月十九日前，本公司之法定股本為200,000,000港元，分為2,000,000,000股每股面值0.1港元的股份。
- (b) 本公司股東批准其法定股本自200,000,000港元(分為2,000,000,000股股份)增至1,000,000,000港元(分為10,000,000,000股股份)，方式為透過二零一八年四月十九日的股東特別大會增發8,000,000,000股股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

15 SHARE CAPITAL (Continued)

Notes: (Continued)

- (c) The Company issued 289,666,000 shares at the placing price of HK\$0.145 per share on 26 January 2018 (representing 16.67% of the total issued ordinary shares of the Company as enlarged by the issuance) to certain subscribers. The related transaction costs of RMB765,000 have been netted off against share premium.
- (d) The Company issued 550,000,000 shares by way of consideration shares at the nominal issue price of HK\$0.25 per share (but initially recognized at HK\$0.156 per share, being the closing price of the shares on the date of issue) on 8 May 2018 (representing 24.04% of the total issued ordinary shares of the Company as enlarged by the issuance) as part of the consideration to the sellers of Supreme Glory Limited (Note 33).

16 RESERVES

The details of movement in the Group's reserves are set out in the consolidated statement of changes in equity on page 101:

(a) Capital redemption reserve

The capital redemption reserve relates to the redemption and cancellation of the Company's own shares.

(b) Capital reserves

Capital reserves primarily represent capital contributions to certain subsidiaries of the Group and the differences between the consideration and proportionate carrying value of the subsidiary disposed of where the Group still retains control of the subsidiary.

15 股本 (續)

附註：(續)

- (c) 本公司於二零一八年一月二十六日按配售價每股0.145港元的價格向若干認購人發行289,666,000股股份(相當於本公司經有關發行擴大後已發行普通股總數16.67%)。相關交易成本人民幣765,000元已經與股份溢價抵銷。
- (d) 本公司於二零一八年五月八日以合併股份的方式按名義發行價每股0.25港元(但初步確認為每股0.156港元,即股份於發行日期之收市價)的價格向卓耀有限公司賣家發行550,000,000股股份(相當於本公司經有關發行擴大後已發行普通股總數24.04%),作為代價的一部分(附註33)。

16 儲備

本集團儲備的變動詳情載於第101頁的合併權益變動表：

(a) 股本贖回儲備

股本贖回儲備與本公司贖回及註銷本身股份有關。

(b) 資本儲備

資本儲備主要指向本集團若干附屬公司出資及代價與所出售附屬公司(本集團仍保留其控制權)比例賬面值之間的差額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

16 RESERVES (Continued)

(c) Statutory reserves

The statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purpose in accordance with the regulations in the PRC. The allocation is based on certain percentages of these companies' profit for the year, as reported in their statutory financial statements.

Pursuant to the PRC regulations and the companies' respective Articles of Association, each of the Group companies is required to transfer 10% of its profit for the year, as determined under the PRC Accounting Regulations, to a statutory common reserve fund until the fund balance exceeds 50% of the Group company's registered capital. The statutory common reserve fund can be used to make good previous years' losses, if any, and to issue new shares to shareholders in proportion to their existing shareholdings or to increase the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Each of the Group companies is also permitted to transfer a certain percentage of its profit for the year as determined under the PRC Accounting Regulations, to a discretionary common reserve fund. The transfer to this reserve is subject to approval at shareholders' meetings.

16 儲備 (續)

(c) 法定儲備

法定儲備指中國註冊成立公司就未來發展目的根據中國法規設立的儲備。法定儲備乃基於該等公司在法定財務報表內所報的年內溢利的若干百分比進行劃撥。

根據中國法規及公司各自的組織章程細則，本集團旗下各公司須將按中國會計法規所釐定的年內溢利的10%撥入法定公積金，直至該公積金結餘超過本集團該旗下公司註冊資本的50%。法定公積金可用於彌補以往年度虧損（如有），亦可按現有持股比例發行新股予股東或增加股東現時所持股份的面值，惟發行後的結餘不可少於註冊資本的25%。

本集團旗下各公司亦可將按中國會計法規所釐定的年內溢利的若干百分比撥入任意公積金。該項撥款須經股東大會批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES

The following is a list of principal subsidiaries of the Company as at 31 December 2018:

17 附屬公司

下表載列本公司於二零一八年十二月三十一日的主要附屬公司：

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法人類別	Principal activities 主要業務	Issued or registered/ paid up capital 已發行或註冊/實繳股本	Effective interest held as at 31 December 於十二月三十一日持有的實際權益	
				2018 二零一八年	2017 二零一七年
Directly owned subsidiary: 直接擁有附屬公司：					
Dragon Soar Ltd. 龍翔有限公司	The British Virgin Islands, Limited liability company 英屬處女群島·有限責任公司	Investment holding 投資控股	USD1 1美元	100%	100%
Ysolde Group Limited 十方優良集團有限公司	Samoa, Limited liability company 薩摩亞·有限責任公司	Investment holding 投資控股	USD50,000 50,000美元	100%	100%
Graceful Universe Holdings Limited 雅宙控股有限公司	The British Virgin Islands, Limited liability company 英屬處女群島·有限責任公司	Investment holding 投資控股	USD1 1美元	100%	100%
ShiFang Expert Company Limited 十方俊才有限公司	Hong Kong, Limited liability company 香港·有限責任公司	Human resources 人力資源	HKD1 1港元	100%	100%
Glory Peace Limited 榮泰有限公司	Samoa, Limited liability company 薩摩亞·有限責任公司	Investment holding 投資控股	USD1 1美元	100% (Note a) 100% (附註a)	100% (Note a) 100% (附註a)
Supreme Glory Limited 卓耀有限公司	Samoa, Limited liability company 薩摩亞·有限責任公司	Investment holding 投資控股	USD43,521 43,521美元	100% (Note g) 100% (附註g)	-
Indirectly owned subsidiaries: 間接擁有附屬公司：					
Fuzhou DingCe Culture Communication Co. Ltd. 福州鼎策文化傳播有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of full-line advertising agency services 提供全方位廣告 代理服務	USD200,000 200,000美元	100%	100%
Fuzhou ShiFang Printing Co., Ltd. 福州十方印務有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of printing services 提供印刷服務	RMB10,000,000 人民幣10,000,000元	100%	100%
Fuzhou ShiFangYuan Advertisement Co., Ltd. 福建十方源廣告有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of full-line advertising agency services 提供全方位廣告 代理服務	RMB5,000,000 人民幣5,000,000元	100%	100%
Fujian DaFang Advertisement Co., Ltd. 福建大方廣告有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of full-line advertising services 提供全方位廣告服務	RMB5,000,000 人民幣5,000,000元	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

17 附屬公司 (續)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法人類別	Principal activities 主要業務	Issued or registered/ paid up capital 已發行或註冊/實繳股本	Effective interest held as at 31 December 於十二月三十一日持有的實際權益	
				2018 二零一八年	2017 二零一七年
Indirectly owned subsidiaries: (Continued) 間接擁有附屬公司：(續)					
Kunming HanDing Printing Technology Consulting Co., Ltd. 昆明漢鼎印刷技術諮詢有限公司	Kunming, the PRC, Limited liability company 中國昆明·有限責任公司	Provision of publishing and printing services 提供出版及印刷服務	RMB10,000,000 人民幣10,000,000元	100%	100%
Xiamen DuKe Information Science & Technology Co., Ltd. ("Xiamen Duke") 廈門讀客信息科技有限公司 (「廈門讀客」)	Xiamen, the PRC, Limited liability company 中國廈門·有限責任公司	Provision of technology promotion and consultancy services 提供技術推廣及 諮詢服務	RMB11,000,000 人民幣11,000,000元	100%	100%
Fujian HaoBang Real Estate Consulting & Agency Co. Ltd. 福建好邦房產策劃代理有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Property marketing & agency services 物業營銷及代理服務	RMB10,000,000 人民幣10,000,000元	51%	51%
Fujian FangKe Network Technology Corporation Ltd. 福建房客網絡科技股份有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of full-line advertising services & Property marketing 提供全方位廣告服務 及物業營銷	RMB50,000,000 人民幣50,000,000元	51%	51%
Fujian ShiFang KaiTai Advertisement Technology Co., Ltd. 福建十方開泰傳媒科技有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Provision of technology promotion and consultancy services 提供技術推廣及 諮詢服務	RMB10,000,000 人民幣10,000,000元	100%	100%
Tian Pu Commercial Management Co., Ltd. 香港添鋪商業管理有限公司	Hong Kong, Limited liability company 香港·有限責任公司	Investment holding 投資控股	HKD100 100港元	51% (Note b) 51% (附註b)	51% (Note b) 51% (附註b)
Fujian Tian Pu Commercial Management Co., Ltd. 福建省添鋪商業管理有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Property marketing & agency services 物業營銷及代理服務	RMB10,000,000 人民幣10,000,000元	51% (Note c) 51% (附註c)	51% (Note c) 51% (附註c)
Fujian ShiFang Real Estate Investment Consulting Co., Ltd. 福建省十方地產投資顧問有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Property investment consultancy services 物業投資諮詢服務	RMB50,000,000 人民幣50,000,000元	51% (Note d) 51% (附註d)	51% (Note d) 51% (附註d)
Ningbo Expert Culture Communication Co., Ltd. 寧波才俊濠文化傳播有限公司	Ningbo, the PRC, Limited liability company 中國寧波·有限責任公司	Human resources 人力資源	HKD7,000,000 7,000,000港元	100% (Note e) 100% (附註e)	100% (Note e) 100% (附註e)
Fuzhou Kungfu Town Scenic Area Development Co., Ltd. 福州功夫小鎮景區開發有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Tourism and entertainment 旅遊及娛樂	USD25,000,000 25,000,000美元	100% (Note f) 100% (附註f)	100% (Note f) 100% (附註f)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

