

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公告全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。



海外監管公告

本公告是由神州數碼控股有限公司*（「本公司」）根據香港聯合交易所有限公司證券上市規則第 13.10B條而作出。

以下附件是本公司依臺灣相關證券法律的規定於二零二零年四月二十八日在臺灣證券交易所股份有限公司網頁刊發的公告。

承董事會命
Digital China Holdings Limited
(神州數碼控股有限公司*)
郭為
主席兼首席執行官

香港，二零二零年四月二十八日

於本公告日期時，董事會由九名董事組成，包括：

執行董事：郭為先生（主席兼首席執行官）及林楊先生（副主席）

非執行董事：余梓平先生及彭晶先生

獨立非執行董事：黃文宗先生、倪虹小姐、劉允博士、嚴曉燕女士及金昌衛先生

網址：www.dcholdings.com

* 僅供識別

(上市公司)神州-DR

外國發行人重大訊息

公司代號	910861
公告序號	2
事實發生日	民國109年4月28日
公司名稱	神州數碼控股有限公司
主旨	神州數碼控股有限公司及子公司2019年度財務報告暨會計師複核報告
發生依外國發行人所屬國及上市地國法令規定應即申報之重大情事	符合條款-第五條第26款 事實發生日:109/4/28 發生事由: 神州數碼控股有限公司(以下稱「本公司」)公告「本公司及子公司2019年度財務報告暨會計師複核報告」,內容請詳其他處附加檔。
其他	910861_2020042802_FIM

神州數碼控股有限公司及子公司
合併財務報表暨會計師複核報告
(上市之台灣存託憑證用外國公司財務報告)
民國一〇八年及一〇七年度

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附 件 一

會計師複核報告

神州數碼控股有限公司 公鑒：

神州數碼控股有限公司及其子公司(以下簡稱「合併公司」)民國一〇八年度及民國一〇七年度之合併財務報表，業經外國其他會計師查核，並於民國一〇九年四月二十五日出具無保留意見之查核報告(詳附件五)。隨附合併公司民國一〇八年度及民國一〇七年度依新臺幣換算之合併資產負債表、合併綜合損益表及合併現金流量表暨其相關資訊，業經本會計師依照「第二上市(櫃)公司財務報告複核要點」，採行必要之複核程序予以複核竣事。由於本會計師並未依照一般公認審計準則查核，故無法對上開財務報告之整體是否允當表達表示意見。

依本會計師之複核結果，第一段所述合併公司民國一〇八年度及民國一〇七年度之合併資產負債表、合併綜合損益表及合併現金流量表暨其相關資訊，並未發現有違反「第二上市(櫃)公司財務報告複核要點」規定而需作重大修正、調整或再補充揭露之情事。

信永中和聯合會計師事務所
會計師：陳光慧陳光
姚毓

姚毓



行政院金融監督管理委員會證券期貨局

核准文號：(107)金管證審字第1070345892號

(107)金管證審字第1070342733號

中華民國一〇九年四月二十七日

附 件 二



神州數碼控股有限公司及子公司
合併財務狀況表
民國一〇八年及一〇七年十二月三十一日

單位：港幣仟元／新台幣仟元
一〇七年十二月三十一日

項目	一〇八年十二月三十一日		一〇七年十二月三十一日	
	港幣	新台幣	港幣	新台幣
非流動資產				
物業、廠房及設備	\$ 1,027,562	\$ 3,968,239	\$ 1,017,356	\$ 3,928,825
投資物業	4,598,840	17,759,800	4,712,932	18,200,401
預付土地租金	--	--	65,035	251,152
商譽	1,887,695	7,289,900	2,057,937	7,947,341
其他無形資產	157,765	609,257	161,520	623,758
於合營企業之權益	185,890	717,870	197,662	763,331
於聯營公司之權益	3,150,086	12,165,002	3,427,004	13,234,404
使用權資產	233,656	902,333	--	--
以公允價值計量且其變動計入其他全面收益的金融資產	408,572	1,577,823	427,293	1,650,120
應收融資租賃款項	2,310	8,921	6,204	23,959
預付款項、按金及其他應收款項	908,780	3,509,526	924,635	3,570,755
遞延稅項資產	173,125	668,574	175,710	678,557
總非流動資產	12,734,281	49,177,245	13,173,288	50,872,603
流動資產				
存貨	1,848,844	7,139,866	1,052,773	4,065,599
在建物業	--	--	250,501	967,385
持作銷售用途的竣工物業	24,722	95,471	23,093	89,180
持有待售資產	565,118	2,182,373	--	--
應收帳款及應收票據	5,362,493	20,708,875	4,889,158	18,880,950
預付款項、按金及其他應收款項	1,499,292	5,789,966	1,224,466	4,728,643
合約資產	527,073	2,035,451	1,151,469	4,446,743
以公允價值計量且其變動計入損益的金融資產	929,091	3,587,964	1,286,340	4,967,588
應收融資租賃款項	54,528	210,577	162,597	627,917
受限制銀行結餘	115,488	445,992	69,617	268,847
現金及現金等價物	1,890,171	7,299,462	2,204,872	8,514,775
總流動資產	12,816,820	49,495,997	12,314,886	47,557,627
流動負債				
應付帳款及應付票據	3,832,793	14,801,480	3,212,562	12,406,272
其他應付款項及預提費用	2,046,205	7,902,034	1,656,352	6,396,500
合約負債	1,396,496	5,392,988	1,612,372	6,226,658
應繳稅項	66,455	256,636	43,625	168,471
附息銀行及其他貸款	3,468,959	13,396,426	3,592,314	13,872,798
租賃負債-流動	103,070	398,036	--	--
總流動負債	10,913,978	42,147,600	10,117,225	39,070,699
流動資產淨值	1,902,842	7,348,397	2,197,661	8,486,928
總資產減流動負債	14,637,123	56,525,642	15,370,949	59,359,531
非流動負債				
附息銀行及其他貸款	1,625,741	6,278,287	2,606,352	10,065,211
遞延稅項負債	350,261	1,352,638	339,004	1,309,166
遞延收入	37,033	143,014	28,897	111,594
租賃負債-非流動	60,616	234,087	--	--
總非流動負債	2,073,651	8,008,026	2,974,253	11,485,971
資產淨值	\$ 12,563,472	\$ 48,517,616	\$ 12,396,696	\$ 47,873,560
權益及儲備				
股本	\$ 167,098	\$ 645,299	\$ 167,726	\$ 647,724
儲備	8,769,325	33,865,380	8,682,617	33,530,530
母公司股東應佔權益	8,936,423	34,510,679	8,850,343	34,178,254
非控股權益	3,627,049	14,006,937	3,546,353	13,695,306
權益總額	\$ 12,563,472	\$ 48,517,616	\$ 12,396,696	\$ 47,873,560

註一：上列財務報表之所有資產、負債及權益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率（HKD\$1：NT\$3.8618）換算。

註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

年度	最高	最低	平均
一〇八	HKD\$1:NT\$4.0361	HKD\$1:NT\$3.8460	HKD\$1:NT\$3.9420
一〇七	HKD\$1:NT\$3.9687	HKD\$1:NT\$3.7063	HKD\$1:NT\$3.8492
一〇六	HKD\$1:NT\$4.1847	HKD\$1:NT\$3.8022	HKD\$1:NT\$3.9088



神州數碼控股有限公司及子公司
合併損益表
民國一〇八年及一〇七年一月一日至十二月三十一日

單位：港幣仟元/新台幣仟元
一〇七年度

項目	一〇八年度		一〇七年度	
	港幣	新台幣	港幣	新台幣
收入	\$ 17,727,420	\$ 68,459,785	\$ 15,254,499	\$ 58,909,824
銷售及服務成本	(14,572,646)	(56,276,644)	(12,345,061)	(47,674,157)
毛利	3,154,783	12,183,141	2,909,438	11,235,667
其他收入及收益	187,720	724,937	431,006	1,664,459
視為出售多間聯營公司部分權益之收益	143,311	553,438	293,083	1,131,828
出售多間聯營公司部分股權之收益	223,739	864,035	—	—
銷售及分銷費用	(1,315,401)	(5,079,816)	(1,387,062)	(5,356,556)
行政費用	(527,781)	(2,038,185)	(526,840)	(2,034,551)
其他費用淨額	(810,709)	(3,130,795)	(1,080,065)	(4,170,995)
融資成本	(227,506)	(878,583)	(215,857)	(833,597)
商譽減值	(201,787)	(779,261)	(220,695)	(852,280)
應佔聯營公司之溢利	(55,895)	(215,855)	60,559	233,867
應佔合營企業之溢利	(23,774)	(91,811)	17,967	69,385
除稅前溢利	546,700	2,111,245	281,534	1,087,227
所得稅費用	(96,524)	(372,756)	(61,064)	(235,816)
本年度溢利	\$ 450,176	\$ 1,738,489	\$ 220,470	\$ 851,411
歸屬於：				
母公司股東權益	\$ 301,844	\$ 1,165,661	\$ 149,587	\$ 577,675
非控股權益	148,332	572,828	70,883	273,736
	<u>\$ 450,176</u>	<u>\$ 1,738,489</u>	<u>\$ 220,470</u>	<u>\$ 851,411</u>
母公司股東應佔每股溢利 (港幣元/新台幣元)				
基本	\$ 0.18	\$ 0.71	\$ 0.09	\$ 0.35
攤薄	\$ 0.18	\$ 0.71	\$ 0.09	\$ 0.35

註一：上列財務報表之所有損益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率 (HKD\$1:NT\$3.8618) 換算。
註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

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一〇八	HKD\$1:NT\$4.0361	HKD\$1:NT\$3.8460	HKD\$1:NT\$3.9420
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一〇六	HKD\$1:NT\$4.1847	HKD\$1:NT\$3.8022	HKD\$1:NT\$3.9088



神州數碼控股有限公司及子公司
合併其他全面收益表
民國一〇八年及一〇七年一月一日至十二月三十一日

單位：港幣仟元／新台幣仟元
一〇七年度

項目	一〇八年度		一〇七年度	
	港幣	新台幣	港幣	新台幣
本年度溢利	\$ 450,176	\$ 1,738,489	\$ 220,470	\$ 851,411
其他全面收益(虧損)				
其後可能重新分類至損益之其他全面收益(虧損)：				
海外業務財務報表換算之匯兌差額	(197,450)	(762,512)	(454,286)	(1,754,362)
應佔聯營公司之其他全面收益	11,269	43,519	42,887	165,621
其後可能重新分類至損益之其他全面收益(虧損)淨額	(186,181)	(718,993)	(411,399)	(1,588,741)
其後不可能重新分類至損益之其他全面收益(虧損)：				
以公允價值計量且其變動計入其他全面收益的金融資產之公允價值淨變動	(3,696)	(14,273)	(772)	(2,981)
物業估值收益	20,597	79,541	2,993	11,558
所得稅影響	(10,814)	(41,762)	(748)	(2,889)
其後不可能重新分類至損益之其他全面收益淨額	6,087	23,506	1,473	5,688
經扣除稅後的本年度其他全面收益(虧損)	(180,094)	(695,487)	(409,926)	(1,583,053)
本年度全面收益(虧損)總額	\$ 270,082	\$ 1,043,002	(\$ 189,456)	(\$ 731,642)
歸屬於：				
母公司股東權益	\$ 184,948	\$ 714,232	(\$ 124,240)	(\$ 479,791)
非控股權益	85,134	328,770	(65,216)	(251,851)
	\$ 270,082	\$ 1,043,002	(\$ 189,456)	(\$ 731,642)

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神州數碼控股有限公司及其子公司
合併權益變動表
民國一〇八年一月一日至十二月三十一日

項目	已發行股本		股份溢價		資本儲備		僱員股票基金		以股份支付權 員之酬金儲備		投資性房地產		其他資產		稅項基金		遞延應收賬項		非控股權益		權益總額	
	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$	\$	NT\$
於民國一〇七年一月一日(重列)	167,726	4,665,095	1,929,976	21,571	480,072	5,459	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
本年溢利	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
金融資產之公允價值變動	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
海外業務財務報表換算之匯兌差額	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
應佔聯營公司之其他全面收益	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
總扣除稅務的物業估值收益	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
未實現全面收益(虧損)總額	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
以股份支付之酬金	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
附屬公司非控股股東之資本支出	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
附屬公司非控股股東減資	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
收購附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
收購附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
出售附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
給予非控股股東之股息支付	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
轉撥至儲備基金	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
於民國一〇七年十二月三十一日	167,726	4,665,095	1,493,117	21,571	480,980	43,078	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
會計政策變動的影響	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
於民國一〇八年一月一日	167,726	4,665,095	1,393,117	21,571	480,980	43,078	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
本年度溢利	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
以公允價值計算且其變動計入其他全面收益的 金融資產之公允價值變動	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
海外業務財務報表換算之匯兌差額	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
應佔聯營公司之其他全面收益	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
處置以公允價值計算且其變動計入其他全面收 益的金融資產	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
稅扣除稅務的物業估值收益	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
本年度全面收益總額	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
以股份支付之酬金	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
附屬公司非控股股東之資本支出	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
附屬公司非控股股東減資	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
收購附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
收購附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
出售附屬公司	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
給予非控股股東之股息支付	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
轉撥至儲備基金	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
於民國一〇八年十二月三十一日	167,726	4,643,858	1,393,085	60,367	486,428	42,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
民國一〇八年已完結期末股息	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

註一：上列財務報表之所有權益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率 (HKD\$1 : NT\$3.8618) 換算。
註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

	最高	最低	平均
一〇八年	HKD\$1 : NT\$4.0361	HKD\$1 : NT\$3.8460	HKD\$1 : NT\$3.9420
一〇七年	HKD\$1 : NT\$3.9687	HKD\$1 : NT\$3.7063	HKD\$1 : NT\$3.8492
一〇六年	HKD\$1 : NT\$4.1847	HKD\$1 : NT\$3.8022	HKD\$1 : NT\$3.9088



神州數碼控股有限公司及其子公司
合併權益變動表

民國一〇八年一月一日至十二月三十一日

項目	單位：新台幣千元											
	已發行股本	股份溢價	資本儲備	盈餘基金	投資價值調整	其他負債	附屬基金	應收流動負債	負債淨額	總計	非控股權益	權益總額
於民國一〇七年一月一日(經重列)	\$ 647,724	\$ 18,015,664	\$ 7,453,181	\$ 83,303	\$ 21,082	\$ -	\$ 1,518,824	\$ 403,411	\$ 4,789,284	\$ 34,811,714	\$ 14,072,580	\$ 48,884,294
本年度溢利	-	-	-	-	-	-	-	-	577,975	577,975	273,796	851,771
以公允價值計算且其變動計入其他全面收益的	-	-	-	-	-	-	-	-	-	-	-	-
金融資產之公允價值變動	-	-	-	-	65,589	-	-	-	-	65,589	68,570	2,981
海外業務財務報表換算之匯兌差額	-	-	-	-	79,088	-	-	-	-	(1,239,522)	514,840	(1,754,362)
應佔聯營公司之其他全面收益	-	-	19,300	-	-	-	-	-	-	112,961	52,660	165,621
扣除除稅後的物業價值變動	-	-	-	-	-	-	-	-	-	3,506	5,163	8,669
未實現公允價值(虧損)總額	-	-	-	-	145,277	-	-	-	-	579,791	251,851	731,642
以股份支付之酬金	-	-	-	-	-	-	-	-	-	13,184	-	13,184
附屬公司非控股股東之資本支出	-	-	-	-	-	-	-	-	-	-	56,590	56,590
附屬公司非控股股東投資	-	-	-	-	-	-	-	-	-	-	42,553	42,553
收購非全資擁有附屬公司的額外權益	-	-	-	-	-	-	-	-	-	-	(5,121)	(5,121)
出售附屬公司	-	-	-	-	-	-	-	-	-	-	23,418	23,418
給予非控股股東之股息支付	-	-	-	-	-	-	-	-	-	-	(22,335)	(22,335)
轉撥至儲備基金	-	-	-	-	-	-	-	-	-	-	93,705	93,705
於民國一〇七年十二月三十一日	647,724	18,015,664	7,310,836	83,303	166,359	(5,121)	1,648,506	822,228	5,230,287	34,178,254	13,695,306	47,873,560
會計政策變更的影響	-	-	-	-	-	-	-	-	-	-	-	-
於民國一〇八年一月一日	647,724	18,015,664	7,310,836	83,303	166,359	(5,121)	1,648,506	822,228	5,230,287	34,178,254	13,695,306	47,873,560
本年度溢利	-	-	-	-	-	-	-	-	1,165,661	1,165,661	572,828	1,738,489
以公允價值計算且其變動計入其他全面收益的	-	-	-	-	-	-	-	-	-	-	-	-
金融資產之公允價值變動	-	-	-	-	16,208	-	-	-	-	16,208	19,942	36,150
海外業務財務報表換算之匯兌差額	-	-	-	-	26,169	-	-	-	-	537,689	224,823	762,512
應佔聯營公司之其他全面收益	-	-	-	-	-	-	-	-	-	42,812	707	43,519
成置以公允價值計算且其變動計入其他綜合收益的金融資產	-	-	-	-	-	-	-	-	-	-	-	-
總扣除稅後的物業價值變動	-	-	-	-	-	-	-	-	-	-	-	-
本處全面收益(虧損)總額	-	-	-	-	12,169	-	-	-	12,169	12,169	-	-
以股份支付之酬金	-	-	-	-	-	-	-	-	-	-	-	-
附屬公司非控股股東之資本支出	-	-	-	-	-	-	-	-	-	-	-	-
附屬公司非控股股東投資	-	-	-	-	-	-	-	-	-	-	-	-
處置以公允價值計算之金融資產	-	-	-	-	-	-	-	-	-	-	-	-
股份贖回	-	-	-	-	-	-	-	-	-	-	-	-
收購非全資擁有附屬公司的額外權益	-	-	-	-	-	-	-	-	-	-	-	-
出售附屬公司	-	-	-	-	-	-	-	-	-	-	-	-
給予非控股股東之股息支付	-	-	-	-	-	-	-	-	-	-	-	-
轉撥至儲備基金	-	-	-	-	-	-	-	-	-	-	-	-
於民國一〇八年十二月三十一日	645,299	17,893,050	7,310,716	235,055	164,151	-	1,810,368	1,343,574	6,019,171	34,310,679	14,006,937	48,317,616

註一：上列財務報表之所有權益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率(HKD\$1 : NT\$3.8018)換算。
註二：最近三年度港幣對新台幣匯率最高、最低及平均匯率如下：

最高	最低	平均
HKD\$1 : NT\$4.0381	HKD\$1 : NT\$3.8460	HKD\$1 : NT\$3.9420
HKD\$1 : NT\$3.9987	HKD\$1 : NT\$3.7063	HKD\$1 : NT\$3.8492
HKD\$1 : NT\$4.1847	HKD\$1 : NT\$3.8022	HKD\$1 : NT\$3.9088