17 附屬公司 (續)

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法人類別	Principal activities 主要業務	Issued or registered/ paid up capital 已發行或註冊/實繳股本	Effective interest held as at 31 December 於十二月三十一日持有的實際權益	
				2018 二零一八年	2017 二零一七年
Indirectly owned subsidiaries: (Continued) 間接擁有附屬公司：(續)					
Beijing Fanxing Travel Co., Ltd. 北京繁星旅遊有限公司	Beijing, the PRC, Limited liability company 中國北京·有限責任公司	Tourism and entertainment 旅遊及娛樂	RMB5,000,000 人民幣5,000,000元	100% (Note g) 100% (附註g)	-
Zhangpingshi Lianchuang Nongye Fazhan Co., Ltd. 漳平市聯創農業發展有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Tourism and entertainment 旅遊及娛樂	RMB10,000,000 人民幣10,000,000元	60% (Note h) 60% (附註h)	-
Fuzhou Niaoyulin Youle Co., Ltd. 福州鳥語林遊樂有限公司	Fuzhou, the PRC, Limited liability company 中國福州·有限責任公司	Tourism and entertainment 旅遊及娛樂	RMB5,000,000 人民幣5,000,000元	82% (Note i) 82% (附註i)	-
Special purpose entity: 特殊目的實體：					
Beijing BaiChuanDuKe Science and Technology Co., Ltd. 北京百傳讀客科技有限公司	Beijing, the PRC, Limited liability company 中國北京·有限責任公司	Provision of technology promotion and consultancy services 提供技術推廣及 諮詢服務	RMB1,000,000 人民幣1,000,000元	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

Note a: the subsidiary was incorporated on 28 February 2017.

Note b: the subsidiary was incorporated on 17 March 2017.

Note c: the subsidiary was incorporated on 22 May 2017.

Note d: the subsidiary was incorporated on 24 May 2017.

Note e: the subsidiary was incorporated on 11 August 2017.

Note f: the subsidiary was incorporated on 27 August 2017.

Note g: the subsidiaries were acquired on 8 May 2018.

Note h: the subsidiary was acquired on 11 July 2018.

Note i: the subsidiary was acquired on 30 October 2018.

17 附屬公司 (續)

附註a：該附屬公司乃於二零一七年二月二十八日註冊成立。

附註b：該附屬公司乃於二零一七年三月十七日註冊成立。

附註c：該附屬公司乃於二零一七年五月二十二日註冊成立。

附註d：該附屬公司乃於二零一七年五月二十四日註冊成立。

附註e：該附屬公司乃於二零一七年八月十一日註冊成立。

附註f：該附屬公司乃於二零一七年八月二十七日註冊成立。

附註g：該等附屬公司收購於二零一八年五月八日。

附註h：該附屬公司收購於二零一八年七月十一日。

附註i：該附屬公司收購於二零一八年十月三十日。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

(a) Material non-controlling interests

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
By subsidiaries:	按附屬公司：		
Fujian Fangke Network Technology Co. Ltd ("Fujian Fangke")	福建房客網絡科技股份有限公司(「福建房客」)	14,868	14,401
Others	其他	(2,188)	(6,432)
		12,680	7,969

Summarised financial information on a subsidiary with material non-controlling interests
Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheets for Fujian Fangke

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current:	流動：		
Assets	資產	28,951	27,172
Liabilities	負債	(4,030)	(3,267)
Net current assets	流動資產淨值	24,921	23,905
Non-current:	非流動：		
Assets	資產	5,423	5,486
Net assets	資產淨值	30,344	29,391

17 附屬公司 (續)

(a) 重大非控股權益

擁有重大非控股權益的附屬公司的財務資料概要

下文載列擁有對本集團而言屬重大的非控股權益的各附屬公司的財務資料概要。

福建房客的資產負債表概要

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarised statements of comprehensive income
for Fujian Fangke

17 附屬公司 (續)

(a) 重大非控股權益 (續)

福建房客的全面收益表概要

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益	29,929	31,103
Profit before income tax	除所得稅前溢利	1,287	2,807
Income tax expense	所得稅開支	(335)	(713)
Profit for the year	年內溢利	952	2,094
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總額	<u>952</u>	<u>2,094</u>
Total comprehensive income allocated to non-controlling interests	分配至非控股權益的全面收益總額	466	1,026
Dividends paid to non-controlling interests	已付非控股權益的股息	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

17 SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarised cash flow statements for Fujian Fangke

17 附屬公司 (續)

(a) 重大非控股權益 (續)

福建房客的現金流量表概要

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動所得現金流量		
Cash (used in)/generated from operations	經營業務(所用)/所得現金	(2,896)	639
Interest received	已收利息	44	7
Income tax paid	已付所得稅	(588)	(28)
Net cash (used in)/generated from operating activities	經營活動(所用)/所得現金淨額	(3,440)	618
Net cash used in investing activities	投資活動所用現金淨額	(73)	(346)
Net cash used in financing activities	融資活動所用現金淨額	-	(688)
Net decrease in cash and cash equivalents	現金及現金等值項目減少淨額	(3,513)	(416)
Cash and cash equivalents at beginning of year	年初的現金及現金等值項目	6,847	7,263
Cash and cash equivalents at end of year	年末的現金及現金等值項目	3,334	6,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

18 DEFERRED INCOME TAX

The analysis of deferred income tax liabilities is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Deferred income tax liabilities	遞延所得稅負債		
– to be reversed after more than 12 months	– 將於超過12個月後撥回	50,861	–
– to be reversed within 12 months	– 將於12個月內撥回	862	120
		51,723	120

18 遞延所得稅

遞延所得稅負債的分析如下：

The movements on the deferred income tax liabilities are as follows:

遞延所得稅負債變動如下：

		Intangible assets 無形資產	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	120	240
Acquisition of subsidiaries (Note 33)	收購附屬公司(附註33)	52,571	–
Recognised in the consolidated statement of comprehensive income (Note 27)	於合併全面收益表內確認(附註27)	(968)	(120)
At 31 December	於十二月三十一日	51,723	120

No deferred income tax asset has been recognised in respect of estimated tax losses of RMB108,285,000 as at 31 December 2018 (2017: RMB111,547,000) as it is not probable that the relevant subsidiaries of the Group will generate taxable profit to utilise the tax losses in the foreseeable future. Such tax losses have an expiry period of five years.

於二零一八年十二月三十一日，由於本集團相關附屬公司並不可能會產生應課稅溢利以於可見將來利用稅項虧損，因此並無就人民幣108,285,000元（二零一七年：人民幣111,547,000元）的估計稅項虧損確認遞延所得稅資產。該等稅項虧損的屆滿期間為五年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

19 貿易應付款項、其他應付款項及應計開支

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables	貿易應付款項	4,597	4,513
Other payables and accrued expenses:	其他應付款項及應計開支：		
Accrued utility expenses and other liabilities	應計公共設施開支 及其他負債	3,026	3,495
Accrued salaries and welfare	應計薪金及福利	7,436	5,675
Value added tax and other taxes payable	增值稅及其他應付稅項	3,886	3,716
Other payables	其他應付款項	9,830	10,517
Deposits from customers	來自客戶的按金	1,317	816
Receipt in advance	預先收取的款項	-	6,245
Contract liabilities (Note 5)	合約負債(附註5)	5,649	-
Provision for an onerous operating lease	虧損性經營租賃之虧損撥備	2,902	-
		<u>34,046</u>	<u>30,464</u>
		<u>38,643</u>	<u>34,977</u>

Payment terms granted by suppliers are mainly cash on delivery and on credit. The credit periods range from 30 days to 365 days after end of the month in which the relevant purchase occurred.

供應商給予的付款條款主要為貨到付現及以記賬方式付款。信貸期由作出相關採購當月結束起計介乎30日至365日不等。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

The aging analysis of the trade payables based on the invoice date is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
1 – 30 days	1至30日	641	547
31 – 90 days	31至90日	406	598
Over 90 days	90日以上	3,550	3,368
		4,597	4,513

The carrying amounts of the Group's trade payables are all denominated in RMB.

19 貿易應付款項、其他應付款項及應計開支(續)

貿易應付款項根據發票日期的賬齡分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
1 – 30 days	1至30日	641	547
31 – 90 days	31至90日	406	598
Over 90 days	90日以上	3,550	3,368
		4,597	4,513

本集團貿易應付款項的賬面值全部以人民幣計值。

20 BORROWINGS

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Secured bank borrowings – current (Note (i))	有擔保銀行借款 — 即期(附註(i))	6,877	9,113
Other borrowing – current (Note (ii))	其他借款—即期(附註(ii))	1,500	—
		8,377	9,113

20 借款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

20 BORROWINGS (Continued)

Note (i):

The maturity of the bank borrowings based on scheduled repayment dates set out in the loan agreements and excluding the repayment on demand clause is as follows:

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 year	一年內	2,229	2,229
Between 1 and 2 years	一至兩年	2,230	2,230
Between 2 and 5 years	兩至五年	2,418	4,654
		6,877	9,113

As at 31 December 2018, the mortgage loans were classified as current liabilities due to the related loan agreements containing a repayment on demand clause which gives the bank unconditional right to call the loans at any time.

The mortgage loans are secured by the ownership rights of the properties and the personal guarantee of Zheng Bai Ling and Zhang Hui, a key management and the spouse of a key management of a subsidiary of the Group.

The mortgage terms are 7 years and are denominated in RMB. The mortgage loans are carried at quarterly adjusted floating interest rate of 1.15 times the benchmark loan interest rate as prescribed by the People's Bank of China for loans of a similar length. The effective interest rate for the year is 7.15% (2017: 5.71%) per annum.

Note (ii):

As at 31 December 2018, the balance is unsecured, carries an interest rate at 6% per annum with a term of 2 years, and is repayable on demand. The balance is denominated in RMB.

20 借款 (續)

附註(i):

按照貸款協議所載預定還款日期，並撇除應要求償還條款，上述銀行借款的到期日如下：

	2018	2017
	二零一八年	二零一七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Within 1 year	2,229	2,229
Between 1 and 2 years	2,230	2,230
Between 2 and 5 years	2,418	4,654
	6,877	9,113

於二零一八年十二月三十一日，由於該等按揭貸款的相關貸款協議載有應要求償還條款，賦予銀行無條件權利隨時追收貸款，故該等按揭貸款分類為流動負債。

按揭貸款以該物業的所有權以及本集團一家附屬公司的主要管理人員鄭柏齡和主要管理人員的配偶張輝提供的個人擔保作抵押。

按揭年期為7年，以人民幣計值。該等按揭貸款按浮息計息，有關利息為中國人民銀行就類似年期貸款規定的基準貸款利率的1.15倍，每季調整。年內實際年利率為7.15厘（二零一七年：5.71厘）。

附註(ii):

於二零一八年十二月三十一日，結餘為無抵押，按年利率6厘計息，為期兩年，須按要求償還。結餘以人民幣計值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

21 PROMISSORY NOTES

On 8 May 2018, promissory notes with principal amount of HK\$100,000,000 was issued by the Company, which carries interest at 5.5% per annum and repayable on the third anniversary of the date of issue, to the sellers of Supreme Glory Limited to satisfy part of the consideration for the acquisition (Note 33). The fair value of the promissory notes amounted to approximately HK\$88,740,000 (equivalent to approximately RMB71,982,000) on 8 May 2018 and was estimated by discounted cash flow model. The fair value estimates are based on discounted rate of 9.1% to 10.2% (depending on the time to the expected coupon or principal payment) with reference to yield-to-maturity of similar bonds in the market which is a level 3 fair value measurement in the fair value hierarchy.

During the year ended 31 December 2018, interest payable of approximately RMB5,096,000 was charged to “finance costs” (31 December 2017: Nil). For the year ended 31 December 2018, the effective interest rate of the promissory notes is 10.7%.

The carrying amounts of the promissory notes are as follows:

21 承兌票據

於二零一八年五月八日，本公司發行本金額為100,000,000港元之承兌票據，其按5.5厘的年利率計息，並須於發行日期起計三週年屆滿時向卓耀有限公司賣方償付，以支付收購事項之部分代價（附註33）。承兌票據於二零一八年五月八日之公允值約為88,740,000港元（相等於約人民幣71,982,000元）及按折現現金流模式予以估計。公允值估計乃基於9.1%至10.2%（視乎支付預期息率或本金的時間）的折現率，並參考市場上類似債券之到期收益率，其屬於公允值架構等級的第三級公允值計量。

截至二零一八年十二月三十一日止年度，為數約人民幣5,096,000元之應付利息計入「財務成本」（二零一七年十二月三十一日：無）。截至二零一八年十二月三十一日止年度，承兌票據的實際利率為10.7%。

承兌票據的賬面值如下：

	As at 31 December 2018 於二零一八年 十二月 三十一日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月 三十一日 RMB'000 人民幣千元
Promissory notes	81,552	-
	承兌票據	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

22 OTHER INCOME

22 其他收入

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Other income:	其他收入：		
Compensation income	補償收入	472	-
Government grants (Note a)	政府補助(附註a)	339	554
Sundry income	雜項收入	106	33
		917	587

Note

(a) The Group obtained and recognised as income government grants of RMB339,000 (2017: RMB554,000) from the Fujian government authority for the year ended 31 December 2018.

附註

(a) 截至二零一八年十二月三十一日止年度，本集團已確認從福建政府機關收取的政府補助人民幣339,000元(二零一七年：人民幣554,000元)為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

23 EXPENSES BY NATURE

Loss before income tax is stated after charging/(crediting) the following:

23 按性質劃分的開支

除所得稅前虧損經扣除／(計入)以下項目後入賬：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of newspaper advertising	報紙廣告成本		
– Media costs	– 媒體成本	2,879	4,008
Cost of printing services:	印刷服務成本：		
– Raw materials	– 原材料	3,621	2,018
– Other costs	– 其他成本	507	435
Depreciation (Note 7)	折舊(附註7)	4,284	5,394
Amortisation (Note 8)	攤銷(附註8)	4,129	488
Auditor's remuneration	核數師薪金		
– Audit services	– 審核服務	3,437	3,675
– Non-audit services	– 非審核服務	1,142	–
Operating lease charges in respect of land and buildings	有關土地及樓宇的經營租賃收費	8,403	13,318
Net loss on disposal of property, plant and equipment (Note 30(b))	出售物業、廠房及設備的虧損淨額(附註30(b))	–	222
Gain on disposals of properties held for sale	出售持作出售物業的收益	(193)	(753)
Provision for impairment of trade receivables, net of trade receivables written back (Note 13)	貿易應收款項減值撥備，扣除貿易應收款項撥回(附註13)	(607)	(293)
Provision for impairment of contract assets	合約資產減值撥備	25	–
Provision for impairment of property, plant and equipment (Note 7)	物業、廠房及設備減值撥備(附註7)	3,029	–
Provision for an onerous operating lease	虧損性經營租賃之虧損撥備	8,958	–
Provision for impairment of properties held for sale (Note 11)	持作出售物業減值撥備(附註11)	4,252	–
Legal and professional fee	法律及專業費用	13,266	3,395
Net foreign exchange losses	外匯虧損淨額	6,328	11,584
Employee benefit expenses (including directors' emoluments) (Note 24)	僱員福利開支(包括董事酬金)(附註24)	46,099	43,531
Business tax	營業稅	1,471	437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