神州數碼控股有限公司及子公司
合併現金流量表
民國一〇八年及一〇七年一月一日至十二月三十一日

單位：港幣仟元／新台幣仟元

項目	一〇八年度		一〇七年度	
	港幣	新台幣	港幣	新台幣
經營活動				
除稅前溢利：	\$ 546,700	\$ 2,111,245	\$ 281,534	\$ 1,087,227
經調整：				
融資成本	227,506	878,583	215,857	833,597
應佔合營企業及聯營公司之溢利及虧損	79,669	307,666	(78,526)	(303,252)
銀行存款利息	(10,284)	(39,715)	(16,786)	(64,824)
理財產品收入	(32,209)	(124,385)	(25,529)	(98,588)
遞延收入	(20,902)	(80,720)	(31,128)	(120,210)
以公允價值計量且其變動計入其他全面收益的金融資產之股息收入	(232)	(896)	(3,840)	(14,829)
以公允價值計量且其變動計入損益的金融資產之股息收入	(475)	(1,834)	—	—
商譽減值	201,787	779,261	220,695	852,280
應收帳款及應收票據及其他應收款項減值	94,635	365,461	272,000	1,050,410
應收融資租賃款項減值	(6,829)	(26,372)	12,740	49,199
於合營企業之權益減值	—	—	10,156	39,220
於聯營公司之權益減值	2,286	8,827	—	—
出售物業、廠房及設備之虧損	4,022	15,532	24,575	94,904
投資物業之公允價值淨收益	(32,532)	(125,632)	(50,141)	(193,635)
出售合營企業權益之收益	—	—	(4,158)	(16,057)
出售聯營公司權益之收益	(9,619)	(37,147)	(7,880)	(30,431)
以公允價值計量且其變動計入損益的金融資產之公允價值虧損	3,263	12,601	5,838	22,545
出售多間聯營公司部分權益之收益	(223,739)	(864,035)	—	—
視為出售多間聯營公司部分權益之收益	(143,311)	(553,438)	(293,083)	(1,131,828)
出售以公允價值計量且其變動計入損益的金融資產之收益	(4,371)	(16,880)	(10,244)	(39,560)
出售附屬公司部分權益之收益	(890)	(3,437)	(199,917)	(772,040)
折舊	135,754	524,255	149,186	576,126
預付土地租金攤銷	—	—	1,727	6,670
其他無形資產攤銷	47,050	181,698	49,340	190,541
使用權資產攤銷	108,278	418,148	—	—
陳舊存貨撥備及撇銷	87,554	338,116	125,630	485,158
以股份支付之酬金	18,369	70,938	3,414	13,184
持有待售資產減值	12,394	47,862	—	—
無形資產報廢虧損	4,882	18,853	—	—
	1,088,756	4,204,555	651,460	2,515,807
存貨減少(增加)	(884,300)	(3,414,990)	43,033	166,185
持作銷售用途的竣工物業減少	—	—	21,954	84,782
應收帳款及應收票據減少(增加)	(569,711)	(2,200,110)	79,926	308,658
預付款項、按金及其他應收款項增加	(66,798)	(257,961)	(39,782)	(153,630)
應收融資租賃款項減少	118,792	458,751	262,684	1,014,434
應付帳款及應付票據增加	622,178	2,402,727	7,191	27,770
其他應付款項及預提費用及遞延收入增加(減少)	412,310	1,592,259	(303,877)	(1,173,512)
合約資產減少(增加)	624,396	2,411,292	(119,896)	(463,014)
合約負債減少	(229,339)	(885,661)	(115,336)	(445,405)
受限制銀行結餘減少(增加)	(45,871)	(177,145)	38,372	148,185
匯兌變動之影響淨額	(29,849)	(115,271)	(85,230)	(329,141)
經營所得之現金	1,040,564	4,018,446	440,499	1,701,119
已收利息	19,594	75,668	18,312	70,717
已繳付香港利得稅	(263)	(1,016)	147	568
已繳付中國企業所得稅	(70,666)	(272,898)	(189,254)	(730,861)
經營活動所得現金淨額	989,229	3,820,200	269,704	1,041,543

(接下頁)



神州數碼控股有限公司及子公司
合併現金流量表(續)
民國一〇八年及一〇七年一月一日至十二月三十一日

(承上頁)

單位：港幣仟元/新台幣元
一〇七年度

項目	一〇八年度		一〇七年度	
	港幣	新台幣	港幣	新台幣
投資活動				
購入物業、廠房及設備	(199,135)	(769,020)	(100,193)	(386,925)
出售物業、廠房及設備之所得款項	6,968	26,909	1,095	4,229
添置其他無形資產	(50,164)	(193,723)	(35,400)	(136,708)
收購附屬公司	(42,587)	(164,462)	(32,258)	(124,574)
出售附屬公司	(2,850)	(11,006)	56,496	218,176
出售合營企業投資之所得款項	--	--	13,972	53,957
出售聯營公司投資之所得款項	115,049	444,296	46,933	181,246
出售以公允價值計量且變動計入其他全面收益的金融資產之所得款項	7,886	30,454	26,106	100,816
收取以公允價值計量且變動計入損益的金融資產之回款款項	--	--	651,358	2,515,414
收取合營企業之股息	--	--	5,137	19,838
收取聯營公司之股息	31,571	121,921	8,685	33,540
以公允價值計量且其變動計入其他全面收益的金融資產之股息收入	232	896	3,840	14,829
以公允價值計量且其變動計入損益的金融資產之股息收入	475	1,834	--	--
於合營企業之投資	(23,981)	(92,608)	(4,737)	(18,293)
於聯營公司之投資	(41,486)	(160,211)	--	--
以公允價值計量且其變動計入其他全面收益的金融資產之投資	--	--	(22,145)	(85,520)
購買以公允價值計量且其變動計入損益的金融資產	(799,046)	(3,088,073)	(1,371,741)	(5,297,389)
出售以公允價值計量且其變動計入損益的金融資產之所得款項	1,190,212	4,596,361	795,090	3,070,479
投資活動所得現金淨額	<u>192,544</u>	<u>743,568</u>	<u>42,238</u>	<u>163,115</u>
融資活動				
股份購回	(20,539)	(79,318)	(1,326)	(5,121)
新增銀行貸款	3,630,668	14,020,915	4,506,145	17,401,831
償還銀行貸款	(4,111,711)	(15,878,606)	(5,842,011)	(22,560,678)
發行公司債券之所得款項	1,949	7,528	1,430	5,522
償還公司債券	(569,854)	(2,200,663)	(236,642)	(913,864)
已付利息	(227,506)	(878,583)	(215,857)	(833,596)
已付股息	(51,112)	(197,384)	--	--
給予非控股股東之已付股息	(22,889)	(88,393)	(24,265)	(93,706)
僱員股票基金供款	(39,296)	(151,753)	--	--
收購非全資擁有附屬公司的額外權益之付款	(79)	(305)	(47,944)	(185,150)
附屬公司非控股股東之出資	20,959	80,940	4,169	16,099
附屬公司非控股股東之減資	(3,495)	(13,497)	(11,019)	(42,553)
租賃負債之付款	(106,240)	(410,278)	--	--
融資活動所得(所用)現金淨額	<u>(1,499,145)</u>	<u>(5,780,397)</u>	<u>(1,867,320)</u>	<u>(7,211,216)</u>
現金及現金等價物增加(減少)淨額	<u>(317,372)</u>	<u>(1,225,629)</u>	<u>(1,555,378)</u>	<u>(6,006,558)</u>
於年度初之現金及現金等價物	2,204,872	8,514,775	3,784,296	14,614,194
匯兌變動之影響淨額	2,671	10,316	(24,046)	(92,861)
於年度末之現金及現金等價物	<u>\$ 1,890,171</u>	<u>\$ 7,299,462</u>	<u>\$ 2,204,872</u>	<u>\$ 8,514,775</u>
現金及現金等價物之組成分析				
現金及現金結餘	\$ 1,885,691	\$ 7,282,161	\$ 2,159,291	\$ 8,338,750
無抵押定期存款	4,480	17,301	45,581	176,025
於合併財務狀況表及合併現金流量表所載之現金及現金等價物	<u>\$ 1,890,171</u>	<u>\$ 7,299,462</u>	<u>\$ 2,204,872</u>	<u>\$ 8,514,775</u>

註一：上列財務報表之所有科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率 (HKD\$1:NT\$3.8618) 換算。
註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

年度	最高	最低	平均
一〇八	HKD\$1:NT\$4.0361	HKD\$1:NT\$3.8460	HKD\$1:NT\$3.9420
一〇七	HKD\$1:NT\$3.9687	HKD\$1:NT\$3.7063	HKD\$1:NT\$3.8492
一〇六	HKD\$1:NT\$4.1847	HKD\$1:NT\$3.8022	HKD\$1:NT\$3.9088

附 件 三



神州數碼控股有限公司及子公司
依中華民國規定重編後合併資產負債表
民國一〇八年及一〇七年十二月三十一日

代碼	資產	一〇八年十二月三十一日		一〇七年十二月三十一日	
		依香港一般公認會計原則編製金額	調節金額增(減)	依中華民國規定編製金額	調節金額增(減)
	流動資產				
1100	現金及約當現金	\$ 7,745,454	--	\$ 7,745,454	--
1110	透過損益按公允價值衡量之金融資產-流動	3,587,964	--	3,587,964	--
1140	合約資產-流動	2,035,451	--	2,035,451	--
1150	應收票據	199,355	--	199,355	--
1170	應收帳款	20,509,520	--	20,509,520	--
1200	其他應收款	5,025,171	--	5,025,171	--
130X	存貨	7,235,337	--	7,235,337	--
1410	預付款項	740,283	--	740,283	--
1460	待出售非流動資產淨額	2,182,373	--	2,182,373	--
1470	其他流動資產	235,089	--	235,089	--
	流動資產合計	\$ 49,495,997	--	\$ 49,495,997	--
	非流動資產				
1517	透過其他綜合損益按公允價值衡量之金融資產-非流動	1,577,823	--	1,577,823	--
1550	採用權益法之投資	12,882,872	--	12,882,872	--
1600	不動產、廠房及設備	3,968,239	--	3,968,239	--
1755	使用權資產	902,333	--	902,333	--
1760	投資性不動產	17,759,800	(6,314,850)	11,444,950	(5,855,419)
1780	無形資產	7,899,157	--	7,899,157	--
1840	遞延所得稅資產	668,574	(3,240)	665,334	(6,808)
1900	其他非流動資產	3,518,447	--	3,518,447	--
15XX	非流動資產合計	\$ 49,177,245	(6,318,090)	\$ 42,859,155	(5,862,227)
	資產總計	\$ 98,673,242	(6,318,090)	\$ 92,355,152	(5,862,227)
		\$ 98,430,230	(\$ 5,862,227)	\$ 92,568,003	

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神州數碼控股有限公司及子公司
依中華民國規定重編後合併資產負債表(續)
民國一〇八年及一〇七年十二月三十一日

單位：新台幣仟元

代碼	負債及權益	一〇八年十二月三十一日		一〇七年十二月三十一日	
		依香港一般公認會計原則編製金額	調節金額增(減)	依中華民國規定編製金額	調節金額增(減)
	負債				
	流動負債				
2100	短期借款	\$ 13,396,426	--	\$ 13,396,426	--
2130	合約負債	3,392,988	--	3,392,988	--
2150	應付票據	2,991,447	--	2,991,447	--
2170	應付帳款	11,810,033	--	11,810,033	--
2200	其他應付稅	5,798,001	--	5,798,001	--
2230	租期負債	256,636	--	256,636	--
2280	租賃負債	398,036	--	398,036	--
2300	其他流動負債	2,104,033	--	2,104,033	--
	流動負債合計	42,147,600	--	42,147,600	--
	非流動負債				
2530	應付公司債	26,797	--	26,797	--
2540	長期借款	6,251,490	--	6,251,490	--
2570	遞延所得稅	1,352,638	(1,217,834)	1,134,804	(1,101,945)
2580	租賃負債	234,087	--	234,087	--
2600	其他非流動負債	143,014	--	143,014	--
	非流動負債合計	8,008,026	(1,217,834)	6,790,192	(1,101,945)
	負債總計	50,155,626	(1,217,834)	48,937,792	(1,101,945)
	歸屬於母公司業主之權益				
3100	股本	645,299	--	645,299	--
3110	普通股	25,503,216	--	25,503,216	--
3200	資本公積	1,840,368	--	1,840,368	--
3300	盈餘公積	5,784,115	(3,366,586)	2,417,529	(2,998,071)
3350	未分配盈餘	737,681	(1,733,670)	95,011	(1,762,211)
3400	其他權益	--	--	5,121	(5,121)
3500	庫藏股票	34,510,679	(5,100,256)	29,410,423	(4,760,282)
36XX	歸屬於母公司業主之權益合計	14,006,937	--	14,006,937	--
37XX	非控制權益	48,517,616	(5,100,256)	43,417,360	(4,760,282)
	權益總計	98,673,242	(6,318,090)	92,355,152	(5,862,227)
	負債及權益總計	\$ 98,673,242	\$ 98,673,242	\$ 92,355,152	\$ 92,355,152

註一：上列財務報表之所有資產、負債及權益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率 (HKD\$1 : NT\$3.8618) 換算。
註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

年度	最高		最低		平均	
	HKD\$1 : NT\$4.0361	HKD\$1 : NT\$3.9687	HKD\$1 : NT\$3.8460	HKD\$1 : NT\$3.7063	HKD\$1 : NT\$3.9420	HKD\$1 : NT\$3.8492
一〇八						
一〇七						
一〇六						

董事長：



經理人：



會計主管：





神州數碼控股有限公司及子公司
依中華民國規定重編後合併綜合損益表
民國一〇八年及一〇七年一月一日至十二月三十一日

單位：新台幣仟元，惟每股盈餘為元
一〇七年度

代碼	會計項目	一〇八年度			一〇七年度		
		依香港一般公認會計原則編製金額	調節金額增(減)	依中華民國規定編製金額	依香港一般公認會計原則編製金額	調節金額增(減)	依中華民國規定編製金額
4000	營業收入	\$ 68,459,785	\$ --	\$ 68,459,785	\$ 58,909,824	\$ --	\$ 58,909,824
5000	營業成本	(56,276,644)	(338,116)	(56,614,760)	(47,674,157)	(485,158)	(48,159,315)
5950	營業毛利	12,183,141	338,116	11,845,025	11,235,667	485,158	10,750,509
6000	營業費用						
6100	推銷費用	(5,079,816)	--	(5,079,816)	(5,356,556)	--	(5,356,556)
6200	管理費用	(2,038,185)	(345,990)	(2,384,175)	(2,034,551)	(264,090)	(2,298,641)
6400	其他費用	(3,570,967)	1,126,205	(2,444,762)	(3,923,666)	1,431,130	(2,492,536)
6450	預期信用減損損失	(339,089)	--	(339,089)	(1,099,609)	--	(1,099,609)
	營業費用合計	(11,028,057)	780,215	(10,247,842)	(12,414,382)	1,167,040	(11,247,342)
6900	營業利益(損失)	1,155,084	442,099	1,597,183	(1,178,715)	681,882	(496,833)
7000	營業外收入及支出						
7010	其他收入	540,165	--	540,165	598,961	--	598,961
7020	其他利益及損失	1,602,245	(929,253)	672,992	2,197,326	(1,231,510)	962,816
7050	財務成本	(876,583)	--	(876,583)	(833,597)	--	(833,597)
7060	採用權益法之關聯企業及合資 利益之份額	(307,666)	--	(307,666)	303,252	--	303,252
	營業外收入及支出合計	956,161	(929,253)	26,908	2,265,942	(1,231,510)	1,031,432
7900	稅前淨利(損)	2,111,245	(487,154)	1,624,091	1,087,227	(552,628)	534,599
7950	所得稅費用	(372,756)	118,633	(254,123)	(235,816)	56,185	(179,631)
8000	繼續營業單位之本期淨利(損)	1,738,489	(368,519)	1,369,970	851,411	(496,443)	354,968
8100	停業單位損益(稅後淨額)	--	--	--	--	--	--
8200	本期淨利(損)	1,738,489	(368,519)	1,369,970	851,411	(496,443)	354,968
8310	不重分類至損益之項目						
8312	重估增值	79,541	(79,541)	--	11,558	(11,558)	--
8316	透過其他綜合損益按公允價值 衡量之權益工具投資未實現 評價損益	(14,273)	--	(14,273)	(2,981)	--	(2,981)
8349	與不重分類之項目相關之所得 稅	(41,762)	41,762	--	(2,889)	2,889	--
8360	後續可能重分類至損益之項目						
8361	國外營運機構財務報表換算之 兌換差額	(762,512)	--	(762,512)	(1,754,362)	--	(1,754,362)
8370	採用權益法認列之關聯企業及 合資之其他綜合損益之份額 —可能重分類至損益之項目	43,519	--	43,519	165,821	--	165,821
8300	本期其他綜合損益(稅後淨額)	(695,487)	(37,779)	(733,266)	(1,583,053)	(8,669)	(1,591,722)
8500	本期綜合損益總額	\$ 1,043,002	(\$ 406,298)	\$ 636,704	(\$ 731,642)	(\$ 505,112)	(\$ 1,236,754)
8600	淨利(損)歸屬於：						
8610	母公司業主						
	繼續營業單位本期淨利	\$ 1,165,661	(\$ 368,519)	\$ 797,142	\$ 577,675	(\$ 496,443)	\$ 81,232
	停業單位本期淨利	--	--	--	--	--	--
8620	非控制權益						
	繼續營業單位本期淨利	572,828	--	572,828	273,730	--	273,736
	停業單位本期淨利	--	--	--	--	--	--
		\$ 1,738,489	(\$ 368,519)	\$ 1,369,970	\$ 851,411	(\$ 496,443)	\$ 354,968
8700	綜合損益總額歸屬於：						
8710	母公司業主	\$ 714,232	(\$ 406,298)	\$ 307,934	(\$ 470,791)	(\$ 505,112)	(\$ 984,903)
8720	非控制權益	328,770	--	328,770	(251,851)	--	(251,851)
		\$ 1,043,002	(\$ 406,298)	\$ 636,704	(\$ 731,642)	(\$ 505,112)	(\$ 1,236,754)
9750	基本每股盈餘(新台幣元)						
9710	繼續營業單位淨利	\$ 0.71		\$ 0.48	\$ 0.35		\$ 0.05
9720	停業單位淨利	\$ --		\$ --	\$ --		\$ --
	本期淨利	\$ 0.71		\$ 0.48	\$ 0.35		\$ 0.05
9850	稀釋每股盈餘(新台幣元)						
9810	繼續營業單位淨利	\$ 0.71		\$ 0.48	\$ 0.35		\$ 0.05
9820	停業單位淨利	\$ --		\$ --	\$ --		\$ --
	本期淨利	\$ 0.71		\$ 0.48	\$ 0.35		\$ 0.05

註一：上列財務報表之所有損益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率 (HKD\$1:NT\$3.8618) 換算。

註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

年度	最高	最低	平均
一〇八	HKD\$1:NT\$4.0361	HKD\$1:NT\$3.8460	HKD\$1:NT\$3.9420
一〇七	HKD\$1:NT\$3.9687	HKD\$1:NT\$3.7009	HKD\$1:NT\$3.8492
一〇六	HKD\$1:NT\$4.1847	HKD\$1:NT\$3.8022	HKD\$1:NT\$3.9088