24 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

24 僱員福利開支（包括董事酬金）

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other allowances	薪金及其他補貼	43,512	41,382
Defined contribution plan	界定供款計劃	128	239
Social security costs	社保費用	1,559	1,206
Retirement scheme contribution	退休計劃供款	900	704
		46,099	43,531

(a) Five highest paid individuals

For the year ended 31 December 2018, the five individuals whose emoluments were the highest in the Group included 3 directors (2017: 3 directors), whose emoluments were reflected in the analysis presented above and Note 38. The emoluments paid/payable to the remaining 2 (2017: 2 individuals) individuals during the year ended 31 December 2018 were as follows:

(a) 五名最高薪人士

截至二零一八年十二月三十一日止年度，本集團五名最高薪人士包括三名（二零一七年：三名）董事，彼等的酬金在上文及附註38所呈列的分析中反映。於截至二零一八年十二月三十一日止年度，已付／應付餘下兩名（二零一七年：兩名）人士的酬金如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other allowances	薪金及其他補貼	1,111	1,394
Defined contribution plan	界定供款計劃	23	49
		1,134	1,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

24 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Five highest paid individuals (Continued)

For the years ended 31 December 2018 and 2017, the emoluments of the highest paid individuals of the Group fall within the following bands:

		Number of individuals 人數	
		2018 二零一八年	2017 二零一七年
Nil to HK\$500,000	0港元至500,000港元	1	–
HK\$500,001 to HK\$1,000,000	500,001港元至 1,000,000港元	1	2
		<u>2</u>	<u>2</u>

25 RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The total contributions incurred in this connection for the year ended 31 December 2018 were approximately RMB900,000 (2017: RMB704,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

24 僱員福利開支(包括董事酬金)(續)

(a) 五名最高薪人士(續)

截至二零一八年及二零一七年十二月三十一日止年度，本集團最高薪人士的酬金介乎下列幅度：

25 退休福利計劃

本集團在中國成立的附屬公司的僱員為地方市政府所營辦的中央退休金計劃的成員。有關附屬公司須按僱員基本薪金及工資的若干百分比向中央退休金計劃供款，以撥付退休福利。地方市政府承諾承擔有關附屬公司的所有現有及未來退休僱員的退休福利責任。有關附屬公司就中央退休金計劃的唯一責任乃根據計劃作出所規定的供款。

截至二零一八年十二月三十一日止年度，就此產生的供款總額約為人民幣900,000元(二零一七年：人民幣704,000元)。概無沒收供款可用作減少未來年度本集團應付供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

26 FINANCE (COSTS)/INCOME – NET

26 財務(成本)／收入－淨額

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Finance income:	財務收入：		
Interest income on short-term bank deposits	短期銀行存款的利息收入	111	430
Interest income on available-for-sale financial asset	可供出售金融資產的利息收入	—	2,951
Total finance income	財務收入總額	<u>111</u>	<u>3,381</u>
Finance costs:	財務成本：		
Interest expense on bank borrowings	銀行借款之利息開支	(459)	(585)
Less: amounts capitalised on qualifying assets (Note 9(i))	減：就合資格資產撥充資本的金額(附註9(i))	356	585
		<u>(103)</u>	—
Interest expense on promissory notes	承兌票據利息開支	(5,096)	—
Interest on loans from a related party	關聯方貸款利息	(2,061)	—
Total finance costs	財務成本總額	<u>(7,260)</u>	<u>—</u>
Finance (costs)/income – net	財務(成本)／收入－淨額	<u>(7,149)</u>	<u>3,381</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

27 INCOME TAX EXPENSE

27 所得稅開支

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current income tax expense	即期所得稅開支		
Mainland China enterprise income tax	中國大陸企業所得稅		
– Current tax expense	– 即期稅項開支	1,673	833
		1,673	833
Deferred income tax credit	遞延所得稅抵免	(968)	(120)
		705	713

The Group has no assessable income arising in or derived from Hong Kong during the years ended 31 December 2018 and 2017.

本集團於截至二零一八年及二零一七年十二月三十一日止年度並未於香港產生或獲得應課稅收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

27 INCOME TAX EXPENSE (Continued)

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

27 所得稅開支 (續)

本集團除所得稅前虧損的稅項與採用適用於各個司法權區的合併實體溢利的加權平均稅率所計算理論金額之間的差額如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Loss before income tax	除所得稅前虧損	<u>(163,892)</u>	<u>(55,618)</u>
Tax calculated at domestic rates applicable to profits of the entities in the respective jurisdictions	按適用於各個司法權區實體溢利的地方稅率計算的稅項	(29,149)	(10,263)
Tax effects of:	以下項目的稅項影響：		
Income not subject to tax	毋須繳稅收入	(5)	(841)
Expenses not deductible for tax purposes	不可扣稅開支	25,268	8,922
Tax losses for which no deferred income tax asset was recognised	未確認遞延所得稅資產的稅項虧損	4,853	3,408
Utilisation of previously unrecognised tax losses	動用之前未確認的稅項虧損	(262)	(513)
		<u>705</u>	<u>713</u>

The weighted average applicable tax rate was 17.8% (2017: 18.5%). The decrease is mainly caused by certain subsidiaries in Hong Kong which were entitled to lower applicable tax rate.

加權平均適用稅率為17.8% (二零一七年：18.5%)。稅率下跌主要由於若干享有香港註冊的附屬公司較低適用稅率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

28 LOSS PER SHARE

(a) Basic

Basic loss per share for the years is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

		2018 二零一八年	2017 二零一七年 (Restated) (經重列)
Loss attributable to owners of the Company (RMB'000)	本公司所有者應佔虧損 (人民幣千元)	(164,403)	(56,493)
Weight average number of shares in issue, including bonus element (thousands)	已發行股份加權平均數 (包括紅利元素)(千股)	2,080,163	1,448,330
Basic loss per share (RMB per share)	每股基本虧損 (每股人民幣)	(0.0790)	(0.0390)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares during the year ended 31 December 2018 (2017: same).

29 DIVIDEND

No dividend has been declared by the Company since its incorporation.

28 每股虧損

(a) 基本

年內的每股基本虧損乃按本公司所有者應佔虧損除以年內已發行普通股加權平均數計算。

(b) 攤薄

每股攤薄虧損乃按調整發行在外普通股的加權平均數以假設所有具潛在攤薄影響的普通股獲兌換計算。截至二零一八年十二月三十一日止年度，本公司並無具潛在攤薄影響的普通股(二零一七年：相同)。

29 股息

本公司自註冊成立以來概無宣派任何股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

30 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash used in operations

30 現金流量表附註

(a) 經營業務所用現金

			2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註			
Loss before income tax		除所得稅前虧損	(163,892)	(55,618)
Adjustments for:		就下列各項作出調整：		
Depreciation	7	折舊	4,284	5,394
Amortisation	8	攤銷	4,129	488
Net loss on disposal of property, plant and equipment	23	出售物業、廠房及設備的虧損淨額	-	222
Net gain on disposal of properties held for sale	23	出售持作出售物業的收益淨額	(193)	-
Net reversal of for impairment of trade receivables	23	貿易應收款項減值撥備撥回淨額	(607)	(293)
Provision for impairment of contract assets	23	合約資產減值撥備	25	-
Provision for impairment of properties held for sale	23	持作出售物業減值撥備	4,252	-
Provision for impairment of property, plant and equipment	23	物業、廠房及設備減值撥備	3,029	-
Provision for an onerous operating lease	23	有關虧損性經營租賃之虧損撥備	8,958	-
Foreign exchange losses on operating activities	23	經營活動的外匯虧損	6,328	11,584
Finance income	26	財務收入	(111)	(3,381)
Finance costs	26	財務成本	7,260	-
Net fair value loss on financial assets at fair value through profit or loss		公允值經損益表入賬的金融資產的公允值虧損淨額	84,498	-
Share of losses of an associate		應佔聯營公司虧損	165	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

30 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(a) Cash used in operations (Continued)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註		
Changes in working capital:	營運資金變動：		
- Trade receivables	- 貿易應收款項	31	9,977
- Contract assets	- 合約資產	(1,224)	-
- Inventories	- 存貨	(196)	(312)
- Prepayments, deposits and other receivables	- 預付款項、按金及其他應收款項	(2,400)	(747)
- Amounts due from related parties	- 應收關連人士款項	(80)	(448)
- Trade payables	- 貿易應付款項	84	343
- Other payables and accrued expenses	- 其他應付款項及應計開支	(5,397)	(1,294)
- Amounts due to related parties	- 應付關連人士款項	(6,366)	(419)
Cash used in operations	經營業務所用現金	(57,423)	(34,504)

(b) Disposal of property, plant and equipment

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net carrying amount (Note 7)	賬面淨額(附註7)	11	571
Net loss on disposal of property, plant and equipment (Note 23)	出售物業、廠房及設備的虧損淨額(附註23)	-	(222)
Cash consideration from disposal of property, plant and equipment	出售物業、廠房及設備的現金代價	11	349

30 現金流量表附註(續)

(a) 經營業務所用現金(續)

(b) 出售物業、廠房及設備

合併現金流量表中出售物業、廠房及設備的所得款項包括：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

30 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Non-cash transactions

For the year ended 31 December 2018, the principal non-cash transaction are:

- Transfer of properties held for sale to property, plant and equipment (Note 7)
- Utilisation of prepayment to addition of property, plant and equipment (Note 9(i))
- Utilisation of prepayment to addition of intangible assets (Note 9(iii))

(d) Net debt reconciliation

The following section sets out an analysis of net debt and the movements in net debt for each of the years presented.

30 現金流量表附註 (續)

(c) 非現金交易

截至二零一八年十二月三十一日止年度，主要非現金交易為：

- 轉移持作出售物業至物業、廠房及設備 (附註7)
- 動用添置物業、廠房及設備的預付款項 (附註9(i))
- 動用添置無形資產之預付款項 (附註9(iii))

(d) 債務淨額對賬

以下載列債務淨額分析及各呈列年度債務淨額的變動。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net debt	債務淨額		
Cash and cash equivalents (Note 14)	現金及現金等值項目 (附註14)	33,880	60,178
Bank borrowings	銀行借款	(6,877)	(9,113)
Other borrowing	其他借款	(1,500)	-
Promissory notes	承兌票據	(81,552)	-
Loans from a related party	關聯方借款	(87,132)	-
Net debt	債務淨額	(143,181)	51,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

30 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(d) Net debt reconciliation (Continued)

30 現金流量表附註 (續)

(d) 債務淨額對賬 (續)

		Cash and cash equivalents	Bank borrowing	Other borrowing	Promissory notes	Loans from a related party	Total
		現金及現金 等值項目	銀行借款	其他借款	承兌票據	關聯方借款	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Net debt as at 1 January 2017	於二零一七年一月一日						
	的債務淨額	182,833	(11,350)	-	-	-	171,483
Cash flows	現金流量	(115,286)	2,237	-	-	-	(113,049)
Foreign exchange adjustments	外匯調整	(7,369)	-	-	-	-	(7,369)
Net debt as at 31 December 2017	於二零一七年 十二月三十一日						
	的債務淨額	<u>60,178</u>	<u>(9,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,065</u>
Net debt as at 1 January 2018	於二零一八年一月一日						
	的債務淨額	60,178	(9,113)	-	-	-	51,065
Cash flows	現金流量	(27,875)	2,236	(1,500)	(70,598)	(80,113)	(177,850)
Foreign exchange adjustments	外匯調整	1,577	-	-	(5,858)	(4,958)	(9,239)
Other non-cash movements	其他非現金變動	-	-	-	(5,096)	(2,061)	(7,157)
Net debt as at 31 December 2018	於二零一八年 十二月三十一日						
	的債務淨額	<u>33,880</u>	<u>(6,877)</u>	<u>(1,500)</u>	<u>(81,552)</u>	<u>(87,132)</u>	<u>(143,181)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

31 COMMITMENTS

(a) Operating lease commitments – as a lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not later than 1 year	一年以下	5,232	12,952
Later than 1 year and not later than 5 years	一年以上及五年以下	3,870	3,351
		9,102	16,303

Provision for an onerous operating lease of RMB2,902,000 (Note 19) as at 31 December 2018 is made for the abovementioned operating lease commitments.

(b) Operating lease commitments – as a lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not later than 1 year	一年以下	2,000	–
Later than 1 year and not later than 5 years	一年以上及五年以下	6,000	–
		8,000	–

31 承擔

(a) 經營租賃承擔—作為承租人

不可撤銷經營租賃的日後最低租賃付款總額如下：

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not later than 1 year	一年以下	5,232	12,952
Later than 1 year and not later than 5 years	一年以上及五年以下	3,870	3,351
		9,102	16,303

於二零一八年十二月三十一日，本集團就上述經營租賃承擔作出虧損性經營租賃之虧損撥備人民幣2,902,000元（附註19）。

(b) 經營租賃承擔—作為出租人

不可撤銷經營租賃的日後最低租賃付款總額如下：

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not later than 1 year	一年以下	2,000	–
Later than 1 year and not later than 5 years	一年以上及五年以下	6,000	–
		8,000	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

31 COMMITMENTS (Continued)

(c) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	7,930	-

32 RELATED-PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

31 承擔 (續)

(c) 資本承擔

於報告期末已訂約但未確認為負債之重大資本開支如下：

32 關連人士交易

就該等合併財務報表而言，倘某人士有能力在本集團作出財務及經營決策時直接或間接對本集團施加重大影響（反之亦然），該人士即被認為與本集團有關連。關連人士可以為個人（即主要管理人員、主要股東及／或彼等的近親）或其他實體。倘本集團的關連人士為個人，則關連人士亦包括受到關連人士重大影響的實體。倘有關實體受到共同控制，亦被認為是關連人士。

本公司董事認為，該等關連人士交易乃於日常業務過程中按照本集團與各關連人士相互磋商的條款進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

32 RELATED-PARTY TRANSACTIONS (Continued)

- (a) The directors of the Company are of the view that the following companies/individuals were related parties that had transactions or balances with the Group during the year ended 31 December 2018:

Name 名稱／姓名	Relationship with the Group 與本集團的關係
Mr. Tsui Yiu Ming, Siuming 徐耀明(別名:徐小明)先生	Executive director of the Company/Chief Executive Officer of the Group 本公司執行董事／本集團行政總裁
Mr. Chen Zhi 陳志先生	Executive director of the Company 本公司執行董事
Ms. Zheng Shou Ling 鄭守齡女士	Spouse of the Executive director of the Group 本集團執行董事的配偶
Fujian ShiFang Digital Technology Co., Ltd 福建十方數碼技術有限公司	Controlled by the Executive director of the Group 由本集團執行董事控制
Fujian Lanting Network Technology Holding Limited Company 福建蘭庭網路科技股份有限公司	A significant shareholder of a subsidiary of the Group 本集團一家附屬公司的主要股東
TopBig International Development Limited 昇平國際發展有限公司	A company controlled by the Executive Director of the Company 由本公司執行董事控制的一家公司

32 關連人士交易(續)

- (a) 本公司董事認為，以下公司／個人為於截至二零一八年十二月三十一日止年度內與本集團進行交易或存有結餘的關連人士：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

32 RELATED-PARTY TRANSACTIONS (Continued)

(a) The directors of the Company are of the view that the following companies/individuals were related parties that had transactions or balances with the Group during the year ended 31 December 2018:

Name 名稱／姓名	Relationship with the Group 與本集團的關係
Mr. Yu Shi Quan 余詩權先生	Executive director of the Company/Chief Financial Officer of the Group 本公司執行董事／本集團首席財務官
Mr. Chen Wei Dong 陳偉東先生	Non-executive director of the Company 本公司非執行董事
Ms. Chen Min 陳敏女士	Non-executive director of the Company 本公司非執行董事
Liaoning Baixin Media Company Limited 遼寧百信傳媒有限公司	A significant shareholder of a subsidiary of the Group 本集團一家附屬公司的主要股東
Ms. Chan Ching Yi 陳靜儀女士	Key management of the Group 本集團主要管理人員
Ms. Chen Xiao Min 陳小敏女士	Key management of the Group 本集團主要管理人員
Mr. Zheng Bo Ling 鄭柏齡先生	Key management of the Group 本集團主要管理人員
Mr. Cai Jian Quan 蔡建權先生	Independent non-executive director of the Company 本公司獨立非執行董事
Mr. Zhou Chang Ren 周昌仁先生	Independent non-executive director of the Company 本公司獨立非執行董事
Mr. Wong Heung Ming, Henry 黃向明先生	Independent non-executive director of the Company 本公司獨立非執行董事

The above names of certain related parties companies represented the best effort by management of the Company in translating their Chinese names as they do not have official English names.