董事長：



經理人：



會計主管：





神州數碼控股有限公司及子公司
依中華民國規定重編後合併現金流量表
民國一〇八年及一〇七年一月一日至十二月三十一日

單位：新台幣仟元

代碼	項目	一〇八年度			一〇七年度		
		依香港一般 公認會計原 則編製金額	調節金額增(減)	依中華民國 規定編製金額	依香港一般 公認會計原 則編製金額	調節金額增(減)	依中華民國 規定編製金額
	營業活動之現金流量：						
A00010	繼續營業單位稅前淨利(損)	\$ 2,111,245	(\$ 487,154)	\$ 1,624,091	\$ 1,087,227	(\$ 552,628)	\$ 534,599
A00020	停業單位稅前淨利	--	--	--	--	--	--
	本期稅前淨利(損)	2,111,245	(487,154)	1,624,091	1,087,227	(552,628)	534,599
A20000	調整項目：						
A20010	不影響現金流量之收益費損項目						
A20100	折舊費用	524,255	361,522	885,777	576,126	358,993	935,119
A20200	撥銷費用	599,840	--	599,840	197,211	--	197,211
A20300	預期信用減損損失(利益)數	339,089	--	339,089	1,099,609	--	1,099,609
A20400	透過損益按公允價值衡量金融資產及負債 之淨損失	12,601	--	12,601	22,545	--	22,545
A20900	利息費用	878,583	--	878,583	833,597	--	833,597
A21200	利息收入	(39,715)	--	(39,715)	(64,824)	--	(64,824)
A21300	股利收入	(2,730)	--	(2,730)	(14,820)	--	(14,829)
A21900	股份基礎給付酬勞成本	70,938	--	70,938	13,184	--	13,184
A22300	採用權益法之關聯企業及合資損益之份額	307,666	--	307,666	(303,252)	--	(303,252)
A22500	處分不動產、廠房及設備損失	15,532	--	15,532	94,904	--	94,904
A22800	處分無形資產損失	18,853	--	18,853	--	--	--
A23100	處分投資利益	(1,599,322)	--	(1,599,322)	(2,088,504)	--	(2,088,504)
A23700	非金融資產減損損失	835,950	--	835,950	891,500	--	891,500
A24600	投資性不動產公允價值調整利益	(125,632)	125,632	--	(193,635)	193,635	--
A29900	遞延收入	(80,720)	--	(80,720)	(120,210)	--	(120,210)
A30000	與營業活動相關之資產/負債變動數						
A31125	合約資產減少(增加)	2,411,292	--	2,411,292	(463,014)	--	(463,014)
A31130	應收票據減少(增加)	(53,293)	--	(53,293)	224,104	--	224,104
A31150	應收帳款減少(增加)	(2,146,817)	--	(2,146,817)	84,554	--	84,554
A31180	其他應收款增加	(288,044)	--	(288,044)	(7,252)	--	(7,252)
A31200	存貨減少(增加)	(3,076,874)	--	(3,076,874)	736,125	--	736,125
A31230	預付款項增加	(31,999)	--	(31,999)	(164,733)	--	(164,733)
A31240	其他流動資產減少	62,082	--	62,082	18,355	--	18,355
A31990	其他營業資產減少	458,751	--	458,751	1,014,434	--	1,014,434
A32125	合約負債減少	(885,661)	--	(885,661)	(445,405)	--	(445,405)
A32130	應付票據增加(減少)	776,148	--	776,148	(518,269)	--	(518,269)
A32150	應付帳款增加	1,626,579	--	1,626,579	546,039	--	546,039
A32230	其他流動負債增加(減少)	1,592,259	--	1,592,259	(1,173,512)	--	(1,173,512)
A33000	營運產生之現金流入	4,310,862	--	4,310,862	1,882,075	--	1,882,075
A33100	收取之利息	75,668	--	75,668	70,717	--	70,717
A33500	支付之所得稅	(273,914)	--	(273,914)	(730,293)	--	(730,293)
AAAA	營業活動之淨現金流入	4,112,616	--	4,112,616	1,222,499	--	1,222,499

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神州數碼控股有限公司及其子公司
依中華民國規定重編後合併現金流量表(續)
民國一〇八年及一〇七年一月一日至十二月三十一日

(承上頁)

單位：新台幣仟元

代碼	項目	一〇八年度		一〇七年度		
		依香港一般公認會計原則編製金額	調節金額增(減)	依中華民國規定編製金額	依香港一般公認會計原則編製金額	調節金額增(減)
	投資活動之現金流量：					
B0010	取得透過其他綜合損益按公允價值衡量之金融資產	--	--	(85,520)	--	(85,520)
B0020	處分透過其他綜合損益按公允價值衡量之金融資產	30,454	--	30,454	--	100,816
B0100	取得指定為透過損益按公允價值衡量之金融資產	(3,088,073)	--	(3,088,073)	(5,297,389)	(5,297,389)
B00200	處分指定為透過損益按公允價值衡量之金融資產	4,596,361	--	4,596,361	3,070,479	3,070,479
B01800	取得採用權益法之投資	(252,819)	--	(252,819)	(18,293)	(18,293)
B01900	處分採用權益法之投資	444,296	--	444,296	235,203	235,203
B02200	對子公司之收購	(164,462)	--	(164,462)	(124,574)	(124,574)
B02300	處分子公司	(11,006)	--	(11,006)	218,176	218,176
B02700	取得不動產、廠房及設備	(769,020)	--	(769,020)	(386,925)	(386,925)
B02800	處分不動產、廠房及設備	26,909	--	26,909	4,220	4,220
B04500	取得無形資產	(193,723)	--	(193,723)	(136,708)	(136,708)
B07600	收取之股利	124,651	--	124,651	68,207	68,207
B09900	其他投資活動	--	--	--	2,515,414	2,515,414
BBBB	投資活動之淨現金流入	743,568	--	743,568	163,115	163,115
	籌資活動之現金流量：					
C01200	發行公司債	7,528	--	7,528	5,522	5,522
C01300	償還公司債	(2,200,663)	--	(2,200,663)	(913,864)	(913,864)
C01600	舉借長短期借款	14,020,915	--	14,020,915	17,401,831	17,401,831
C01700	償還長短期借款	(15,878,606)	--	(15,878,606)	(22,560,678)	(22,560,678)
C04020	租賃本金償還	(410,278)	--	(410,278)	--	--
C04500	發放現金股利	(197,384)	--	(197,384)	--	--
C04800	員工執行認股權	(151,753)	--	(151,753)	--	--
C04900	庫藏股票買回成本	(79,318)	--	(79,318)	(5,121)	(5,121)
C05600	支付之利息	(878,583)	--	(878,583)	(833,596)	(833,596)
C05800	非控制權益變動	(21,255)	--	(21,255)	(305,310)	(305,310)
CCCC	籌資活動之淨現金流出	(5,789,397)	--	(5,789,397)	(7,211,216)	(7,211,216)
DDDD	匯率變動對現金及約當現金之影響	(104,955)	--	(104,955)	(422,002)	(422,002)
EEEE	本期現金及約當現金增加(減少)數	(1,038,168)	--	(1,038,168)	(6,247,604)	(6,247,604)
E00100	期初現金及約當現金餘額	8,783,622	--	8,783,622	15,031,226	15,031,226
E00200	期末現金及約當現金餘額	\$ 7,745,454	\$ --	\$ 7,745,454	\$ 8,783,622	\$ 8,783,622

註一：上列財務報表之所有損益科目金額，係以民國一〇八年十二月三十一日之港幣對新台幣匯率（HKD\$1：NT\$3.8618）換算。

註二：最近三年度港幣對新台幣最高、最低及平均匯率如下：

年度	最高	最低	平均
一〇八	HKD\$1:NT\$4.0361	HKD\$1:NT\$3.8460	HKD\$1:NT\$3.9420
一〇七	HKD\$1:NT\$3.9687	HKD\$1:NT\$3.7063	HKD\$1:NT\$3.8492
一〇六	HKD\$1:NT\$4.1847	HKD\$1:NT\$3.8022	HKD\$1:NT\$3.9088

董事長：



經理人：



會計主管：



神州數碼控股有限公司及子公司

合併財務報表重編說明

民國一〇八年及一〇七年度

(金額除另予註明者外，係以新台幣仟元為單位)

一、合併財務報表重編原則

神州數碼控股有限公司及其子公司（以下簡稱「合併公司」）如附件四所列之一〇八年及一〇七年一月一日至十二月三十一日之財務報告，係包括神州數碼控股有限公司（以下簡稱「本公司」）及其子公司之合併財務資訊（附件四譯稱「貴集團」）。

合併公司依香港財務報告準則、香港一般公認會計原則及香港公司條例（以下簡稱「香港一般公認會計原則」）的揭露要求編製之合併資產負債表、合併綜合損益表及合併現金流量表，與我國「證券發行人財務報告編製準則」、金融監督管理委員會認可之「國際財務報導準則」、「國際會計準則」、「國際財務報導解釋及解釋公告」（以下簡稱中華民國規定）之規定部分不同，爰依「第二上市（櫃）公司財務報告複核要點」規定，就上述合併資產負債表、合併綜合損益表及合併現金流量表依中華民國規定格式予以重編。

二、中華民國規定及香港一般公認會計原則之差異彙總說明

中華民國與香港一般公認會計原則之主要差異，茲彙總說明如次：

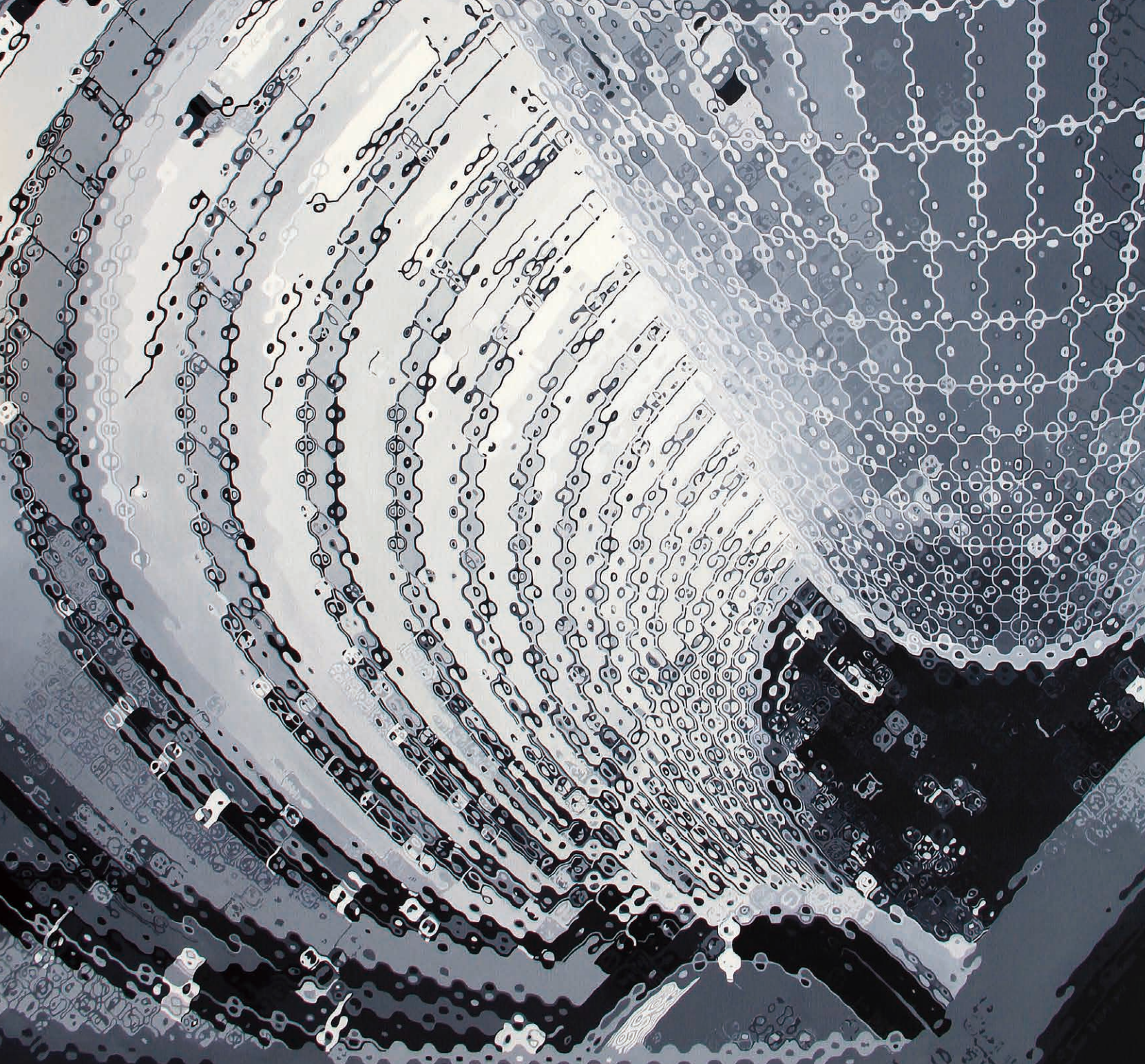
	中華民國規定	香港一般公認會計原則	對重編合併財務報表之影響
投資性不動產之衡量基礎	依照中華民國現行證券發行人財務報告編製準則，對投資性不動產之衡量可選擇採用成本模式或公允價值模式，惟若採用公允價值模式僅得採收益法評價。	符合規定的不動產需分類為投資性不動產，並得採公平價值執行重評價，可採用貼現現金流量法或假設發展法評價。	已予以調整 資產影響數 108.12.31：(6,314,850)仟元 107.12.31：(5,855,419)仟元 保留盈餘影響數 108.01.01：(3,523,083)仟元 107.01.01：(2,970,455)仟元 其他權益影響數 108.12.31：(2,304,613)仟元 107.12.31：(2,332,336)仟元 損益影響數 108.01.01~108.12.31： (487,154)仟元 107.01.01~107.12.31： (552,628)仟元

(接下頁)

(承上頁)

	中華民國規定	香港一般公認會計原則	對重編合併財務報表之影響
因投資性不動產而導致之遞延所得稅效果	以成本認列並計提折舊的方式計算財稅的課稅基礎差異，並計算其遞延所得稅效果。	以公平價值執行重評價的方式計算財稅課稅基礎差異，並計算其遞延所得稅效果。	已予以調整 資產影響數 108.12.31：(3,240)仟元 107.12.31：(6,808)仟元 負債影響數 108.12.31：(1,217,834)仟元 107.12.31：(1,101,945)仟元 保留盈餘影響數 108.01.01：525,016 仟元 107.01.01：468,827 仟元 其他權益影響數 108.12.31：570,943 仟元 107.12.31：570,125 仟元 損益影響數 108.01.01~108.12.31：118,635 仟元 107.01.01~107.12.31：56,185 仟元
資產負債表	一般之分類方式，資產係以流動性大小排列，流動性大者在前，流動性小者在後。負債則按到期日的遠近排列，永久性大者在前，小者在後。	一般之分類方式，資產係以非流動在前，流動資產在後。負債及股東權益，係以負債在前，股本及各項準備在後，負債以流動負債在前，非流動負債在後。	已依中華民國財務報表規定予以表達揭露
綜合損益表	應區分營業收入、營業成本、營業費用、營業外收入及支出、及所得稅費用，分別予以列示。	應區分營業收入、聯屬公司利益（損失）、財務成本、所得稅費用、本年度利益（損失）。	已依中華民國財務報表規定予以表達揭露
存貨跌價損失（回升利益）	存貨跌價損失（回升利益）列為營業成本項下。	存貨跌價損失（回升利益）帳列為營業費用。	已依中華民國財務報表表達揭露 損益影響數 108.01.01~108.12.31：338,116 仟元 107.01.01~107.12.31：485,158 仟元
處分不動產、廠房及設備損失	處分不動產、廠房及設備損失帳列其他利益及損失。	處分不動產、廠房及設備損失帳列營業費用。	已依中華民國財務報表表達揭露 損益影響數 108.01.01~108.12.31：15,532 仟元 107.01.01~107.12.31：94,903 仟元
減損損失	減損損失帳列其他利益及損失。	若企業採用性質別表達損費項目，資產減損應單獨列示；若採功能別表達損費項目，資產減損損失應歸屬於其相關之功能別費用。	已依中華民國財務報表表達揭露 損益影響數 108.01.01~108.12.31：788,089 仟元 107.01.01~107.12.31：945,972 仟元

附 件 四



2019年報

Annual Report

Digital China Holdings Limited

神州數碼控股有限公司

Incorporated in Bermuda with Limited Liability

於百慕達註冊成立之有限公司

Stock Code 股份代號:00861



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公司簡介

神州數碼控股有限公司（簡稱「神州控股」）於2000年成立，2001年在香港聯合交易所主板上市（股票代碼00861.HK）。

二十年間，以「數字中國」為使命，秉承「責任、激情、創新」的企業文化，不斷創新突破，在完成從中國IT產品分銷龍頭企業向中國領先的整合IT服務商、信息化專家和智慧城市專家的戰略升級之後，再一次向數字化轉型之路邁進，致力於成為國際領先的大數據服務集團。

作為一家致力於將大數據、雲計算、安全科技、區塊鏈、人工智能及物聯網等自主創新核心技術通過「邊雲協同」的方式賦能各行各業的融合場景創造價值的高科技企業，神州控股及其附屬子公司為處於數字化轉型期的政府、供應鏈、金融、醫療、製造業、農業等領域，以前沿融合技術為基礎，以自主創新的「軟件互聯網」技術為核心，通過雲端服務及大數據運營相結合，提供全產業鏈綜合解決方案。目前，神州控股已在智慧城市、智慧產業鏈、金融科技、智慧醫療、智能製造、智慧農業、智能運維、量子通信等核心領域完成相關佈局，成績斐然。

財務摘要

二零一九財年 二零一八財年
港幣百萬元 港幣百萬元

於年度內

收入	17,727	15,254
除稅前溢利	547	282
母公司股東應佔溢利	302	150
每股盈利(港仙)	18.31	8.96
每股股息(港仙)	6.4	3.1
營運現金流量	989	270