上列若干關連人士／公司的英文名稱由本公司管理層以其中文名稱盡力翻譯而提供，原因是有關人士／公司並無正式英文名稱。

32 關連人士交易（續）

(a) 本公司董事認為，以下公司／個人為於截至二零一八年十二月三十一日止年度內與本集團進行交易或存有結餘的關連人士：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

32 RELATED-PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties:

In addition to those disclosed elsewhere in the financial statements, the following transactions were undertaken by the Group with related parties during the year ended 31 December 2018:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Key management compensation	主要管理人員薪酬	7,990	8,389
Rental expenses to a related party	向一位關連人士的租金開支	465	465
		8,455	8,854

(c) Balances with related parties

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Amounts due from related parties	應收關連人士款項		
– non-trade	– 非貿易		
A non-controlling shareholder of a subsidiary of the Group	本集團附屬公司的非控股股東	470	470
Key management of the Group	本集團主要管理人員	300	110
Directors of the Group	本集團董事	50	160
		820	740

32 關連人士交易 (續)

(b) 與關連人士進行的交易：

除財務報表其他部分所披露者外，本集團於截至二零一八年十二月三十一日止年度與關連人士進行以下交易：

(c) 與關連人士存有的結餘

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

32 RELATED-PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

As at 31 December 2018 and 2017, the balances are unsecured, interest-free and are repayable on demand.

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Amounts due to directors:	應付董事款項：		
Mr. Chen Zhi	陳志先生	9	9
Mr. Tsui Yiu Ming Siuming	徐耀明（別名：徐小明）先生	263	11
		<u>272</u>	<u>20</u>
Amounts due to related parties:	應付關連人士款項：		
Liaoning Baixin Media Company Limited	遼寧百信傳媒有限公司	127	127
Ms. Zheng Shou Ling	鄭守齡女士	229	325
Fujian ShiFang Digital Technology Co., Ltd	福建十方數碼技術有限公司	-	3
		<u>628</u>	<u>475</u>
Loans from a related party – non-trade (non-current portion)	關聯方貸款 – 非貿易（非流動部分）		
A company controlled by Mr. Chen Zhi	一間由陳志先生控制之公司	<u>87,132</u>	<u>-</u>

(a) Amounts due to directors and related parties

The balance due to a non-controlling shareholder is unsecured, interest-free, with no fixed repayment term and repayable upon mutual agreement between the Group and the directors and related parties.

32 關連人士交易（續）

(c) 與關連人士存有的結餘（續）

於二零一八年及二零一七年十二月三十一日，結餘為無抵押、免息及須應要求償還。

(a) 應付董事及關連人士之款項

應付一名非控股股東的結餘為無抵押、免息及並無固定還款期，並須按本集團與董事及關連人士的相互協議償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

32 RELATED-PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(b) Loans from a related party

The balances are unsecured, carried interest rate at 5% per annum, and are repayable in two years from the drawdown date.

33 BUSINESS COMBINATION

Acquisition of Supreme Glory Limited

On 8 May 2017, the Company entered into an acquisition agreement with the sellers of Supreme Glory Limited, pursuant to which the Group has conditionally agreed to acquire the entire equity interest in Supreme Glory Limited to be satisfied by the followings:

- (i) Cash consideration of HK\$102,500,000 (equivalent to approximately RMB83,144,000) including HK\$34,000,000 (equivalent to approximately RMB27,579,000) refundable deposit and remaining cash consideration of HK\$68,500,000 (equivalent to approximately RMB55,565,000);
- (ii) Promissory notes in principal amount of HK\$100,000,000 (equivalent to approximately RMB81,160,000) issued by the Company, which carries interest at 5.5% per annum and repayable on the third anniversary of the date of issue; and
- (iii) 550,000,000 ordinary shares of the Company.

32 關連人士交易 (續)

(c) 與關連人士存有的結餘 (續)

(b) 關聯方貸款

該等結餘為無抵押，按年利率5%計息，須自提取日期起計兩年內償還。

33 業務合併

收購卓耀有限公司

於二零一七年五月八日，本公司與卓耀有限公司之賣方訂立收購協議，據此，本集團有條件同意收購卓耀有限公司的全部股權，將按以下方式支付：

- (i) 現金代價102,500,000港元（相等於約人民幣83,144,000元），包括可退還按金34,000,000港元（相等於約人民幣27,579,000元）及餘下現金代價68,500,000港元（相等於約人民幣55,565,000元）；
- (ii) 本公司發行之本金額為100,000,000港元（相等於約人民幣81,160,000元）之承兌票據，有關承兌票據按5.5%的年利率計息，並須於發行日期起計三週年屆滿時償付；及
- (iii) 本公司550,000,000股普通股。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

33 BUSINESS COMBINATION (Continued)

Acquisition of Supreme Glory Limited (Continued)

On 8 May 2018, all the conditions precedent under the acquisition agreement have been fulfilled and the entire equity interest of Supreme Glory Limited has been transferred to the Company. The acquisition has been completed on the same day, which the Group has acquired the control over Supreme Glory Limited as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect its variable returns.

Goodwill of approximately RMB66,058,000 arose from the acquisition as the purchase consideration included amounts in relation to the benefit of management expertise of Supreme Glory Limited, eight signed cooperative agreements and one cooperative agreements that are in negotiation process, which cannot be recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purpose.

33 業務合併 (續)

收購卓耀有限公司 (續)

於二零一八年五月八日，收購協議項下的所有先決條件已獲達成，且卓耀有限公司的全部股權已轉讓予本公司。收購事項已於同日完成，本集團取得對卓耀有限公司的控制權，原因為本集團之現有權利賦予其目前掌控相關業務（即大幅影響其可變回報之業務）之能力。

收購事項所產生作為購買代價的商譽約人民幣66,058,000元包括與卓耀有限公司的管理專長、已簽立的八份合作協議及正在磋商的一份合作協議利益有關的款項，而有關款項無法與商譽分開確認，原因是彼等並不符合可識別無形資產的確認標準。概無已確認的商譽預期可用作扣除所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

33 BUSINESS COMBINATION (Continued)

Acquisition of Supreme Glory Limited (Continued)

The following table summarises the consideration paid and the fair value of the assets acquired and liabilities assumed recognised at the acquisition date:

33 業務合併 (續)

收購卓耀有限公司 (續)

下表概述已付代價及於收購日期確認的所收購資產及所承擔負債的公允值：

As at 8 May 2018	於二零一八年五月八日	HKD'000 千港元	RMB'000 人民幣千元
Consideration:	代價：		
– Cash deposit	– 現金按金	34,000	27,579
– Remaining cash consideration	– 餘下現金代價	68,500	55,565
– Fair value of the promissory notes (Note 21)	– 承兌票據之公允值 (附註21)	87,034	70,598
– Fair value of the consideration shares (Note 15)	– 代價股份之公允值 (附註15)	85,800	69,597
Fair value of consideration as at 8 May 2018	於二零一八年五月八日 代價之公允值		223,339
Recognised amounts of identifiable assets acquired and liabilities assumed:	所收購可識別資產及 所承擔負債的已確認金額：		
– Property, plant and equipment	– 物業、廠房及設備		16,900
– Right to a land lease	– 土地租賃權		193,439
– Financial asset at fair value through profit or loss (Note 12)	– 公允值經損益表入賬 的金融資產(附註12)		5,945
– Cash and cash equivalent	– 現金及現金等值項目		14
– Prepayments	– 預付款項		84
– Accruals and other payables	– 應計費用及其他應付款項		(11)
– Amount due to a related party	– 應付一名關連人士款項		(6,519)
– Deferred income tax liabilities	– 遞延所得稅負債		(52,571)
Total identifiable net assets	可識別資產淨值總額		157,281
Goodwill	商譽		66,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

33 BUSINESS COMBINATION (Continued)

Acquisition of Supreme Glory Limited (Continued)

33 業務合併 (續)

收購卓耀有限公司 (續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash consideration:	現金代價：		
– Cash deposit	– 現金按金	–	29,945
– Remaining cash consideration	– 餘下現金代價	55,565	–
Cash and cash equivalent in subsidiaries acquired	所收購附屬公司的現金及現金等值項目	(14)	–
Net outflow of cash and cash equivalents included in cash flows from investing activity	計入投資活動所得現金流量之現金及現金等值項目流出淨額	55,551	29,945

For the acquired businesses, management engaged an independent valuer in assisting the valuation of the identifiable assets and liabilities as at the acquisition date.