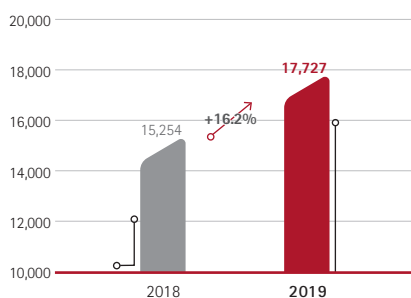
於年度末

總資產	25,551	25,488
股東資金	8,936	8,850

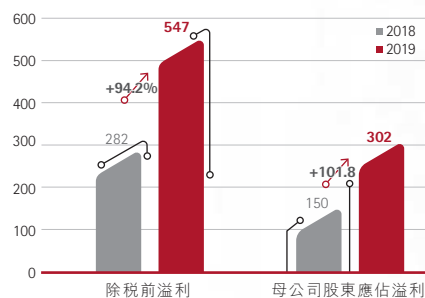
財務比率

股東資金回報率(百分比)	3.38	1.69
利息覆蓋比率(倍)	3.4	2.30
付息債項佔股東資金比率(倍)	0.57	0.70

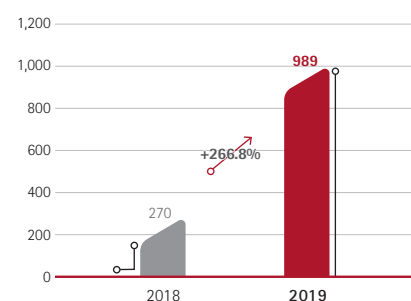
收入
港幣百萬元



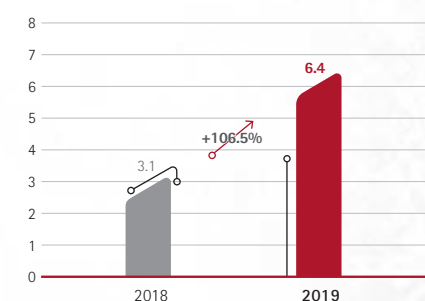
溢利
港幣百萬元



營運現金流量
港幣百萬元



每股股息
港仙



大事回顧

2019年報

04

神州數碼控股有限公司

2019年

1月8日

神州控股旗下因特睿與北京大學合作完成的「雲-端融合系統的資源反射機制及高效互操作技術」榮獲2018年度國家技術發明獎一等獎。



3月12日

神州控股與長春新區簽署「數字新區」一期服務項目協議。根據協議，神州控股將協同生態夥伴負責長春新區「數字新區」項目一期建設，合同金額約人民幣1.74億元。

3月28日

神州控股發佈2018年經營業績：2018年業績突飛猛進、大數據驅動長期增長。

5月9日

神州控股與龍巖市人民政府簽署戰略合作協議。

5月10日

神州控股與北京市延慶區簽署戰略合作協議。

5月21日

神州信息自主研發全新一代平台級產品「企業級微服務平台Sm@rtEMSP」率先亮相，打造彈性、輕靈、雲化的微服務中台架構，全面支持金融機構敏態業務發展。中標浦發銀行、興業銀行、廣發銀行等重要客戶。

6月26日

神州控股與天津市南開區人民政府、天津大學簽署三方戰略合作協議。

國家金融與發展實驗室與神州控股旗下神州信息簽約，打造全球頂尖金融科技創新案例聚合基地。

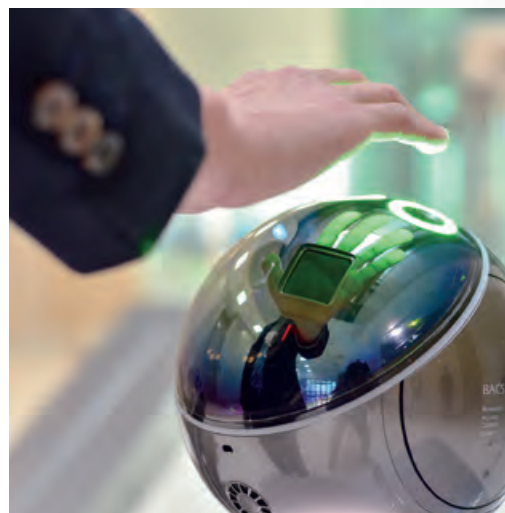
7月23日

神州控股打造的「e三明」網上公共服務平台上線運行。

神州控股與唐山市政府簽署「智慧唐山」建設項目，金額人民幣1.4億元。

8月27日

長春市人民政府和神州控股主辦的「數聯萬物·智在融合」—2019中國東北亞國際物聯網產業高峰論壇在長春隆重舉行。期間，神州控股與長春市人民政府簽署戰略合作協議，神州控股與長春理工大學簽署物聯網產業戰略合作框架協議，神州控股還與長春市人民政府和韓國CrucialTrak，三方共同簽署《關於合作推動中韓物聯網產業發展聯盟的諒解備忘錄》。神州控股重磅發佈了全球首創四合一生物特徵識別安全科技系列產品。



8月30日

神州控股旗下公司智能雲科信息科技有限公司參編《GB/T 37700-2019信息技術工業雲參考模型》《GB/T 37699-2019信息技術工業雲服務通用技術要求》兩項國家標準正式發佈！

10月28日

神州控股與韓國三星信息技術服務（北京）有限公司共同簽訂有關在中國發展智慧產業鏈、智慧城市、雲服務及企業數字化轉型建設的諒解備忘錄。

大事回顧

11月8日

神州控股旗下神州信息與北京航空航天大學數學、信息與行為教育部重點實驗室簽約，共建區塊鏈聯合創新實驗室。

神州控股旗下神州信息與清華大學大數據軟件工程實驗室簽約，共建大數據聯合創新實驗室。

12月18日

神州控股與曲靖市人民政府簽署戰略合作協議。

神州控股旗下神州信息正式簽約深圳證券交易所，就「國產化自動化運維平台」項目達成合作。

神州控股旗下神州信息主導編製的《金融行業聯機交易系統分佈式技術規範》和《開放銀行應用系統技術規範》獲得中國電子工業標準化技術協會批准正式啟動。

2020年

1月7日

神州控股旗下科捷重磅發佈兩款「供應鏈+大數據+AIoT」戰略新品—「捷運寶」和「捷雲快簽」，並啟動「捷盟」生態合作夥伴計劃。



1月15日

神州控股人民幣5億元售出神州醫療部分股權，聚勢核心技術與融合場景。



1月18日

神州控股香港新總部開幕儀式隆重舉行。

獎項

2019年1月8日，神州控股旗下因特睿與北京大學合作完成的「雲-端融合系統的資源反射機制及高效互操作技術」榮獲2018年度國家技術發明一等獎，科技部。



2019年1月9日，神州控股旗下神州信息獲評「中國信息技術服務產業十年發展成果十大領軍企業」，中國電子工業標準化技術協會信息技術服務分會。



2019年3月7日，神州控股旗下科捷「金庫WMS」榮獲2018年度產品獎，中國科學院《互聯網週刊》及中國社會科學院信息化研究中心。



2019年6月，神州控股旗下神州信息智慧數據工廠「Sm@rtIDF」榮獲2019年星河獎「優秀大數據產品獎」，中國信息通信研究院及中國通信標準化協會。



2019年6月26日，神州控股旗下科捷榮獲智慧物流創新服務優秀平台企業獎，中國物流和採購聯合會。



2019年7月，神州控股旗下神州信息分佈式應用平台Sm@rtGalaxy獲「2019年度優秀軟件產品」，中國軟件行業協會。



2019年7月11日，神州控股旗下科捷榮獲2019人工智能先鋒獎和2019(行業)影響力品牌，中國財經峰會。

獎項

2019年9月21日，神州控股榮獲2019雪球最具價值新經濟公司，2019雪球港股高峰論壇。



2019年9月23日，神州控股旗下神州信息位列2019 IDC金融科技全球百強第38位，居中國上榜企業第1位，IDC (International Data Corporation)。



2019年9月26日，神州控股助力北京延慶區獲選「2019中歐綠色智慧城市-技術創新城市」，唐山市獲選「2019中歐綠色智慧城市-產業創新城市」，中國城市和小城鎮改革發展中心&法國展望與創新基金會。



2019年10月，神州控股旗下科捷榮獲數字化轉型先鋒，IDC (International Data Corporation)。

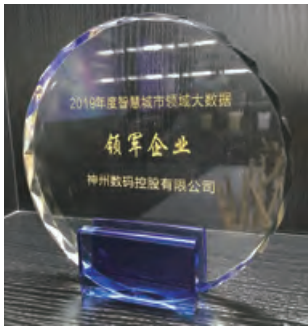
2019年10月18日，神州控股助力龍巖榮獲「2019 IDC中國數字化轉型大獎全方位體驗創新領軍者」和「2019 IDC政府行業技術應用場景-最佳創新獎」，貴陽榮獲「2019 IDC中國數字化轉型大獎-信息與數據轉型領軍者」和「2019 IDC政府行業技術應用場景-最佳創新獎」，威海榮獲「2019 IDC政府行業技術應用場景-最佳創新獎」，IDC (International Data Corporation)。



2019年11月8日，神州控股榮獲2019中國上市公司口碑榜最具成長性科技中概股上市公司，每日經濟新聞。



2019年11月12日，神州控股旗下智能雲科入選《2019製造業與互聯網融合發展試點示範項目名單》，工信部。



2019年11月21日，神州控股旗下科捷榮獲2019年度科技引領獎和2019年度智能創新獎，2019中國財經峰會冬季論壇暨全球新商業大會。

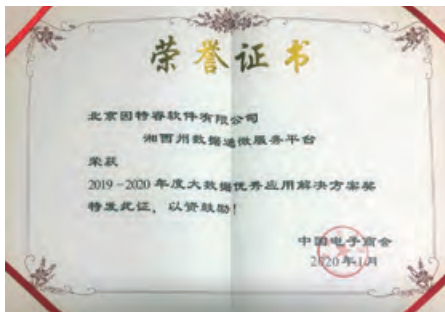


2019年12月6日，神州控股榮獲2019年度智慧城市領域大數據領軍企業，中國電子信息產業發展研究院。



2019年12月19日，神州控股多重生物特徵識別系列產品榮獲2019年度產品創新獎，中國科學院《互聯網週刊》&中國社科院信息化研究中心&eNet硅谷動力。

2020年1月9日，神州控股旗下因特睿「湘西州數據通微服務平台」榮獲2019-2020年度大數據優秀應用解決方案獎，中國電子商會。



2020年1月17日，神州控股旗下智能雲科入選《2019年工業互聯網試點示範項目名單》，工業和信息化部。

2020年3月11日，神州控股旗下科捷捷雲快簽電子簽單雲平台獲2019物流領域年度產品，中國科學院《互聯網週刊》&中國社會科學院信息化研究中心&eNet研究院。



主席報告

致各位尊敬的神州控股股東：

全球大數據、人工智能及物聯網技術的飛躍發展正在讓各產業的數字化轉型升級成為可能。如何讓大數據在萬物互聯的世界中為行業賦能，讓大數據驅動產業升級，是神州控股承擔的使命。二零一九年是神州控股作為領先的大數據服務集團在經營上突飛猛進的一年，我們在智慧城市、智慧產業鏈、金融科技、智能製造等關鍵產業實現顯著增長，股東回報大增。二零二零年春節以來爆發的新型冠狀病毒肺炎疫情讓全球經濟面臨減速的風險，但是同時大數據技術被廣泛應用於助力科學精準打贏疫情防控阻擊戰，大數據技術產業的價值凸顯無疑。

神州控股投資研發的大數據產品燕雲DaaS的基礎技術獲得了國家科學技術發明獎一等獎，是對我們一貫堅持走自主技術創新道路的肯定。此技術在信息技術的原理級創新上超越了西方發達國家，並在深網數據挖掘方面取得了世界領先的地位。這項技術的價值在於：可在數據庫封閉、源代碼缺失、無原廠支持等情況下，智能生成給定系統的讀寫接口（API），構建數據和功能「管道」，實現數據的實時流動和功能的無縫集成，精準打破信息孤島並實現系統的互聯互通和數據的交互共享。這是我們今天進入智慧城市和金融科技等領域的一個獨特競爭優勢。

新型冠狀病毒肺炎疫情作為一次突發公共衛生事件凸顯了大數據技術和燕雲DaaS的價值。國務院發佈《近期防控新型冠狀病毒感染的肺炎工作方案》，明確指出各地要充分應用「大數據+網絡化」等新技術手段，抓好疫情預警、監測、排查、檢測等工作。神州控股以大數據及旗艦產品燕雲DaaS為利器，在這場沒有硝煙的戰役中，為各地政府、各類行業的數字化服務賦能。基於燕雲DaaS技術，神州控股通過雲計算、大數據、人工智能等先進技術手段智慧化抗疫，相繼助力福建龍巖、山東威海、江蘇徐州、河北唐山，在人員信息、物資採購、在線辦公等多方面為抗疫和復工復產提供支持。系統為新型冠狀病毒感染的肺炎疫情進行全面登記、全程跟蹤、實時監控、科學分析，幫助政府精準掌握疫情發展態勢，提升疫情防控能力，實現「早發現、早報告、早隔離、早診斷、早治療」，防止疫情蔓延。此外，神州控股亦發佈了四合一生物特徵識別安全科技系列解決方案。該解決方案集成了人臉、虹膜、指紋、手掌靜脈四項生物識別技術，具有百萬樣本級別100%超高準確率、高速識別一秒內完成、多重識別可靠防偽、非接觸式安全衛生等強大優勢。基於此技術的門禁解決方案適用於醫院、實驗室、工業、智慧社區、金融機構、學校、酒店、監獄等多場景領域，非接觸式門禁的解決方案可助力各企業單位進行人員的隔離、身份確認，大大減少交叉感染風險。



郭為先生

大數據技術的應用是當今供應鏈管理的成敗關鍵，智慧產業鏈業務的經營主體科捷基於「供應鏈+大數據+AIoT」戰略，已經形成了完整的數字化物流體系，為行業提供端到端的一站式供應鏈服務，是國內極少數可以同時提供B2B/B2C一體化服務的科技物流企業。二零一九年科捷實現整體業務快速增長和經營效率的大幅提升，盈利突飛猛進。在二零一九年的「雙十一」期間，科捷全國各倉訂單98%在五天之內發貨完成，創造了單倉發貨300萬單的行業新記錄，科捷電商「雙十一」全網銷售額也突破36億人民幣，成績讓人鼓舞。

科捷的人機共舞機器人作業模式與供應鏈大數據能力得到業界的高度認可。基於在科技物流及供應鏈行業深厚的積澱，科捷已經將包含大數據、人工智能能力在內的核心供應鏈管理系統封裝成各種高價值大數據產品，包括將KINGKOO DATA大數據平台對行業開放，賦能整個產業鏈。當今供應鏈管理最難突破的就是計劃管理，如何善用數據，預測消費者動向，直接關係到供應鏈的反應速度，物流數據所產生的效益在訂單海量增加的「雙十一」期間及疫情爆發的特殊物流環境下尤其凸顯。針對就如何為客戶提升供應鏈效率方面，科捷主要通過對客戶全供應鏈條的運營服務、自主研發的系統沉澱有價值數據以及業務與供應鏈優化三方面入手，從而為客戶提供及時的、可視化供應鏈數據，提升各流程環節績效，從而提升整體供應鏈效率。

主席報告

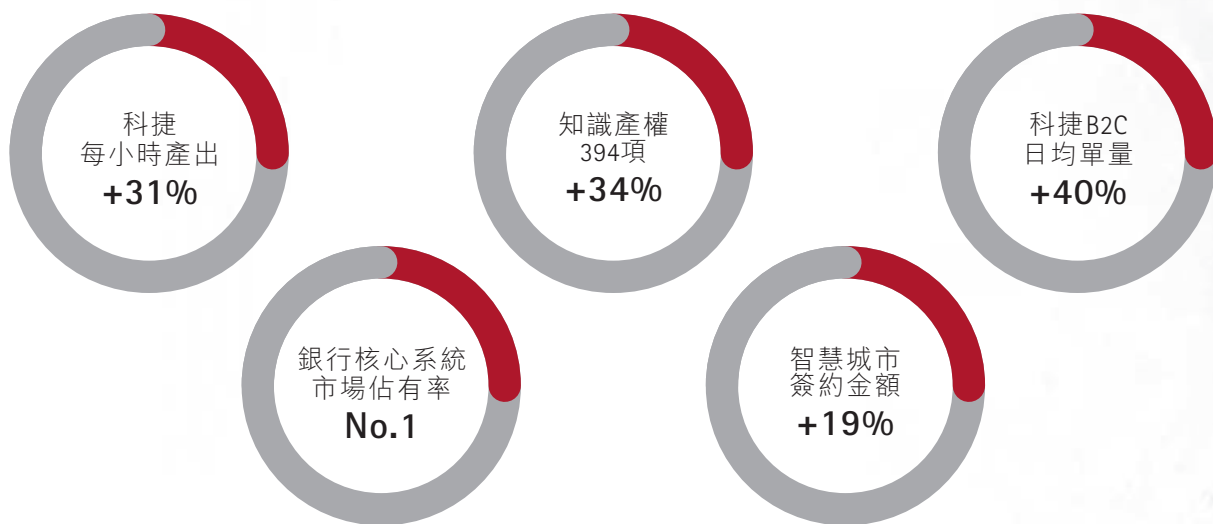
神州控股旗下神州信息是領先的金融科技全產業鏈綜合服務商，二零一九年再次碩果纍纍。神州信息榮登二零一九年「IDC FINTECH RANKINGS」全球金融科技百強榜排名第38名，根據IDC報告，神州信息在銀行核心業務、渠道管理解決方案市場已連續7年排名第一。自主研發的分佈式核心業務系統獲得了中國人民銀行與學術界的肯定：榮獲中國人民銀行直屬企業中國金融電子化公司頒發的「2019中國國際金融展金鼎獎——優秀金融科技解決方案」和中國電子學會頒發的「2019中國電子學會科學技術獎」。

在當今越來越複雜的金融市場環境，中國信息安全自主可控行業政策將會為神州信息提供前所未有的市場機遇。中國人民銀行印發《金融科技發展規劃（2019-2021年）》，提出到二零二一年，推動我國金融科技發展居於國際領先水平，全面建成安全、可控、先進、高效的金融科技應用體系，構建集中式與分佈式協調發展的信息基礎設施架構，而分佈式體系架構正是金融機構普遍共識、加速實現自主可控發展的關鍵抓手。神州信息依托三十餘年在金融領域積累的行業經驗與技術優勢，自主研發創新的分佈式應用平台及分佈式銀行核心業務系統，正幫助越來越多的金融機構向分佈式架構轉型，打造堅實的分佈式體系，利用行業大數據打通金融服務與更多行業的場景連接，解決各行業的金融供需問題。

失衡和不確定性是生存的常態，危機本身亦是培育和壯大新的經濟增長點的考驗時機。疫情當下，我們面對挑戰的同時也看到大量新的市場機會，智慧城市、智慧產業鏈和金融數字化轉型等需求都將因此被激發。在萬物互聯的5G時代，人工智能、邊緣計算、區塊鏈等新技術加速與物聯網結合，應用熱點迭起，在疫情下的特殊環境肯定會加速集成創新和規模化發展的新階段。展望未來，神州控股將在智慧城市領域通過自主創新的「軟件互聯網」技術，建設城市及政府數字化連接的基礎架構，讓政府服務更加便捷，業務的處理更加高效敏捷。而科捷將致力於產品全生命週期管理的解決方案，提供端到端的智慧供應鏈服務。神州控股堅持「以人為本」之理念，通過科技產業資源導入及大數據運營服務賦能城市智慧化發展和產業數字化轉型，努力踐行數字中國之夢想。

管理層研討與分析

二零一九年，本集團在大數據科技生態鏈的關鍵應用場景上實現了顯著的業績增長，整體收入和盈利突飛猛進。本公司旗下北京因特睿軟件有限公司（簡稱「因特睿」）與北京大學團隊合作研發的「雲-端融合系統的資源反射機制及高效互操作技術」，在二零一九年一月份榮獲國家技術發明獎一等獎至高榮譽，是對本公司大數據技術的高度肯定，以此技術為基礎轉化的「燕雲DaaS」系列產品廣泛應用於大數據產業建設，贏得多個高價值項目。智慧產業鏈的智能倉儲解決方案和大數據平台經營效率持續改善，推動盈利能力顯著提升。報告期內，本集團整體業務錄得營業額約港幣177.27億元，較上財年同期增加約港幣24.73億元，同比上升約16.21%，其中大數據相關收入達港幣7,839萬元；毛利約為港幣31.55億元，較上財年同比增長約8.43%，毛利率約為17.80%。本集團母公司股東應佔溢利約港幣3.02億元，與去年同期增加約港幣1.52億，相比上升約101.78%。



1) 智慧產業鏈：收入大幅增長約42.26%，經營利潤轉虧為盈，盈利突破港幣1億

智慧產業鏈業務的經營實體科捷是供應鏈大數據領域的領先企業，踐行「供應鏈+大數據+人工智能物聯網 (AIoT)」的戰略，持續優化大數據應用和智能倉儲解決方案，為客戶提供端到端的一站式供應鏈服務，實現產業鏈融合。報告期內，智慧產業鏈業務整體營業額錄得約港幣53.74億元，較上財年同期大幅增長約42.26%；毛利約為港幣6.90億元，毛利率約為12.84%；業務增長和經營效率的提升推動科捷物流盈利突飛猛進，分部經營利潤轉虧為盈至約港幣1.06億元，與上財年同期虧損約港幣603萬元相比急速上升。

在報告期內，科捷在雙十一再次創下業內單倉300萬單的新紀錄，在所有智能倉儲物流企業中扮演著領導者角色。科捷圍繞IT數碼、通訊、汽配、快消、鞋服、美妝、家居行業繼續深度挖潛，擴大與核心客戶的合作，比亞迪、中興、中移動、松聯、海康等B2B客戶業務保持增長，新簽約在線教育頭部客戶也獲得快速增長。華為榮耀手機

系列和戴爾相關的業務增長提速，相關的電商供應鏈業務收入同比增長96%。科捷結合一帶一路發展契機，快速佈局海外物流業務，在報告期內相繼中標中興馬來西亞業務，新建香港、吉隆坡、古晉及亞庇倉庫，在印度尼西亞雅加達新建NVG中心倉。

科捷依託「供應鏈+大數據+人工智能物聯網(AIoT)」核心戰略，不斷增加研發投入，依託科捷雲服務平台，持續打造「金庫」物流管理軟件、「KINGKOO DATA」大數據產品、「人機共舞」人工智能方案等系列產品。二零一九年底更推出電子簽單產品「捷雲快簽」，IoT新品「捷運寶」，持續提升服務競爭力，為客戶提供端到端的一站式供應鏈服務。「人機共舞3.0」為國內首個B2B和B2C混合智能揀選方案，採用「雙業務並存高密度存儲貨到人方案」，極大節省人工及機器人投入，將倉容利用率提升30%，節省人工成本50%。「人機共舞3.0」在報告期內已經實際在科捷重慶倉庫落地。科捷結合倉儲機器人自動化運作和精細化管理，有效提升倉庫利用率和人均效能，大幅改善B2C業務業績，在報告期內每單位小時產出值比去年提升31%。

KINGKOO DATA大數據平台整合供應鏈場景下的大數據服務需求，實現對可視化決策輔助信息的智能化挖掘和實時推送，輔助產業鏈決策者基於市場變化更加精準決策，進而提升產業鏈的整體運作效率。在二零一九年中國財經峰會冬季論壇「科捷KINGKOO DATA供應鏈大數據系統」，分別獲得兩項大獎-「2019年度科技引領獎」和「2019年度智能創新獎」。

2) 智慧城市：燕雲DaaS助力各省市抗擊新冠肺炎，簽下長春新區和唐山項目

神州控股不斷以自主創新核心技術賦能城市智慧化發展和產業數字化轉型，在基於城市特性打造新動能的產、城、人綜合治理的「智慧城市3.0」深耕模式，以「城市CTO」的角色為城市智慧化建設制定頂層設計。報告期內，智慧城市業務整體營業額錄得約港幣3.27億元，毛利約為港幣7,469萬元，分部盈利約為1,149萬港幣。神州控股旗下因特睿與北京大學團隊合作完成的「雲-端融合系統的資源反射機制及高效互操作技術」，榮獲國家技術發明獎一等獎。因特睿基於該技術轉化的「燕雲DaaS」系列產品可實現軟件互聯、數據融合，迅速打破信息孤島，快速再造業務流程，平均可為用戶縮短50%的項目實施週期。「燕雲DaaS」受到市場的高度認可，為本集團贏得多個超億項目。二零一九年三月，本集團與長春新區管委會簽訂「數字新區」一期服務項目協議。根據協議，神州控股將協同生態夥伴負責長春新區「數字新區」項目一期建設，合同金額約人民幣1.74億元。二零一九年七月，本集團與唐山市政府簽署「智慧唐山」建設項目，金額人民幣1.4億元。本集團將以智慧城市總運營商的角色全面助力唐山市新型智慧城市建設，攜手唐山市政府大力發展數字產業。二零一九年十二月，本集團與曲靖市人民政府簽署戰略合作協議，將參與「數字曲靖」的全面規劃和項目建設，重點將集中在建設數據中台、市民服務平台以及城市運行管理等應用。

新近爆發的新冠肺炎疫情將大大加速中國數字化城市治理水平的提升進程，疫情防控激發大數據技術的應用，燕雲DaaS大數據技術發揮重大作用。智慧城市業務依託燕雲DaaS大數據技術，在三明、威海、龍巖等地推出「疫情防控系統」、「新型肺炎疫情人員信息登記系統」、「重要居民生活消費品價格監測平台」、「新型冠狀病毒肺炎防控信息服務平台」等大數據服務。相較於傳統自上而下單向管理的政府治理模式，神州控股致力於將市民納入城市治理的體系中，增加反饋機制保障服務質量和效率，利用大數據技術連接起市民、城市和政府。未來隨著燕雲DaaS技術的平台化及產品不斷迭代以及在更多城市和企業推廣，智慧城市的經營業績預計出現爆發性的增長。

3) 神州信息：戰略聚焦金融科技領域，在銀行核心業務、渠道管理解決方案市場連續七年排名第一

在神州控股大數據戰略的框架下，神州信息以大數據為及金融科技為核心，賦能行業價值升級。二零一九年，神州信息榮登「IDC FINTECH RANKINGS」全球金融科技百強榜排名第38名，在銀行核心業務、渠道管理解決方案市場已連續七年排名第一。報告期內，神州信息實現營業收入約港幣115.04億元，較上財年同期上升約9.33%；毛利約為港幣21.02億元，按年增長8.4%，毛利率約為18.27%；分部經營利潤約港幣3.01億元，按年增長101.98%。

根據IDC相關報告，核心業務系統作為中國銀行業IT解決方案市場中最大的子市場，未來3-5年市場規模仍將保持穩定增長的態勢。在報告期內，神州信息產品及解決方案在國有大行、股份制銀行、城商行等領域保持客戶數量較快增長，產品滲透率得到進一步提升。中國銀行業處於從傳統集中式架構到分佈式、微服務的新型架構轉型之中，受益於過往較長週期和較大規模的技術研發投入，神州信息自主研發的新一代分佈式核心及應用平台獲得市場高度認可，核心應用產品也完成了與華為、螞蟻金服及京東數科等多家雲環境及數據庫環境的融合。核心系統業務全年中標、簽約數量創歷史新高，新增中標項目包括中國郵政儲蓄銀行、北京銀行、天津銀行、營口沿海銀行、廣西北部灣銀行、柬埔寨瑞麗銀行等16家金融機構的項目。神州信息的企業服務總線及微服務產品繼續保持在業內的領先地位，中標、簽約廣州銀行、廣西北部灣銀行、貴陽農商行、澳門華人銀行等19家銀行。互聯網開放平台及互聯網金融平台中標、簽約北京銀行、蘭州銀行、廣州銀行、九江銀行、秦皇島銀行、寧波銀行、阜新銀行等13家銀行，在業內持續領跑。

為配合國家「新基建」的投資計劃，神州信息在量子通信領域成功中標「京漢幹線」、「漢廣幹線」、「粵港澳大灣區幹線」及多個幹線延長線等重點城市量子保密通信城域網項目，繼續擴大在量子通信領域的領導者地位。

4) ISESOL助力製造企業迎戰新冠病毒疫情

本公司旗下智能雲科公司作為國內領先的工業互聯網平台運營商，打造iSESOL工業互聯網平台，提供基於數據驅動的一站式工業服務。智能雲科在報告內推出工業物聯終端iSESOL BOX，其邊緣計算能力，借助與iSESOL工業互聯網平台的邊雲協同能力，實現設備和雲平台之間的數據實時交互，幫助企業提高生產效率。在新型冠狀病毒疫情期間，智能雲科針對已恢復生產的製造企業提供各類工業APP，結合工業物聯終端iSESOL BOX，可以為企業提供設備運行狀態監控、機床遠程體檢、設備遠程分時租賃、車間生產遠程可視化、生產供應鏈全流程透明管控等服務，使用者足不出戶亦可對車間生產進度、設備狀況、庫存信息、質量信息、物流配送等信息瞭如指掌。iSESOL工業互聯網平台服務範圍已涵蓋26省、161市，服務企業客戶3,000餘家，已連接智能設備接近30,000多台，較去年同期上升20%。智能雲科的加工設備互聯互通的工業大數據項目成功入選工信部發佈了「2020年大數據產業發展試點示範項目公示名單」，這是2020年以來，繼入選工信部「2019年工業互聯網試點示範項目名單」之後，智能雲科的又一殊榮。

5) 經營展望：以自主創新核心技術踐行「數字中國」，提升股東回報

進入二零二零年，全球經濟在新型冠狀病毒疫情下將面臨減速風險。中國經濟依然處在適應新環境的關鍵時期，以大數據技術賦能各行各業的效益在特殊時期會變得更加顯著。本集團在面對挑戰的同時也看到巨大的市場機遇，在技術變革中不斷尋找自主創新的突破口。展望未來，本集團將不忘初心、牢記使命，以「燕雲DaaS」、物聯網（「IoT」）、生物辨識、安全科技等自主創新核心技術為依託，通過科技產業資源導入及大數據運營服務賦能城市智慧化發展和產業數字化轉型，努力踐行「數字中國」之夢想的同時，實現盈利增長，提升股東回報。

6) 關於本集團購買的若干理財產品（「理財產品」）的解決方案的最新情況

截止二零一九年十二月三十一日，理財產品未償付本金金額約為港幣18.30億元（人民幣16.34億元）。本集團對於上述理財產品涉及的最終相關資產，制定了出售計劃及具體行動方案。依照行動方案，本公司將優先處置相關資產中的房地產住宅項目（涉及本息約港幣2.16億元（人民幣1.93億元））。

此房地產住宅項目已進入資產重整及處置變現程序，項目建設工作已基本完成，並已開盤銷售且銷售進度良好。此房地產項目已啟動交房程序，但由於受到新冠肺炎疫情影響，各項完工驗收手續及產權證件將於後續陸續辦理。變現償還計劃如根據相關法律規定執行，本集團將可收回相關資產之一的房地產住宅項目所涉及的款項共約港幣2.16億元（人民幣1.93億元）。

剩餘最終相關資產（涉及約港幣16.14億元（人民幣14.41億元）的變現償還計劃目前還在穩步推進執行當中，已經取得積極進展。本集團將繼續按照行動方案積極推進執行，若行動方案有重大進展，本公司會適時發出公告。

載列於本集團二零一九年財務報表的理財產品賬面價值乃參考獨立估值師的估值報告釐定。基於管理層對資產的判斷和資產處置進程，於二零一九年無需對理財產品所做的減值撥備進行調整。

資本開支、流動資金及財務資源

本集團主要以內部資源、銀行貸款及銀行信貸應付其營運所需資金。

於二零一九年十二月三十一日，本集團擁有總資產約港幣255.51億元，而資金來源為總負債約港幣129.88億元，非控股權益約港幣36.27億元及母公司股東應佔權益約港幣89.36億元。於二零一九年十二月三十一日，本集團之流動比率為1.17，而於二零一八年十二月三十一日為1.22。

於截至二零一九年十二月三十一日止年度內，主要用於購置房屋、辦公室設備及IT基礎設施建設而產生的資本開支為約港幣3.32億元。

於二零一九年十二月三十一日，本集團有現金及銀行結餘約港幣20.06億元，當中有約港幣17.20億元乃以人民幣計值。

於二零一九年十二月三十一日，本集團的有關貸款總額佔母公司股東應佔權益之比率為0.57，而於二零一八年十二月三十一日為0.70。上述比率按付息銀行及其他貸款總額約港幣50.95億元（二零一八年十二月三十一日：約港幣61.99億元）及母公司股東應佔權益約港幣89.36億元（二零一八年十二月三十一日：約港幣88.50億元）計算。

管理層研討與分析

於二零一九年十二月三十一日，本集團的附息銀行及其他貸款的借款單位如下：

	以美元 計值 港幣千元	以人民幣 計值 港幣千元	以港幣元 計值 港幣千元	總計 港幣千元
流動				
附息銀行貸款，無抵押	79,733	1,156,158	150,000	1,385,891
附息銀行貸款，有抵押	-	1,968,048	63,500	2,031,548
其他貸款	-	51,520	-	51,520
	79,733	3,175,726	213,500	3,468,959
非流動				
附息銀行貸款，有抵押	-	1,571,970	46,832	1,618,802
公司債券	-	6,939	-	6,939
	-	1,578,909	46,832	1,625,741
總計	79,733	4,754,635	260,332	5,094,700

本集團之若干銀行貸款：

1. 約港幣22.74億元由金融機構授予本集團之若干附屬公司，並以於二零一九年十二月三十一日其總賬面價值約港幣37.33億元之樓宇、投資物業及預付土地租金作為抵押；及
2. 約港幣13.76億元由金融機構授予本集團之若干附屬公司，並以於二零一九年十二月三十一日本公司非全資擁有附屬公司神州信息（直接由本公司全資擁有附屬公司持有）之已發行股份247,869,570股其總賬面價值約港幣41.11億元作為質押。

包括於本集團之流動及非流動銀行貸款分別約港幣6.43億元及港幣16.19億元為長期貸款須於二零二零年至二零三四年償還。於二零一九年十二月三十一日，除總額為約港幣22.25億元的貸款結餘按固定利率計息外，本集團的全部銀行貸款乃按浮動利率計息。

根據《神州靈雲（北京）科技有限公司出資及股東協議》，在滿足相關業績承諾條件後，新增資入股的投資人按照其出資比例向神州靈雲（北京）科技有限公司（為本公司非全資擁有附屬公司神州信息之附屬公司之一）（「神州靈雲」）提供共計人民幣3,300萬元（相等於約港幣3,696萬元）可轉債借款。截至二零一九年十二月三十一日止年度，投資人提供可轉債借款人民幣174萬（二零一八年：人民幣1,485萬）（相等於約港幣195萬元（二零一八年：約港幣1,690萬），其中神州信息提供人民幣零元（二零一八年：人民幣1,360萬）（相等於港幣零元（二零一八年：約港幣1,550萬），其餘投資人提供人民幣174萬元（二零一八年：人民幣125萬）（相等於約港幣195萬元（二零一八年：約港幣140萬）。在神州靈雲的二零一六年至二零二零年業績承諾全部得到滿足的前提下，投資人同意將可轉債借款全部轉換為對神州靈雲的投資，轉換後的投資均計入神州靈雲的資本公積。如業績承諾未得到滿足，由神州靈雲在收到投資人的通知後30天內予以償還上述可轉債借款。

於二零一九年十二月三十一日本集團之可動用銀行總信用額為約港幣125.46億元，當中包括約港幣23.17億元之長期貸款額度，約港幣37.97億元之貿易信用額度及約港幣64.32億元之短期及循環現金透支。於二零一九年十二月三十一日，本集團已動用之長期貸款額度為約港幣22.61億元，貿易信用額度為約港幣6.79億元及短期及循環現金透支為約港幣27.75億元。

在一般業務範圍內，本集團為滿足若干客戶之個別要求，會就未能履約之潛在索償向該等客戶提供履約保證。由於過去並無客戶就履約保證作出任何重大索償，故管理層認為因履約保證而產生任何實際重大負債之可能性不大。

或然負債

於二零一八年十一月七日，中國普天信息產業集團有限公司向北京市第二中級人民法院發起訴訟，就神州信息協助深圳市生物港投資有限公司（「生物港公司」）抽逃出資為由，要求神州信息在協助生物港公司抽逃出資的人民幣25,000,000元及利息範圍內承擔連帶賠償責任。截止二零一八年十二月底，神州信息已向北京市第二中級人民法院提管轄權異議訴訟，被北京市第二中級人民法院駁回。神州信息針對駁回管轄權異議的裁定書向北京市高級人民法院提起訴訟，於二零一九年五月被北京市高級人民法院駁回。於二零一九年十月二十九日，北京市第二中級人民法院出具了（2018）京02民初344號的民事判決書：神州信息在代墊資金本息共計人民幣35,120,000元範圍內，對於生物港公司在廣東省深圳市中級人民法院（2007）深中法委執字第539號執行案項下對中國普天信息產業集團有限公司的債務經強制執行不能清償的部分（以數額不超過人民幣68,125,000元為限）承擔補充賠償責任，其他第三方被告北京新富投資有限公司在抽逃出資人民幣58,380,000元範圍內承擔補充賠償責任，昆山市申昌科技有限公司在代墊資金本息共計人民幣60,250,000元範圍內承擔補充賠償責任。神州信息已上訴，但根據上述判決計提預計負債人民幣21,382,000元。

管理層研討與分析

資本承擔

於二零一九年十二月三十一日，本集團作出以下資本承擔：

港幣千元

已簽約但未於綜合財務報表中撥備：

土地及樓宇	30,209
向多間合營企業資本注資	33,969
向多間聯營公司資本注資	23,520
以公允價值計量且其變動計入其他全面收益的金融資產資本注資	480
	88,178

報告期後事項

於二零二零年一月十四日，本集團與SK Chain Company Limited（「受讓人」）訂立買賣協議，據此，本集團同意出售而受讓人同意收購本公司間接非全資公司北京勵致維欣科技有限公司（「北京勵致維欣」）的全部股權，該公司進而持有神州數碼醫療科技股份有限公司（「神州數碼醫療」）的32,720,636股股份，佔神州數碼醫療全部已發行股本的約14.05%。根據該協議，受讓方根據買賣協議應就出售事項支付總代價為美元等值之人民幣500,000,000元（約港幣559,998,000元）。緊接出售事項完成後，本集團在神州數碼醫療已發行的全部股份將由約20.04%降至約5.99%，及神州數碼醫療不再為本公司的聯營公司，餘下之權益則以公允價值計量且其變動計入其他全面收益的金融資產列示。本集團亦將不再擁有北京勵致維欣的任何股權，而北京勵致維欣將不再為本公司的附屬公司。

新型冠狀病毒感染的肺炎疫情於2020年1月在全國爆發以來，本集團密切關注肺炎疫情發展情況，評估和積極應對其對本集團財務狀況、經營成果等方面的影響。本集團預計此次疫情對本集團的經營活動造成一定的暫時性影響，但也同時為公司帶來新的市場機遇，包括在智慧城市和物流電商領域。截至本報告日期尚未發現重大不利影響。本集團亦將繼續監察影響營運的其他潛在風險，並與應對可能出現的風險。

人力資源

於二零一九年十二月三十一日，本集團約有全職僱員11,800名（二零一八年十二月三十一日：約11,000名）。該等僱員大部分均於中國受僱。本集團按照行業慣例提供酬金福利予僱員。僱員酬金包括基本薪金及花紅。導致本集團於截至二零一九年十二月三十一日止年度之僱員成本錄得約港幣25.75億元，比截至二零一八年十二月三十一日止年度約港幣25.69億元增長0.23%。為吸納及挽留優秀積極之僱員，本公司按個人表現及所達到之本公司目標，向僱員提供股權激勵計劃。本集團亦同時致力為僱員提供多項內部及外部培訓與發展計劃。