The acquired businesses contributed revenue of RMB6,388,000 and net profit of RMB1,404,000 recognised in the consolidated statement of comprehensive income for the period from 8 May 2018 to 31 December 2018.

Had Supreme Glory Limited been consolidated from 1 January 2018, the consolidated statement of comprehensive income for the year ended 31 December 2018 would show pro-forma loss for the year of RMB165,786,000.

就所收購業務而言，管理層委聘獨立估值師，以協助評估可識別資產及負債於收購日期的估值。

自二零一八年五月八日起直至二零一八年十二月三十一日期間，所收購業務貢獻收益人民幣6,388,000元及淨溢利人民幣1,404,000元，於合併全面收益表內確認。

倘卓耀有限公司自二零一八年一月一日起綜合入賬，則截至二零一八年十二月三十一日止年度的合併全面收益表將錄得年內備考虧損人民幣165,786,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

34 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 9 Oct 2018, an indirectly wholly owned subsidiary of the Group entered into an acquisition agreement with an independent third party for the acquisition of 82% equity interest in Fuzhou Niaoyulin Youle Company Limited for a consideration of RMB\$4,100,000. The acquisition was completed on 30 October 2018.

In the opinion of the directors of the Company, the acquisition did not constitute a business in substance. Therefore, the acquisition was determined to be acquisitions of assets through acquisition of a subsidiary rather than a business combination.

The following table summarises the consideration paid and the assets acquired at the acquisition date:

34 透過收購一間附屬公司收購資產

於二零一八年十月九日，本集團間接全資附屬公司與獨立第三方訂立收購協議，以收購福州鳥語林遊樂有限公司82%的股權，代價為人民幣4,100,000元。該收購事項於二零一八年十月三十日完成。

本公司董事認為，收購事項實質上並不構成一項業務。因此，該收購事項乃確定為透過收購一家附屬公司收購資產，而非業務合併。

下表概述於收購日期已付代價及所收購資產：

		2018 二零一八年 RMB'000 人民幣千元
Consideration:	代價：	
– Cash consideration	– 現金代價	4,100
Recognised amounts of identifiable assets acquired:	所收購可識別資產的已確認金額：	
Property, plant and equipment	物業、廠房及設備	5,000
Net identifiable net assets acquired	所收購可識別淨資產淨額	5,000
Less: Non-controlling interests	減：非控股權益	(900)
Net assets acquired	所收購淨資產	4,100
		2018 二零一八年 RMB'000 人民幣千元
Cash consideration	現金代價：	4,100
Less: Cash and cash equivalent in the subsidiary acquired	減：所收購附屬公司的現金及現金等值項目	–
Net outflow of cash and cash equivalents included in cash flows from investing activity	計入投資活動所得現金流量之現金及現金等值項目流出淨額	4,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35 CONTINGENT LIABILITIES

The Group follows the guidance of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” to determine when should contingent liabilities be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group’s control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group’s financial position.

The Group reviews for any significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsel, and the management’s intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the year and the financial position.

As at 31 December 2018 and 2017, the Group had no material contingent liabilities.

36 SUBSEQUENT EVENTS

- (i) On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the “Subscriber”), a company wholly-owned by Mr. Chen Zhi, the Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the 3% convertible bonds (the “Convertible Bonds”) in the aggregate principal amount of HK\$250,000,000 (equivalent to RMB215,750,000).

35 或有負債

本集團遵照國際會計準則第37號「撥備、或有負債及或有資產」的指引釐定應何時確認或有負債，而確認時須作出重大判斷。

當有可能產生義務，惟其存在與否須透過非本集團所能控制的未來事件確定；或當不可能計算義務所涉金額，即會披露或有負債。任何目前未有確認或披露的或有負債一旦實現，均可能對本集團的財務狀況造成重大影響。

本集團會審閱任何重大的待決訴訟，以評估是否有需要計提撥備。所考慮的因素包括訴訟的性質、損害賠償的法律程序及潛在水平、法律顧問的意見及見解以及管理層對回應訴訟的意向。倘估計及判決不能反映實際結果，則可能嚴重影響年內業績及財務狀況。

於二零一八年及二零一七年十二月三十一日，本集團並無重大或然負債。

36 報告期後事項

- (i) 於二零一九年一月二十四日，本公司與昇平國際發展有限公司（「認購人」）（由本公司執行董事及股東陳志先生全資擁有之公司）訂立可換股債券認購協議，據此，本公司有條件同意發行而認購人有條件同意認購本金總額為250,000,000港元（相當於人民幣215,750,000元）的按利率3厘計息的可換股債券（「可換股債券」）。

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合併財務報表附註

36 SUBSEQUENT EVENTS (Continued)

(i) (Continued)

The initial conversion price of the Convertible Bonds is HK\$0.24 per conversion share following the Capital Reorganisation (equivalent to HK\$0.06 per share prior to the Capital Reorganisation) subject to adjustment. The Convertible Bond matures at the day falling on the third anniversary of the date of issue of the convertible bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on maturity date.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$0.24 per conversion following the Capital Reorganisation, the Convertible Bonds will be convertible into up to 1,041,666,666 shares (on the basis of the consolidated shares after the Capital Reorganisation becoming effective).

The Convertible Bonds and the new Shares to be issued upon conversion of the Convertible Bonds (The "Conversion Shares") shall be allotted and issued by the Company pursuant to the specific mandate granted by the independent shareholders of the Company to the Directors at the extraordinary general meeting of the Company held on 8 March 2019.

(ii) On 15 November 2018, a 60%-owned subsidiary of the Group entered into a sale and purchase agreement with certain sellers to acquire 71.43% equity interest in Zhang Ping Nong Bo Hui New Specialized Farmers' Cooperative (the "Target Company") at a consideration of RMB3,000,000. The conditions precedent to the acquisition are not fully fulfilled and the acquisition has not been completed as at 31 December 2018 and up to the date of this report.

36 報告期後事項 (續)

(i) (續)

可換股債券之初步換股價於股本重組後為每股換股股份0.24港元(相當於股本重組前每股0.06港元)(可予調整)。可換股債券到期日為發行可換股債券之日起計滿三週年當日，而可換股期間涵蓋發行可換股債券當日起至到期日止期間。

假設可換股債券按股本重組後初步換股價每股換股股份0.24港元獲悉數轉換，可換股債券將轉換為最多1,041,666,666股股份(以股本重組生效後之合併股份為基準)。

可換股債券及可換股債券獲轉換後將予發行之新股(「可換股股份」)將由本公司根據其獨立股東於本公司在二零一九年三月八日舉行之股東特別大會上向董事授出之特別授權配發及發行。

(ii) 於二零一八年十一月十五日，本集團擁有60%權益的附屬公司與若干賣方訂立買賣協議，以收購漳平農博滙現代農業專業合作社(「目標公司」)71.43%的股權，代價為人民幣3,000,000元。於二零一八年十二月三十一日及直至本報告日期，收購事項之先決條件尚未悉數達成且該收購事項尚未完成。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

36 SUBSEQUENT EVENTS (Continued)

- (iii) On 1 February 2019, the Board of Directors proposed to implement a capital reorganisation (“Capital Reorganisation”) which involves:
- (a) the share consolidation of every four issued and unissued existing shares of HK\$0.10 each into one consolidated share of HK\$0.40 each;
 - (b) the capital reduction such that the nominal value of each issued consolidated share be reduced from HK\$0.40 to HK\$0.01; and
 - (c) the share subdivision of each unissued consolidated share of HK\$0.40 each into forty new shares of HK\$0.01 each.

The Capital Reorganisation is subject to the fulfilment of conditions, and the expected effective date of the Capital Reorganisation is 10 April 2019. Upon completion of the Capital Reorganisation (including the four-to-one share consolidation), the weighted average number of shares in issue shall be adjusted for the effect of share consolidation. The calculation of basic and diluted earnings per share for all years presented will also be adjusted retrospectively.

For the purposes of these notes, all references to share numbers and price per share refer to the status of share capital prior to the Capital Reorganisation, unless otherwise stated or the context otherwise requires.