供股所得款項用途的更新資料

於二零一七年九月，本公司完成供股（「供股」）及籌得資金約港幣13.35億元。下表為供股所得款項淨額（「所得款項淨額」）的用途情況：

	於2018年 1月1日的 未動用金額 港幣百萬元	於2018年 12月31日的 實際應用 港幣百萬元	於2018年 12月31日的 未動用金額 港幣百萬元	截至2019年 12月31日止 年度的 實際應用 港幣百萬元	於2019年 12月31日的 未動用金額 港幣百萬元	預計 截至2020年 12月31日 止年度 將動用的金額 港幣百萬元
為投資於健康醫療大數據投資進行融資或確定任何其他潛在的投資及 任何可能合適的收購機會	728	(157)	571	(198)	373	373

附註：於本報告日期，健康醫療大數據投資亦處於初期洽談階段及本集團未有簽定有法律約束力的協議。

本公司無意改變日期為二零一七年八月二十三日的供股章程所載的所得款項淨額的用途，並將根據上述預期目的逐步使用未動用的所得款項淨額。於二零一九年十二月三十一日，已動用所得款項淨額合共港幣9.62億元。

有關供股的詳情，請參考本公司日期為二零一七年七月二十一日、二零一七年八月二十四日及二零一七年九月十五日的公告，日期為二零一七年八月二十三日的供股章程及截至二零一七年十二月三十一日及二零一八年十二月三十一日的止年度的年報。

董事及公司秘書

執行董事



郭為先生

郭為先生，五十七歲，為本集團之主席、首席執行官兼執行董事，負責本集團之策略發展及整體業務營運管理。自二零零一年二月起，郭先生曾擔任本集團副主席兼總裁及首席執行官，其後於二零零七年十二月獲委任為本公司董事會主席。於二零一八年六月再獲委任為本公司首席執行官。彼亦為本公司若干附屬公司及聯營公司之董事。郭先生於一九八八年獲得中國科學院研究生院（前稱中國科學技術大學研究生院）之管理碩士學位。彼於一九八八年加入聯想集團，並曾任聯想集團執行董事及高級副總裁。郭先生曾榮獲中國十大傑出青年稱號（二零零二年度）、中國科協「求是傑出青年成果轉化獎」（二零零二年度）、中國十大傑出青年科技創新獎（一九九八年度）、中國未來經濟領袖（二零零三年度）及首屆中國青年企業家管理創新金獎（二零零五年度）等重要獎項。彼亦獲《財富》中文版評為二零一一年及二零一二年中國最具影響力的五十位商界領袖之一。

郭先生現為神州數碼信息服務股份有限公司之董事長及神州數碼集團股份有限公司（前稱為深圳市深信泰豐（集團）股份有限公司）（全部於深圳證券交易所上市）之董事長及總裁及戰略委員會和提名委員會委員。此外，彼為Kosalaki Investments Limited（按證券及期貨條例第XV部所述屬本公司的主要股東）的董事。郭先生曾任慧聰集團有限公司（前稱慧聰網有限公司）（於香港聯合交易所有限公司主板上市）之非執行董事，上海浦東發展銀行股份有限公司（於上海證券交易所上市）的獨立董事、鼎捷軟件股份有限公司（於深圳證券交易所創業板上市）之董事，以及中國南方航空股份有限公司（於香港聯合交易所有限公司主板、上海證券交易所及紐約證券交易所上市）之獨立非執行董事。此外，郭先生現擔任國家信息化專家諮詢委員會第四屆委員會委員及數字中國產業發展聯盟副理事長。彼亦曾擔任中國人民政治協商會議第十一屆及第十二屆全國委員會委員、北京信息化協會會長及中國民營科技實業家協會第六屆理事會理事長、中國智慧城市產業技術創新戰略聯盟理事長等社會職務。彼在業務策略發展及業務營運管理方面擁有逾三十二年的經驗。



林楊先生

林楊先生，五十三歲，為本集團之副主席兼執行董事。彼亦為本公司若干附屬公司之董事。林先生於一九八八年畢業於西安電子科技大學，獲得計算機通訊學士學位，並於二零零五年畢業於長江商學院，獲得工商管理碩士學位。彼於二零零一年二月加入本集團，並曾任本集團之常務副總裁及總裁，以及亦於二零一一年四月至二零一八年六月期間曾任本集團之首席執行官。林先生曾任神州數碼信息服務股份有限公司（於深圳證券交易所上市）之副董事長、董事及審核委員會委員。彼於一九九零年加入聯想集團，並於IT業務管理方面擁有逾二十九年之經驗。林先生於二零零一年榮獲首屆中國IT渠道精英評選終身成就獎，及於二零零五年榮獲中國IT分銷二十年影響力人物。彼亦於二零一三年榮獲二零一二年中國信息產業年度領袖人物和二零一二年中關村十大年度人物殊榮。此外，林先生曾擔任中國工業和信息化部中國信息產業商會IT渠道專業委員會理事長。

非執行董事



余梓平先生

余梓平先生，四十八歲，自二零一七年十二月二十七日起擔任本公司之非執行董事。余先生現為廣州市城投環境能源投資管理有限公司（「**城投環境能源**」）之董事兼總經理、廣州城投智慧城市科技發展有限公司（為本公司及城投環境能源之聯營公司）之法定代表人兼董事長、廣州城投潤澤科技有限公司及廣州城投信息科技有限公司之董事及廣州智慧航運數據服務有限公司之法定代表人及董事兼總經理。於二零二零年一月十九日起，余先生擔任廣州市智慧城市投資運營有限公司董事長兼總經理。余先生於一九九四年在東北大學獲得工學學士學位，並於二零零三年在暨南大學獲得工商管理碩士學位，彼於二零零零年獲取工程師資格。

余先生曾服務於多家大型國有企業集團及跨國企業的合資公司。期間彼具體負責組建多家公司，從事港口航運，城市基礎設施建設與投資運營管理，以及新興產業的發展等多方面業務。近年主要聚焦於智慧城市與大數據業務。彼於二零零一年至二零零三年期間，在廣州集裝箱碼頭有限公司業務發展部任部門綜合主管兼商務主管。彼於二零零三年至二零一零年期間，在廣州大學城投資經營管理有限公司擔任投資管理部經理、計劃合同採購部經理及經營管理部經理等職務。彼曾任廣州城投集團投資委員會成員。



彭晶先生

彭晶先生，三十三歲，自二零一七年十二月二十七日起擔任本公司之非執行董事。彭先生現為廣州市城投投資有限公司副總經理及廣州市城投小額貸款有限公司之董事長。彭先生於二零零八年在廣州大學獲得文學學士學位，並於二零一七年在廣東財經大學獲得工商管理碩士學位。

彭先生曾服務於多家大型上市金融機構及國有企業集團，彼於二零零八年至今有近十二年金融投融資經驗。期間彼具體負責銀行信貸、貿易融資、國際業務及公司金融投資業務等。彼具體負責組建多家公司，從事基金投資、融資租賃、小額貸款、城市基礎設施建設與投資運營管理，以及新興產業的發展等多方面業務。近年主要聚焦於金融投融資、參與組建大數據基金、建設基金，全程參與集團智慧城市相關投資項目。

獨立非執行董事



黃文宗先生

黃文宗先生，五十五歲，自二零零六年八月二十三日起擔任本公司之獨立非執行董事。彼持有中國廣州暨南大學管理學碩士學位。黃先生為英國特許公認會計師公會資深會員、香港會計師公會資深執業會員、英格蘭及韋爾斯特許會計師公會與香港華人會計師公會資深會員以及香港稅務學會之註冊稅務師。彼為一名資深執業會計師，於審計、稅務、公司內部監控及管治、企業收購及財務顧問、企業重組及清算、家族信託以及財富管理方面積累逾三十二年經驗。加入本公司前，黃先生曾於畢馬威（一間國際性會計師事務所）工作逾六年，並於香港中央結算有限公司工作兩年。黃先生具有香港聯合交易所有限公司證券上市規則第3.10條所要求具備之適當專業資格、會計及相關財務管理專長。

黃先生現為中國東方集團控股有限公司及綠心集團有限公司（全部於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會及薪酬委員會主席，以及提名委員會成員；惠記集團有限公司、綜合環保集團有限公司（全部於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會主席，以及提名委員會及薪酬委員會成員；保利協鑫能源控股有限公司（於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會及策略及投資委員會成員；海隆控股有限公司及中智全球控股有限公司（全部於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會主席及薪酬委員會成員；齊屹科技（開曼）有限公司（於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核與風險管理委員會主席及薪酬委員會會員；以及上海東正汽車金融股份有限公司（於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會主席、風險管理委員會及薪酬及評估委員會會員。彼曾任昆明滇池水務股份有限公司（於香港聯合交易所有限公司主板上市）之獨立非執行董事及審核委員會主席，以及中國新高教集團有限公司（於香港聯合交易所有限公司主板上市）之獨立非執行董事、審核委員會主席及提名委員會成員；黃先生現為才匯會計師事務所有限公司之非執行主席及中審亞太才匯（香港）會計師事務所有限公司之非執行董事。黃先生現為黃文宗慈善基金有限公司，一慈善機構之創辦董事及成員。



倪虹小姐

倪虹小姐，四十七歲，自二零一零年九月二十九日起擔任本公司之獨立非執行董事。倪小姐於賓夕法尼亞大學法律學院取得法律博士學位及於康奈爾大學取得應用經濟及商業管理學士學位。倪小姐於二零一零年九月加入本公司。倪小姐現任科通芯城集團（於香港聯合交易所有限公司主板上市）的執行董事及首席投資官及ATA Inc.（一家於美國納斯達克證券交易所上市的公司（NASDAQ代號：ATAI））的獨立董事、審核委員會主席及薪酬委員會成員。倪小姐自二零零九年起擔任啟迪資本的董事長。倪小姐於二零零四年八月至二零零八年一月曾任Viewtran Group, Inc.（「Viewtran」）的首席財務官及董事，後擔任該公司的董事局副主席直至二零零九年初。加入Viewtran前，倪小姐曾於紐約及香港的世達律師事務所擔任專門負責企業融資的執業律師長達六年。在此之前，倪小姐於紐約美林(Merrill Lynch)的投資銀行部門工作。

倪小姐曾任晶澳控股(JA Solar Holdings, Co. Ltd.)（一家於美國納斯達克證券交易所上市的公司（NASDAQ代號：JASO））的獨立董事、審核委員會主席、以及薪酬及提名委員會成員；全美在線（北京）教育科技股份有限公司（於二零一七年十月十一日在中國全國中小企業股份轉讓系統（又名新三板）終止掛牌的公司）的董事以及空中網公司(KongZhong Corporation)（一家曾於美國納斯達克證券交易所上市的公司（NASDAQ代號：KZ））的獨立董事。



劉允博士

劉允博士，五十六歲，自二零一四年三月二十五日起擔任本公司之獨立非執行董事。劉博士於二零二零年一月一日起擔任VOSS（國際飲用瓶裝水品牌）的董事會成員及首席執行官一職。此外，劉博士於二零一九年八月一日起擔任新加坡華彬控股私人有限公司(Reignwood Holdings Pte Ltd. (Singapore))的首席顧問。彼於二零一七年三月至二零一八年五月擔任萬達網絡科技集團副總裁兼首席運營官。彼於二零一四年十二月至二零一六年九月擔任ARM Holdings Plc.（於倫敦證券交易所上市）的獨立非執行董事。彼亦於二零一六年六月至九月為保護國際基金會之全球高級副總裁暨大中華區首席代表。彼於二零一四年一月至二零一五年八月期間擔任奇虎360科技有限公司首席商務官一職。在此之前，彼曾效力下列多間從事通信或網絡或軟件範疇業務的知名公司，擔任高級管理職務：谷歌(Google)全球副總裁兼大中華區總裁（二零零八年至二零一三年）；SK電信(SK Telecom Co., Ltd.)中國區首席執行官（二零零二年至二零零七年）；FreeMarkets Inc.大中華區總經理（二零零零年至二零零二年）；國際航空電信集團(SITA Communication)中國區首席執行官（一九九九年至二零零零年）；金獅集團(The Lion Group)電信部總經理（一九九七年至一九九九年）以及新加坡電信公司(Singapore Telecommunications Limited)大中華區業務發展總監（一九九四年至一九九七年）。

劉博士於一九八三年畢業於北京師範大學，獲授數學學士學位，並於一九九七年獲丹麥理工大學頒授電信網絡管理博士學位。於二零一一年，劉博士修讀哈佛商學院的高級行政人員課程。



嚴曉燕女士

嚴曉燕女士，六十八歲，自二零一四年五月二十七日起擔任本公司之獨立非執行董事。嚴女士有約四十一年之金融從業經歷，彼曾在中國人民銀行及中國工商銀行擔任高級領導職務，並自一九九六年於北京銀行（於上海證券交易所上市）擔任董事及副行長職務，並分別於二零零二年及二零一零年擔任行長及副董事長職務。嚴女士亦曾擔任北京市銀行業協會第六屆理事會會長。彼亦曾任北銀消費金融公司董事長，曾兼任北京市人民政府參事、北京上市公司協會副理事長、中國志願服務聯合會副秘書長及中國志願服務基金會副理事長兼秘書長等職務。嚴女士是銀行業鮮見的富有卓越專業智慧和領導力的女金融企業家。

嚴女士為高級經濟師，取得西南財經大學經濟學碩士及廈門大學管理學碩士，彼是中央財經大學研究生導師及客座教授，西安交通大學校級兼職教授及北京銀行博士後科研工作站指導教師。



金昌衛先生

金昌衛先生，五十三歲，於二零一八年六月二十九日獲委任為本公司之獨立非執行董事。金先生自二零一八年十月至二零一九年十二月出任香港羅盛諮詢公司之董事總經理及於二零零七年一月至二零一六年五月期間出任億康先達（上海）有限公司（一家領先的高級管理人才搜索諮詢公司）之合夥人。在此之前，金先生曾於下列幾間全球科技公司擔任領導角色的職位：eBay中國之首席運營官（二零零五年四月至二零零六年十一月），美國電話電報公司（AT&T）大中華之總經理（二零零二年八月至二零零五年四月），瑞士信貸第一波士頓（CSFB）香港之電信與媒體業總監（二零零一年九月至二零零二年四月），香港電訊及電訊盈科之企業規劃與發展之負責人（一九九九年九月至二零零一年九月），博思艾倫諮詢公司之高級經理（一九九五年至一九九九年九月）及於美國IBM公司之高級系統顧問（一九八八年二月至一九九三年七月）。

金先生於美國密西根大學取得電氣工程學士學位及於美國賓夕法尼亞大學沃頓商學院取得金融學工商管理碩士學位。

公司秘書



王自強先生

王自強先生，五十三歲，本公司之公司秘書。王先生專責處理本集團之財務申報工作及上市事務。王先生畢業於香港大學，持有社會科學學士學位，並為英國特許公認會計師公會資深會員及香港會計師公會會員。彼曾任慧聰集團有限公司（於香港聯合交易所有限公司主板上市）之非執行董事及薪酬委員會成員。在此之前，王先生曾於安永會計師事務所（一間國際性會計師事務所）工作六年。王先生於財務管理及企業行政擁有逾三十年經驗。

企業管治報告

本集團致力推行最高標準之企業管治及維持健全及良好的企業管治常規，藉此提高對本公司股東（「股東」）之透明度、問責性及企業價值。

本公司嚴格遵守營運地所屬司法權區的管治法律及規例，及遵守監管機構發佈的適用指引及規則。

企業管治常規

本公司之企業管治常規乃建基於香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四《企業管治守則》及《企業管治報告》（「守則」）所載之原則、守則條文及若干建議最佳常規。

於截至二零一九年十二月三十一日止年度（「報告期」）內，除下述偏離若干於守則內所載之守則條文（「守則條文」）外，本公司已於整個報告期一直遵守守則條文，經考慮後之理由提供如下：

守則條文第A.2.1條規定，主席與首席執行官兩者之角色應有區別，並不應由一人同時兼任。主席與首席執行官之間職責的分工應清楚界定並以書面列載。

郭為先生（本公司董事會（「董事會」）主席）自二零一八年六月八日起擔任雙重職位，為本公司主席兼首席執行官。郭為先生於業務策略發展及管理方面均擁有豐富經驗，彼負責監管本集團之整體業務、策略發展及管理。董事會相信，郭為先生擔任雙重職位可使業務策略之建立及履行之一致性，並為本集團及股東帶來整體利益。

守則條文第A.4.1條規定，非執行董事的委任應有指定任期，並須接受重新選舉。

本公司所有非執行董事並無任何特定任期。由於所有董事（董事會主席或董事總經理除外）均須按本公司之新公司細則（「新公司細則」）之規定於每屆股東週年大會上輪流退任並符合資格可膺選連任。董事會認為按新公司細則，董事於每屆股東週年大會上輪流退任之規定，已賦予本公司股東權利對董事服務之延續作出批准。

守則條文第A.4.2條規定，每名董事（包括有指定任期的董事）應輪流退任，至少每三年一次。

根據新公司細則，於每屆股東週年大會上，時任董事數目的三分之一（若董事數目並非三或三之倍數，則以最接近三分之一為準）必須退任，惟董事會主席或董事總經理在職期間毋須輪流退任。因此，董事會主席郭為先生毋須輪流退任。鑒於本公司現有董事之數目，不少於三分之一董事須於每屆股東週年大會上輪流退任，從而使每名董事（董事會主席除外）最少每三年輪流退任一次。

守則條文第A.5.1條規定，上市公司應設立提名委員會，由董事會主席或獨立非執行董事擔任主席，成員須以獨立非執行董事佔大多數。

本公司現時並未設立提名委員會。本公司認為成立提名委員會未必是必須的，因按新公司細則，董事會有權不時及隨時委任任何人士出任董事，以填補臨時空缺或作為董事會之增補，因此，董事會已能承擔提名委員會的職責。董事會將物色及評估候選人是否具備均衡技能及經驗的組合，以配合本公司業務所需，以及擁有合適資格可擔任董事會成員。

守則條文第D.1.4條規定，董事應清楚瞭解現行的授權安排。上市公司應有正式的董事委任書，訂明有關委任的主要條款及條件。

本公司並無與任何非執行董事或獨立非執行董事訂立任何書面委任書。然而，董事會認為(i)有關董事已遵守適用於在聯交所上市的公司之董事的法規，包括上市規則，以及受信責任作決策以符合本公司及其股東的最佳利益；(ii)彼等已具備良好專業，並於其他上市公司擔任董事職務；及(iii)現時的安排已獲本公司採用多年並行之有效。因此，董事會認為，有關董事於現時的安排下都能負責任及有效地履行其職責。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之《上市發行人董事進行證券交易的標準守則》（「標準守則」）作為董事進行證券交易之行為守則。經本公司向董事作出具體查詢後，全體董事均確認，彼等於整個報告期一直遵守標準守則所規定之標準。

董事會

組成

於報告期末，董事會由九名董事組成，當中包括兩名執行董事、兩名非執行董事及五名獨立非執行董事。以本公司所知悉，董事會成員彼此並無任何財務、業務、家族或其他重大／相關之關係。