36 報告期後事項 (續)

- (iii) 於二零一九年二月一日，董事會建議進行股本重組（「股本重組」），當中涉及：
- (a) 股份合併，以每四股每股面值0.10港元的已發行及未發行現有股份合併為一股每股面值0.40港元的合併股份；
 - (b) 股本削減，以致每股已發行合併股份的面值由0.40港元削減至0.01港元；及
 - (c) 股份分拆，以每股面值0.40港元的未發行合併股份分拆為四十股每股面值0.01港元的新股份。

股本重組須待條件達成以後方可作實，而股本重組之預期生效日期為二零一九年四月十日。於股本重組（包括每四股合併為一股之股份合併）前，已發行加權平均股份數目已作調整，以反映股本重組。所呈列之所有年度之每股基本及攤薄盈利計算亦將作追溯調整。

就該等附註而言，除另有訂明或文義另有要求者除外，所有有關股份數目及每股價格的提述均指股本重組前之股本狀況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

37 本公司的資產負債表及儲備變動

		Note	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		附註		
ASSETS	資產			
Non-current assets	非流動資產			
Available-for-sale financial asset	可供出售金融資產		–	84,726
Investments in subsidiaries	於附屬公司的投資	17	223,340	–
Deposit for a proposed acquisition	建議收購事項的按金	9(ii)	–	28,315
			223,340	113,041
Current assets	流動資產			
Prepayments and other receivables	預付款項及其他			
	應收款項		118	118
Amounts due from subsidiaries	應收附屬公司款項		110,932	71,070
Amount due from a director	應收一名董事款項		50	160
Cash and cash equivalents	現金及現金等值項目		1,795	27,799
			112,895	99,147
Total assets	總資產		336,235	212,188
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本		191,994	123,919
Share premium	股份溢價		851,682	816,907
Other reserves	其他儲備	a	–	(7,063)
Accumulated deficits	累計虧絀	a	(879,128)	(724,456)
Total equity	權益總額		164,548	209,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

37 本公司的資產負債表及儲備變動(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		Note 附註	
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Promissory notes	承兌票據	81,552	-
Loans from a related party	關聯方借款	87,132	-
		<u>168,684</u>	-
Current liabilities	流動負債		
Other payables	其他應付款項	2,635	2,745
Amounts due to subsidiaries	應付附屬公司款項	139	136
Amount due to a related party	應付一名關連人士款項	229	-
		<u>3,003</u>	<u>2,881</u>
Total liabilities	總負債	<u>171,687</u>	<u>2,881</u>
Total equity and liabilities	權益及負債總額	<u>336,235</u>	<u>212,188</u>

The balance sheet of the Company was approved by the Board of Directors on 28 March 2019 and was signed on its behalf:

本公司的資產負債表經董事會於二零一九年三月二十八日批准，並由下列董事代表董事會簽署：

Siuming Tsui

徐小明

Director

董事

Yu Shi Quan

余詩權

Director

董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note a: Reserve movement of the Company

37 本公司的資產負債表及儲備變動(續)

附註a： 本公司的儲備變動

		Accumulated deficits	Other reserves
		累計虧絀	其他儲備
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	(650,956)	(7,063)
Loss for the year	年內虧損	<u>(73,500)</u>	<u>—</u>
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	(724,456)	(7,063)
Changes in accounting policies (Note 2.2(b))	會計政策之變動(附註2.2(b))	<u>(7,063)</u>	<u>7,063</u>
Restated equity as at 1 January 2018	於二零一八年一月一日 經重列權益	(731,519)	—
Loss for the year	年內虧損	<u>(147,609)</u>	<u>—</u>
At 31 December 2018	於二零一八年十二月三十一日	<u><u>(879,128)</u></u>	<u><u>—</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

38 董事利益及權益 (香港《公司條例》(第622章)第383條·公司(披露董事利益資料)規例(第622G章)及香港上市規則規定的披露)

(A) Directors' and chief executive's emoluments

The remuneration of every directors and the chief executive is set out below:

(A) 董事及行政總裁的酬金

各董事及行政總裁的薪酬載列如下：

For the year ended 31 December 2018:

截至二零一八年十二月三十一日止年度：

		Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking: 就個人擔任(不論是本公司或其附屬公司)董事所提供的服務已付或應收的酬金:								
Name	姓名	Fees RMB'000 人民幣千元	Salary RMB'000 人民幣千元	Discretionary bonuses RMB'000 人民幣千元	Housing allowance RMB'000 人民幣千元	Estimated money value of other benefits RMB'000 人民幣千元	Employer's contribution to a retirement benefit scheme RMB'000 人民幣千元	Remunerations paid or receivable in respect of office as director		Total RMB'000 人民幣千元
								就接受董事 職位已付或 應收的薪酬 RMB'000 人民幣千元	其他服務已付或 應收的酬金 RMB'000 人民幣千元	
Executive directors										
Mr. Chen Zhi	陳志先生	180	1,620	-	-	-	-	-	-	1,800
Mr. Yu Shiquan	余詩權先生	180	720	-	-	36	8	-	-	944
Mr. Tsui Yiu Ming Siuming (CEO)	徐耀明(別名:徐小明) 先生(行政總裁)	217	2,817	-	-	-	165	-	-	3,199
Non-executive directors										
Mr. Chen Wei Dong	陳偉東先生	120	-	-	-	-	-	-	-	120
Ms. Chen Min	陳敏女士	120	-	-	-	-	-	-	-	120
Independent and non-executive directors										
Mr. Zhou Chang Ren	周昌仁先生	120	-	-	-	-	-	-	-	120
Mr. Wong Heung Ming, Henry	黃向明先生	120	-	-	-	-	-	-	-	120
Mr. Cai Jianquan	蔡建權先生	120	-	-	-	-	-	-	-	120

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合併財務報表附註

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(A) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2017:

38 董事利益及權益 (香港《公司條例》(第622章)第383條·公司(披露董事利益資料)規例(第622G章)及香港上市規則規定的披露)(續)

(A) 董事及行政總裁的酬金(續)

截至二零一七年十二月三十一日止年度:

		Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking; 就個人擔任(不論是本公司或其附屬公司)董事所提供的服務已付或應收的酬金:									
Name	姓名	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking		Total
									就董事有關管理本公司或其附屬公司事務所提供的	其他服務已付或應收的酬金	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事										
Mr. Chen Zhi	陳志先生	180	1,620	-	-	-	-	-	-	-	1,800
Mr. Yu Shiquan	余詩權先生	180	720	-	-	36	8	-	-	-	944
Mr. Tsui Yiu Ming Siuming (CEO)	徐耀明(別名:徐小明)先生(行政總裁)	217	2,896	-	-	-	179	-	-	-	3,292
Non-executive directors	非執行董事										
Mr. Chen Wei Dong	陳偉東先生	120	-	-	-	-	-	-	-	-	120
Ms. Chen Min	陳敏女士	120	-	-	-	-	-	-	-	-	120
Independent and non-executive directors	獨立非執行董事										
Mr. Zhou Chang Ren	周昌仁先生	120	-	-	-	-	-	-	-	-	120
Mr. Wong Heung Ming, Henry	黃向明先生	120	-	-	-	-	-	-	-	-	120
Mr. Cai Jianquan	蔡建權先生	120	-	-	-	-	-	-	-	-	120

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38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(B) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2017: Nil).

(C) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2017: Nil).

(D) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2018, the Company did not pay consideration to any third parties for making available directors' services (2017: Nil).

(E) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There is no other loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with all directors of the Company as at 31 December 2018 (2017: Nil).

38 董事利益及權益 (香港《公司條例》(第622章)第383條·公司(披露董事利益資料)規例(第622G章)及香港上市規則規定的披露)(續)

(B) 董事退休福利

年內·概無董事已收取或將收取任何退休福利(二零一七年:無)。

(C) 董事終止僱傭福利

年內·概無董事已收取或將收取任何終止僱傭福利(二零一七年:無)。

(D) 就提供董事服務向第三方支付代價

於截至二零一八年十二月三十一日止年度·本公司概無就提供董事服務向任何第三方支付代價(二零一七年:無)。

(E) 有關以董事·受該等董事控制的法人團體及該等董事的關連實體為受益人的貸款·準貸款及其他交易的資料

於二零一八年十二月三十一日·概無有關以董事·受本公司所有董事控制的法人團體及本公司所有董事的關連實體為受益人的其他貸款·準貸款及其他交易安排(二零一七年:無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(F) Directors' material interests in transactions,
arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

38 董事利益及權益（香港《公司 條例》（第622章）第383條、 公司（披露董事利益資料）規例 （第622G章）及香港上市規則 規定的披露）（續）

(F) 董事於交易、安排或合約的重大
權益

於年末或年內任何時間並無任何由本公司就本集團業務訂立而本公司董事直接或間接擁有重大權益的重大交易、安排或合約存續。