董事會具備清晰界定的責任與問責關係的一個緊密框架，目的為保障及增進股東利益，以及提供一個穩健活躍的平台以便實施本集團的戰略。

董事之簡歷載於本年報第22頁至第31頁標題為「董事及公司秘書」。

角色及職能

董事會負責制定本集團之整體策略、以及領導及監控本集團，例如本集團之長遠目標及策略、批准本集團之企業及資本架構、財務申報及監控、內部監控及風險管理、重大合約、與股東的溝通、董事會成員及其他委任事項、董事及其他重要高級管理人員之薪酬、各董事委員會之授權及企業管治等事務。

於報告期內，已舉行一次股東週年大會及一次股東週年大會續會，董事會已舉行四次定期會議（大約每季度一次）及三次特別會議，董事均親身或以電子通訊方式出席董事會會議。

委任及重選

董事會根據新公司細則所賦予之權力委任任何人士出任董事，以填補董事會之臨時空缺或作為新增成員。只有合資格候選人才會被建議予董事會以作考慮，而甄選之標準乃主要按彼等之專業資格、經驗及彼等對本集團有可能作出的貢獻作為評估。

獨立非執行董事

根據上市規則第3.10(1)條及第3.10(2)條，本公司已委任五名獨立非執行董事，其中一名具備合適之專業資格或會計或相關財務管理專業知識。

每名獨立非執行董事已根據上市規則第3.13條之規定，各自就其獨立性作出年度確認。本公司認為，全體獨立非執行董事均符合上市規則第3.13條所載之獨立指引，且視彼等為獨立人士。

主席及首席執行官

郭為先生（董事會主席）自於二零一八年六月八日起擔任雙重職位，為本公司主席兼首席執行官。郭為先生於業務策略發展及管理方面均擁有豐富經驗，彼負責監管本集團之整體業務、策略發展及管理。董事會相信，郭為先生擔任雙重職位可使業務策略之建立及履行之一致性，並為本集團及股東帶來整體利益。

審核委員會

本公司審核委員會（「審核委員會」）於二零零一年成立，並備有明確書面職權範圍。審核委員會有三名成員及全體成員均為獨立非執行董事。審核委員會現時由黃文宗先生擔任主席（彼具備適當的專業資格，或具備適當的會計或相關的財務管理專長），倪虹小姐及嚴曉燕女士擔任成員。

最新的審核委員會職權範圍於二零一八年十二月二十一日經董事會重新採納並生效，以及現已分別上載聯交所及本公司網站。

審核委員會協助董事會履行有關財務匯報、風險管理及內部監控，以及保持與外聘核數師關係的監督責任。

審核委員會負責（其中包括）以下：

- (i) 監察本集團財務報表之完整性；
- (ii) 檢討本集團財務監控、風險管理及內部監控系統；
- (iii) 檢討本集團財務及會計政策及實務；
- (iv) 檢討及監察本集團內部審核功能，並確保內部及外聘核數師的工作得到協調；及
- (v) 履行獲董事會授權之企業管治職能。

企業管治職能

於現有審核委員會職權範圍下，審核委員會獲董事會授權履行以下企業管治職能：

- (i) 制定及檢討本公司的企業管治政策及常規，並向董事會提出建議；
- (ii) 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- (iii) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- (iv) 制定、檢討及監察僱員及董事的操守準則及合規手冊（如有）；及
- (v) 檢討本公司遵守根據上市規則附錄十四編製的守則的情況及在本報告內的披露。

於報告期內，審核委員會舉行兩次會議，成員均親身或以電子通訊方式出席。

在報告期，審核委員會已與本公司高級管理人員及核數師（「核數師」）審閱彼等各自之審核結果，在將其提交董事會審議及批准半年度及全年度財務業績、本集團採納之會計原則及實務、法律及監管合規事務，並研討有關審核、內部監控、風險管理及財務申報等事宜。董事會已透過審核委員會定期檢討本集團於報告期內內部監控系統之成效以及討論有關企業管治職能的事項。

就核數師之甄選、聘任、辭任及解聘，審核委員會與董事會並無意見分歧。

薪酬委員會

本公司薪酬委員會（「薪酬委員會」）於二零零六年八月三十一日成立，並備有明確書面職權範圍。薪酬委員會由三名成員組成及全體成員均為獨立非執行董事。薪酬委員會現時由劉允博士擔任主席，黃文宗先生及金昌衛先生擔任成員。

最新的薪酬委員會職權範圍現已分別上載聯交所及本公司網站。

薪酬委員會協助董事會就薪酬政策及董事及高級管理層的薪酬待遇進行評估及提供建議。

薪酬委員會負責（其中包括）以下：

- (i) 就所有董事及高級管理人員的本公司薪酬政策及架構，以及就設立正規而具透明度的程序以制訂薪酬政策，向董事會提出建議；及
- (ii) 就個別執行董事及高級管理人員的薪酬待遇，包括非金錢利益、退休金權利及賠償金額，以及就非執行董事的薪酬，向董事會提出建議。

企業管治報告

在報告期，董事酬金之詳細資料載於財務報表附註9。

董事酬金乃參考經濟狀況、市況、各董事所承擔的責任及職責及其個人表現而釐定。

董事出席會議記錄

於報告期內，各董事出席以下會議之記錄載列如下：

董事會成員	委員會成員		出席／舉行會議次數		薪酬		
	審核委員會	薪酬委員會	董事會定期	特別	審核委員會	股東週年大會	
執行董事							
郭為(主席兼首席執行官)	-	-	4/4	3/3	不適用	不適用	2/2
林楊(副主席)	-	-	4/4	3/3	不適用	不適用	0/2
非執行董事							
余梓平	-	-	3/4	1/3	不適用	不適用	1/2
彭晶	-	-	2/4	2/3	不適用	不適用	1/2
獨立非執行董事							
黃文宗	主席	成員	4/4	3/3	2/2	不適用	2/2
倪虹	成員	-	4/4	2/3	2/2	不適用	1/2
劉允	-	主席	3/4	2/3	不適用	不適用	2/2
嚴曉燕	成員	-	4/4	1/3	2/2	不適用	0/2
金昌衛	-	成員	4/4	2/3	不適用	不適用	0/2

董事就職培訓及持續專業發展

新任董事將會收到一份有關委任的綜合資料，藉此可確保其瞭解在上市規則及相關監管規定下之董事職責及義務。

董事會獲鼓勵參與持續專業發展以發展及更新其知識及技能。本公司亦會在需要或適當的時候組織及安排研討會及／或提供相關閱讀資料予董事，藉以確保他們瞭解作為一間上市公司董事之角色、職能及責任，以及發展其對必要或適用之監管規則的最新知識。

於報告期內及直至本年報的日期，本公司已提供培訓材料給當時的所有董事，讓其緊貼法例、監管規則以及企業管治的最新發展。本公司亦已收到所有該等董事之培訓記錄。

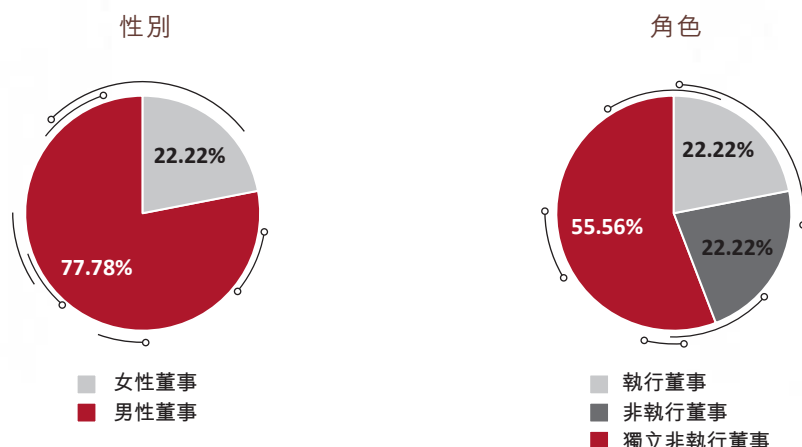
董事會成員多元化政策

本公司致力促進董事會成員多元化，及已採納董事會成員多元化政策（「**董事會成員多元化政策**」）並自二零一三年八月二十日起生效。董事會成員多元化政策表述董事會對培養多元化的企業文化之承擔，尤其專注董事會成員組合。

本公司明白並深信提升董事會多元化可獲得多元董事會價值的裨益，而多元的董事會價值實為達致本公司可持續平衡發展的必要元素。在釐定最切合本公司需要的董事會成員組合時，會考慮多個方面的因素，包括但不限於性別、年齡、種族及文化背景、技能、地區及行業經驗、專業經驗、服務任期及董事的其他特質。董事會所有委任均以用人唯才為原則，並在考慮人選時以客觀條件充分顧及董事會成員多元化的裨益。

於報告期末，董事會成員多元化的狀況闡述如下圖，董事會九名董事組成之中，其中兩名為女性；九名董事之中兩名為非執行董事，五名為獨立非執行董事，藉以作出批判檢討及監控管理流程。就年齡、文化、教育背景、專業知識及技能方面而言，董事會均屬相當多元化。董事會致力引領向前，並確信董事會成員就適合本公司業務所需之技能、經驗及多元化方面取得平衡。

於報告期末之董事會成員多元化狀況



核數師酬金

於報告期，核數師之核數服務酬金約港幣2,550,000元及非核數服務酬金約港幣150,000元以審閱有關發放及發行台灣存託憑證的財務報表。

風險管理及內部監控

風險管理及內部監控理念

足夠及有效的風險管理及內部監控系統是實現本集團戰略目標的重要保障。風險管理及內部監控系統應保障業務活動的有效進行、會計記錄的真實和公允，保障本集團遵守有關的法律、法規及政策，以及保障公司股東的資產及權益安全。

風險管理及內部監控的特點及成效

董事會承認有責任設立、維持及檢討本集團風險管理及內部監控系統的有效程度，以保障股東的投資及本集團的資產。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證，並管理而非杜絕導致本集團目標出現嚴重失誤的風險。此責任主要由審核委員會履行，其代表董事會每年就本集團對處理風險與財務會計及報告的風險管理及內部監控系統是否持續有效、營運是否有效及富有效率、有否遵守有關法規及風險管理職能等方面進行每年至少一次的檢討，並監控本集團會計、內部審核、財務、員工資歷及經驗、營運、合規的風險。董事會亦明白其對內部監控、財務控制及風險管理之整體責任，並會不時檢討其效能。

審核委員會代表董事會持續檢討風險管理及內部監控系統。檢討的程序包括（但不限於）聽取業務管理團隊、內部審計部、法務部以及外聘核數師等的報告，審閱各項工作報告和關鍵指標資訊，以及與高級管理團隊討論重大風險。

就二零一九年度而言，董事會認為本集團的風險管理及內部監控系統有效而充足。另外，董事會相信，本集團的會計及財務報告職能已由足夠的且具有適當資歷及經驗的員工履行，且該員工已接受合適而充分的培訓及發展。董事會亦相信，本集團的內部審核職能已獲足夠的資源，其員工資歷及經驗、培訓計劃及預算等亦均為足夠。

風險管理

1. 風險管理的三道防線

為保障風險管理及內部監控系統的有效性，本集團採用了三道防線模型，在董事會的監督和指導下，建立了風險管理及內部監控組織架構，並每年結合本公司的實際情況進行優化及完善。

- 第一道防線—運營及管理：主要由本集團各層級職能及業務部門構成，負責日常運營和管理，並負責設計和執行相關控制措施以應對風險。
- 第二道防線—風險管理：主要由各業務集團風險管理職能部門構成，負責規劃並開展風險管理及內部監控系統的建設工作，按照風險管理制度要求組織、指導、協調及落實各業務集團的風險信息收集、風險識別、風險評估、重要風險應對實施等工作，協助第一道防線建立及完善其風險管理及內部監控系統。
- 第三道防線—獨立保障：主要由本集團內部審計部構成，負責對本集團風險管理工作進行監督和評價，保障風險管理和內部監控系統的有效性。

2. 用於識別、評估及管理重要風險的程序

本集團用於識別、評估及管理重要風險的程序簡介如下：

- **風險識別與評估：**識別可能對本集團各業務單元業務和營運構成潛在影響的風險，建立並不斷更新風險信息庫；使用管理層審閱通過的評估標準，評估已識別的風險，評估時考慮風險發生的可能性及對業務的影響；
- **風險應對：**通過比較風險評估結果，排列風險優先次序，及釐定風險管理策略及內部監控程序，以防止、避免或降低風險；
- **風險監察及匯報：**持續並定期監察有關風險，以及確保設有適當的內部監控程序；於出現任何重大變動時，修訂風險管理政策及內部監控程序；及向審核委員會及管理層定期匯報風險監察的結果。

3. 本集團的重要風險及應對策略

二零一九年度，本集團通過上述風險管理流程識別和評估出本集團的重要風險。

審核委員會協助董事會監察本集團整體的風險狀況，並檢討了本集團重要風險的性質及嚴重程度的轉變。審核委員會認為管理層已採取適當的措施以應對及管理關鍵風險至董事會可接受的風險水平。

隨著業務規模、經營範圍、複雜程度以及外部環境的不斷變化，本集團的風險狀況可能會發生改變。下文扼要地列示本集團現時面對的重要風險、與上年相比重要風險發生變化的情況及原因、及已實施的風險應對措施。

二零一九年度，本集團排名前三的重要風險如下表所示：

序號	風險
1	競爭風險
2	大客戶依賴風險
3	人才流失風險

與2018年相比，2019年競爭風險和大客戶依賴風險在本集團的重要性程度上升，人才流失風險無明顯變化。2019年受外部市場波動、國際關係變化、新技術發展等因素的影響，尤其是新競爭對手的介入及迅速成長，會導致競爭風險上升。同時，公司本年度推動戰略協同發展，簽約了更多大客戶，大客戶簽約金額較大，會導致收入的集中度上升，大客戶所在行業景氣度、客戶自身產品生命週期、客戶持續經營能力的波動會影響集團收入穩定增長。此外，公司內部調整和組織優化仍在持續，出現一定數量的人員離職，導致一定的人才流失風險。

為了應對和防控這些風險，本集團已採取了相應的控制措施，並將持續優化：

- 市場競爭方面，各業務單元從自身業務的角度出發，利用燕雲DaaS、KXDATA、人機共舞等強大的技術優勢，以及相應產業的廣闊市場優勢，為業務規模的不斷擴大提供保障和支援，增強集團的整體競爭實力。
- 客戶管理方面，在維護和強化現有客戶關係的基礎上，充分發揮戰略協同優勢，挖掘更多潛在客戶，積極拓展更多的新增客戶和業務，同時，實現多產品線、系列化經營，開拓新渠道，分散大客戶依賴風險。
- 人才管理方面，集團人力資源部建立相應的薪酬分配和考核激勵體系，實行崗位工資制和績效獎金相結合的分配制度，以績效為導向，吸引和凝聚人才。同時建立並持續推進「神碼匯」人才培養平台項目，旨在通過企業文化宣講、組織市場及行業趨勢學習、導師和團隊輔導、行動學習和認知學習等豐富的學習方式傳播公司核心價值觀、樹立員工責任感，激發業務發展的內生動力，進而使優秀員工脫穎而出，激發組織活力，保證核心人才長期穩定的發展。

根據上述檢討的結果，董事會確定而管理層亦向董事會確定，本集團的風險管理及內部監控系統（在所有重要的監控方面，包括財務監控、運作監控及合規監控）有效及足夠，且本年度均有遵守《企業管治守則》的風險管理及內部監控條文。

內部監控

1. 內部監控系統

本集團一貫重視內部監控系統的建設。本集團管理層負責設計、實施及維持內部監控系統的有效性，董事會及審核委員會負責監督及監管管理層推行的內部監控措施是否適當，以及是否得到有效的執行。

本集團的內部監控系統就關鍵行動清晰界定各方的管理職責、授權及審批，就重要業務流程制定明確的書面政策及程序，並向員工傳達也是內部監控系統的重要環節。本集團政策是各業務流程的管理標準，涵蓋財務、法務、運營等各方面，所有員工均須嚴格執行。

董事會透過以下主要程序設立及維持良好的內部監控系統：

- 設立合理有效的組織架構，並訂明清晰的功能、職責及權限；
- 嚴格的預算制定及預算管理程序，每年制定業務規劃及財務預算，並根據業務規劃合理調整組織架構，確保組織有效運行，檢討預算執行情況，並根據最新情況進行合理調整；
- 內部審計部－獨立評估主要業務監控之完備性及效能，每半年度向審核委員會匯報主要發現及建議；及
- 核數師－在每年業績審核中，針對內部管理之相對薄弱環節提出若干管理建議，管理層會認真檢討，並向審核委員會提呈改進方案。

2. 年度內部監控評估

在報告期內，內部審計部採納了專注於主要流程及監控的風險基準方法，並每半年度向審核委員會匯報內部審計結果。董事會透過審核委員會檢討本集團內部監控系統之效能。內部監控系統涵蓋所有重大監控事項，包括財務、營運及遵守法規事宜、風險管理功能以及在本集團的會計及財務匯報職能方面，員工的資源、資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算又是否足夠。於二零一九年度內，內部審計部並沒有發現重大內部監控缺失。

內幕消息的披露

本公司管理層負責評估任何不可預計重大事件可能對股份價格或成交量的影響，並決定有關資料是否視為內幕消息，而須根據上市規則第13.09條及13.10條及香港法例第571章證券及期貨條例第XIVA部的《內幕消息條文》在合理可行情況下盡快披露。董事會負責批准本公司授權其董事刊發該等公告及／或通函。

董事及核數師就財務報表承擔之責任

董事確認彼等須負責依照法定要求及適用會計準則，按持續經營基準編製真實公平反映本公司及本集團財務狀況之本集團財務報表。

核數師就本集團財務報表所作之申報責任聲明載列於本年報第74頁至第79頁之獨立核數師報告內。

與股東的溝通

董事會致力維持與股東及投資者保持對話。

本公司股東週年大會是與股東溝通的其中一個主要方式，而所有本公司之企業通訊，包括但不限於中期報告、年報、會議通告、公告、通函及其他相關的公司資料已上載於本公司網站www.dcholdings.com。

本公司已制定股東通訊政策，以處理股東向董事會提出之查詢。

本公司相信，通過公司網站與股東溝通是及時快捷傳達資訊的有效途徑。本公司將會不時審閱及更新公司網站資訊，確保資訊合時，或已適當註明日期及歸檔。

股東權利

本公司重視股東權利，並鼓勵股東參與股東大會，或若未能出席，委託委任代表代其出席及於會上投票。股東大會提供重要機會予股東向董事會及管理層表達意見，並行使股東權利。根據新公司細則，股東有權召開股東特別大會，並提呈議程事項予股東考慮。新的公司細則已分別上載於聯交所及本公司網站。

本公司歡迎股東利用出席股東大會的機會，就本集團的業績、營運、戰略、企業管治及／或管理提出問題或給予意見。董事會成員，特別是董事委員會主席或成員、合適的管理行政人員、外部核數師及法律顧問均會出席股東大會，以回答股東問題。

股息政策

本公司已採納股息政策並自二零一八年十二月二十一日起生效，其摘要如下：

1. 董事會可向股東宣派及派付股息。
2. 公司可在股東大會上宣佈以任何貨幣派發股息，惟股息金額不得高於董事會所建議者。
3. 在當時生效的本公司組織章程大綱及新公司細則許可的前提下，董事會可根據本公司的財務狀況向股東建議派發末期股息並不時向股東派發中期股息，但不保證將在任何既定期間派發任何特定金額的股息。
4. 本公司能否宣派股息將取決於（其中包括）本公司的經營業績及盈利、資本需求、一般財務狀況、當前經濟環境及董事會當時可能視為相關的其他因素。
5. 本公司股息的宣派及支付還須符合百慕達一九八一年公司法（經不時修訂、補充或以其他方式修改）、本公司組織章程大綱及新公司細則以及其他生效的關於宣派、派付股息或其他與股息相關的適用法律、規則及規例。

環境、社會及管治報告

一、關於本報告

《神州數碼控股有限公司環境、社會及管治報告》(以下簡稱「本報告」)乃根據香港聯合交易所有限公司於2018年11月頒布的《環境、社會及管治匯報指南》而編製,旨在向廣大利益相關方群體闡述我們的環境、社會及管治政策,以及年內的工作與成果。神州數碼控股有限公司(以下簡稱「本集團」或「神州控股」)已按「重要性原則」,根據公司策略及市場趨勢識別相關的關鍵績效指標及披露事項。主要包括環境保護、人才培養、確保質量、保護客戶隱私、維護及保障知識產權、反貪腐、社會公益等。除非特別註明,本報告所載內容涵蓋所有神州控股的附屬公司。

董事會負責評估及釐定本集團有關環境、社會及管治的風險,並確保本集團已設立合適及有效的環境、社會及管治風險管理及內部監控系統,對本集團的環境、社會及管治策略匯報及負責。2019年,本集團環境、社會及管治風險管理及內部監控系統有效運行。環境、社會及管治報告小組由本集團各相關部門人員構成,每年負責收集、整理相關信息,匯總編撰形成本報告。

二、關於神州控股

神州控股於2000年成立,2001年在香港聯合交易所主板上市(股票代碼00861.HK)。十九年間,神州控股以「數字中國」為使命,秉承「責任、激情、創新」的企業文化,銳意變革,砥礪前行,以自主創新的核心技術賦能城市智慧化發展與產業數字化轉型,推進數字中國進程;為客戶提供先進、專業的信息技術應用。在完成從中國IT產品分銷龍頭企業,向中國領先的整合IT服務商、信息化專家和智慧城市專家戰略升級之後,神州控股再一次向數字化轉型之路邁進,致力於成為國際領先的大數據運營服務集團。神州控股及其附屬公司,截至2019年12月31日共計11,803名員工。

我們深明神州控股在業界越來越重要的地位,因此我們在持續創新的過程當中,將如何為社會與自然環境創造長遠價值作為我們考量的一個重要內容。作為中國頂尖科技人才的僱主,我們必須為我們的員工提供安全健康保障以及不斷發展的機會。作為企業公民,我們亦熱心公益,通過扶危濟困行動推動社會的進步。

未來,神州控股將不忘初心,努力踐行「數字中國」之理想,深耕智慧城市、智慧產業鏈、金融科技、智能製造、智慧農業、智能運維、量子通信等核心領域;並緊跟時代發展,不斷突破創新,為民生服務改善和數字經濟發展持續賦能,為實現「大數據科技引領的獨獸公司」的奮鬥目標與中華民族的偉大復興不懈奮鬥。

三、利益相關方參與

神州控股一直以來堅持通過各種渠道和利益相關方進行良好的溝通，以達至彼此了解的目的。同時，利益相關方的意見對於我們積極履行社會責任和實施良好管治具有重要的參考意義，有助於我們增強自身的可持續發展能力。

投資者／股東

我們主要通過以下途徑與我們的投資者、股東進行溝通，了解他們對於公司發展的意見，以及傳達有關公司未來發展的動向：

- 股東周年大會
- 年報、財務報表及公告
- 公司官方網站

客戶及社會大眾

我們主要通過以下途徑與我們的客戶進行溝通，了解他們對於公司產品、服務的看法和評價，傳達公司對於產品服務質量保障、客戶信息安全等方面的承諾：

- 客戶服務熱線
- 客戶意見調查表
- 微信公眾號

員工

我們主要通過以下途徑與我們的員工進行溝通，了解他們對於公司的員工福利政策、工作環境等方面的意見，並讓他們更了解公司的動向，營造和諧的工作氛圍：

- 員工培訓
- 員工文體活動
- 內部電子郵件系統
- 公司內部網絡
- 員工績效評估

社區

我們主要通過以下途徑與我們所在的社區進行溝通，了解他們對於我們在社區中運營的意見，同時保證自身的運營能夠為社區帶來正面效應：

- 公司網站
- 微信公眾號
- 媒體報道

四、環境

作為神州控股，我們清楚人類所處的自然環境正面臨不同的挑戰。我們致力於環境保護並嚴格執行相關環境保護政策。我們承諾減輕企業營運過程中所產生的環境影響，並嚴格遵守當地及當地社區的法律法規，以身作則實踐環境保護的理念。

基於神州控股的業務性質，我們認為本集團並不涉及有害或大量無害廢棄物的排放，同時也未消耗大量水資源，不會對自然環境及天然資源帶來重大影響。我們的環境影響主要來源於電力與燃油的使用，以及差旅所牽涉的間接碳排放。

為了履行神州控股的環境責任，我們承諾：

- 嚴格遵守國家及營運地點的環境法律法規；
- 建立並完善企業內部的環境保護政策以及環境監督管理系統；
- 保護自然資源，評估企業的商業行為所帶來的潛在環境風險及影響，並有計劃地降低業務營運對環境的負面影響；
- 對員工進行環境保護相關的法律及知識培訓；
- 對企業營運過程中所產生的溫室氣體排放進行記錄與監管，並制定計劃逐年減少相對排放；
- 對企業生產與營運過程中所產生的廢棄物進行分類處理，減少廢棄物並提高物料（如用於生產及包裝的耗材）回收再用的比例；
- 通過有效的措施減少營運地點的能源消耗。

2019年，本集團在保障公司運營的前提下，通過精細化能耗管理及對設備設施的有效管控，繼續推動節能降耗工作。例如，與2018年相比，北京數碼科技廣場能源費用全年總金額同比節省64萬元（單位：RMB，下同），降低率約5.6%。自2017-2019推動節能降耗以來，北京數碼科技廣場已累計節省近165萬元能耗支出。

同時，公司強化源頭節能管理，助力社會減少資源消耗。公司鼓勵員工使用雲會議視頻系統、無紙化辦公等信息化辦公手段，以減少不必要的商務出行或紙張使用，從而降低碳排放量。

環境、社會及管治報告

本集團主要能耗電力及燃油2019年的使用情況如下：

(一) 電力使用

神州控股及附屬公司在中國內地、香港等地擁有或租用約60個辦公室，99個倉庫，以及1個主要數據中心。年內總用電量為13,587百萬瓦時，所牽涉碳排放為12,179噸，同比2018年分別降低13%和17%。

其中，科捷物流倉庫2019年用電量和碳排放比2018年分別降低17%和21%，主要是倉庫對於節能更為重視，將原有普通燈具更換為LED節能燈具。其他辦公室由於節能減排，2019年整體用電量和碳排放比2018年分別降低9%和12%。

詳細情況請見下表（用電量單位：百萬瓦時；碳排放單位：噸）。

單位／年度	2019年		2018年		用電量	2019年vs 2018年		增長率
	用電量	碳排放	用電量	碳排放		增長率	碳排放	
科捷物流倉庫	7,352	6,372	8,849	8,076	-1,497	-17%	-1,704	-21%
其他辦公室	6,235	5,807	6,828	6,623	-593	-9%	-816	-12%
匯總	13,587	12,179	15,677	14,699	-2,090	-13%	-2,520	-17%

(二) 燃油使用

神州控股下屬的科捷物流車隊，能夠為客戶提供優質的物流服務；部分辦公室亦擁有車輛，供高層人員出行之用。年內神州控股車隊共使用汽油60千升，柴油82千升，所牽涉碳排放為361噸，同比2018年的391噸，下降30噸，下降率8%。

其中，科捷物流車隊由於運配需求量的增加，自有車輛的柴油與汽油使用量均有上升，總體碳排放量較2018年增加9%；其他車隊，由於部分業務取消了行政用車，油耗碳排放較2018年下降35%。

詳細情況請見下表（油耗單位：千升；碳排放單位：噸）。

單位／年度	2019年			2018年			2019年vs 2018年	
	汽油	柴油	碳排放	汽油	柴油	碳排放	碳排放	增長率
科捷物流車隊	18	82	265	16	76	243	22	9%
其他車隊	42	-	96	63	2	148	-52	-35%
合計	60	82	361	79	78	391	-30	-8%

附註：

碳排放數據參照世界資源研究所及世界可持續發展工商理事會發佈之《溫室氣體核算體系——企業核算與報告標準》推算。用電牽涉之碳排放轉換因子2018年與2019年數據來源分別為國家發展和改革委員會應對氣候變化司公佈的《2016年中國區域電網基準排放因子（徵求意見稿）》與中華人民共和國生態環境部公佈的《2017年度減排項目中國區域電網基準線排放因子》。燃油使用牽涉之碳排放轉換因子來源為《2006年IPCC（政府間氣候變化專門委員會）國家溫室氣體清單指南》中所載的適用係數。

五、僱傭

神州控股以責任、激情和創新為基石建立人才的選、用、育、留機制。樹立以績效為導向，以職業道德和行為規範為基礎的企業文化和價值觀，培養具有專業能力、協同精神和主人翁意識的人才。

核心價值觀——責任、激情、創新

（一）責任

- 1、 以身作則，說到做到；自覺遵守公司的各項管理制度和規則；職責所在，恪盡職守，忠於承諾；按時保質保量完成應承擔的各項工作。
- 2、 目標導向，業績說話；為工作制定明確的、可考量的目標，不做無用功；以結果對照目標作為衡量工作成效的主要依據；以真實業績為榮，不得弄虛作假。
- 3、 勇於擔當，敢於負責；做事不推諉，不拈輕怕重，敢於對結果負責；對工作中出現的錯誤認真反省，及時改正；不唯上，不唯下，堅持原則，堅持做正確的事情，不怕得罪人。
- 4、 以公司利益為先；恪守職業道德，嚴守商業機密；隨時隨地維護公司利益與聲譽，服從組織安排；不因個人利益或者小部門利益，損害公司利益。

(二) 激情

- 1、 堅定信仰，執著目標：堅持數字化中國的理想，堅持個人追求與公司追求保持一致。堅持為了理想和目標而努力，遇到困難也不放棄。
- 2、 熱情工作，樂在其中：對待工作充滿熱情，能夠把事業與生活較好地融合在一起，能夠感受到工作帶來的快樂和成就感。
- 3、 追求卓越，不安現狀：對待工作精益求精、追求細節、力求完美；不滿足於一般水平，不甘於比上不足，比下有餘，總是不斷去挑戰並超越更高的目標。

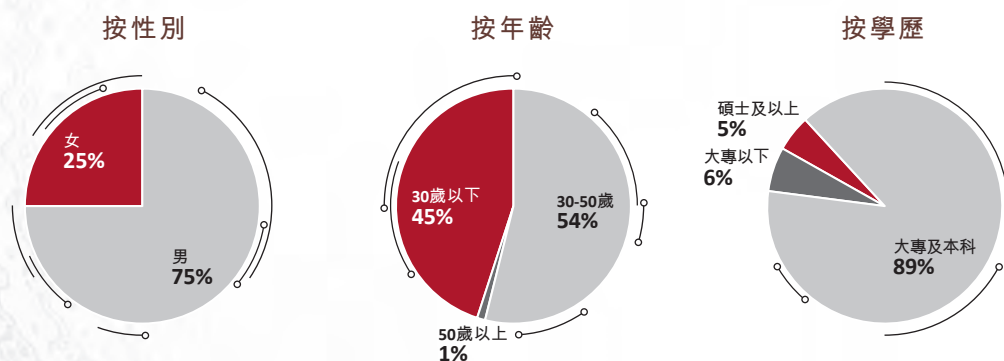
(三) 創新

- 1、 不斷學習，自我否定：有旺盛的求知慾，總是通過各種途徑進行學習，汲取新知識；能夠掌握行業或專業內與本職工作相關的各種知識和理念；不局限於過往成功經驗，勇於自我否定，形成新的突破。
- 2、 大膽假設，小心求證：敢於設想，提出創新性的想法。對新思路、新想法不急於冒進，小心求證、穩步推行。
- 3、 持續實踐，價值創造：通過持續不斷地努力與實踐，能夠讓創新的想法落地，不再停留於口頭或者紙面，為公司創造實實在在的價值。

員工概況

人才是引領業務發展的關鍵因素。在過去的一年中，公司為了吸引優秀人才，持續拓展及優化渠道建設，搭建人才供應體系，「引」「聚」人才，實行綜合考核、擇優錄取，同時也關注公司員工的多樣化。歡迎不同民族、種族、性別和宗教信仰的優秀人才加入神州控股。

截至2019年底，神州控股員工人數為11,803人，主要構成如下：



截止2019年底，神州控股員工總人數11,803人，較2018年底的11,133人上升約6%。其中，2019年入職4,489人，比2018年3,325人上升約35%；2019年離職3,819人，較2018年4,482人降低約15%。

• 員工活動



圖：FY19啟動會

歲月不居，時節如流，轉眼又一年。2019年1月，「我相信I Do Believe」—2019神州控股啟動會在北京寬溝會議中心隆重召開。神州控股旗下各業務單元200餘人出席會議。會議總結回顧了神州控股過去一年的工作，深刻剖析了當前存在的問題，明確指明了2019年的工作方向，極大鼓舞了全體員工迎接未來的激情鬥志，意義非凡。最後，神州控股小夥伴們連接起的「大接龍」遊戲把2019年神州控股啟動會推向了高潮，「大接龍」的遊戲讓在場的每一位小夥伴都歡欣鼓舞，感染其中。

我們全面構建員工溝通渠道，以多種方式實現公司與員工的雙向溝通，明晰公司目標對於員工的意義，傾聽及響應員工的需求，致力於提升員工的敬業度。



圖：員工大會及溝通交流

2019年，我們建立了每季度召開員工大會的機制，公司管理層通過員工大會向全體員工做主題分享，解讀公司的發展戰略和業務生態，員工也積極參與溝通，表達出對公司發展的關注，並肯定通過員工大會這樣的形式了解公司的戰略以及業務狀況。公司也對員工每次提出的問題及建議進行了跟進與反饋，如拓展會議形式，成立關鍵人才庫等。通過員工大會這種形式，公司可以更好的進行目標溝通，更為直接的讓員工對企業的核心價值和發展目標進行了解，促使員工對自己的工作定位和未來發展方向是否與企業戰略目標相匹配進行思考。



圖：18周年慶

18歲，是年輕、活力、創新；18歲，是責任、感恩、期許。

十八載，披荊斬棘艱辛創業，郭為先生引領著一群熱血沸騰的神州數碼人在踐行「數字中國」的偉大征程中，一路前行。神州數碼人迎來了自己十八歲慶生的榮光一刻！5月31日，在熱情似火的初夏午後，為慶祝神州數碼上市18周年，一場別具風格、交融科技與藝術之美的神州數碼十八歲「成人禮」在北京數碼科技廣場隆重舉行。全國員工通過八大分會場和三十三個集中觀看點以視頻互動的方式參與慶典活動，共同分享美好的時刻！



圖：管理年會

2019年，思想的力量——神州數碼第一屆管理年會在數碼科技廣場報告廳盛大召開，超過300名幹部與員工參與了大會，以論文形式發掘人才，聽取到員工的建議，通過青年論壇，時間管理和中台建設三個論壇建言獻策，集思廣益。未來，我們要把管理年會堅持舉辦下去，不斷加入新的課題，讓大家的思想在總結中達成共識，這是大家深度思考和充分交流所形成的思想覺悟，在這種覺悟下採取的行動才會有創造性。只有真心的熱愛我們的事業，擁有極強的參與感，才會成為奮鬥者，才會成為組織的主人。面對未知的未來，需要我們年輕人的智慧，需要我們管理者的智慧來發現問題、聚焦問題、解決問題，這是管理年會應該前進的方向。



圖：技術年會

2019年11月，由神州控股、神州信息、神州數碼集團聯合主辦的「數字中國2019——技術年會」在北京數碼科技廣場盛大召開！來自全國產學研一線的400餘位技術專家、學者與IT精英們齊聚一堂，三大論壇、四大沙龍以及技術大集市展覽展示同步開啟！技術年會體現了公司在戰略轉型上，以技術為主導的發展方向。技術大集市人來人往、絡繹不絕，熱情高漲的技術人員積極與講師們交流、切磋，碰撞思想的火花。「尋找學習達人」、「集印章領好禮」、「熱度最高Top3展區」等豐富互動活動，讓技術大會有內涵。

為了保留優秀人才，保障公司的持續發展，我們建立相應的薪酬分配和考核激勵體系，實行崗位工資制和績效獎金相結合的分配製度，以績效為導向，吸引和凝聚人才。同時，公司還設立了「傑出貢獻獎」、「創新獎」、「協同合作獎」和「主人翁獎」等獎項，並召開頒獎光影典禮，以表彰傑出奮鬥、表現卓越的獲獎團隊和個人。



圖：頒獎光影典禮

神州控股嚴格依照《勞動法》和相關法律法規的要求與員工簽訂勞動合同，按照國家政策要求，為員工繳納養老、醫療、失業、工傷及生育等社會保險及住房公積金。公司還為員工提供補充商業保險、壽險等，並每年為員工提供一次免費體檢福利。此外，公司還組織多種培訓及團建，從多個維度提升員工的凝聚力及敬業度。

六、安全與健康

神州控股的日常業務以辦公室內計算機應用和文書工作為主，此等活動並無重大職業安全及健康風險。雖然如此，我們仍致力於保障員工的職業健康與安全，並制定具有實際操作意義的職業健康與安全政策，有效保障員工的健康與安全。只有提高和保障員工的職業健康與安全水平，才能有效提高生產率，從而達到企業與員工的雙贏。

我們嚴格遵守營運地點有關於職業健康與安全的相關法律法規；在工作場所為員工提供必要的健康與安全指引；制定職業安全與健康應急管理條例及辦法；並為員工提供乾淨的衛生間設施、飲用水、清潔的食物預備存儲設施和用餐用具。2017年，公司新安裝新風淨化系統，保障了辦公室內優質的空氣，為全體員工身體健康提供有力保障。公司行政部負責統籌數碼科技廣場的日、夜間保安，消防設備和急救設備的維護，以及火警演練。2018年，公司對大廈健身房進行了全面升級改造，優化了硬件環境，新增了划船機、動感單車、桌面足球等健身設施，並且對公司所有員工免費開放，鼓勵員工在工作之餘，注重健康，強身健體。2019年，為最大限度保障員工飲水安全及質量，避免二次污染，統一將辦公區桶裝純淨水改為納濾直飲水，品牌選用國內龍頭企業。2018-2019年，公司大堂中庭改造為藝術展覽，平均每兩個月更新一次作品展，並在辦公區懸掛精選畫作，員工可在工作之餘欣賞體驗藝術作品，陶冶情操，放鬆心情。

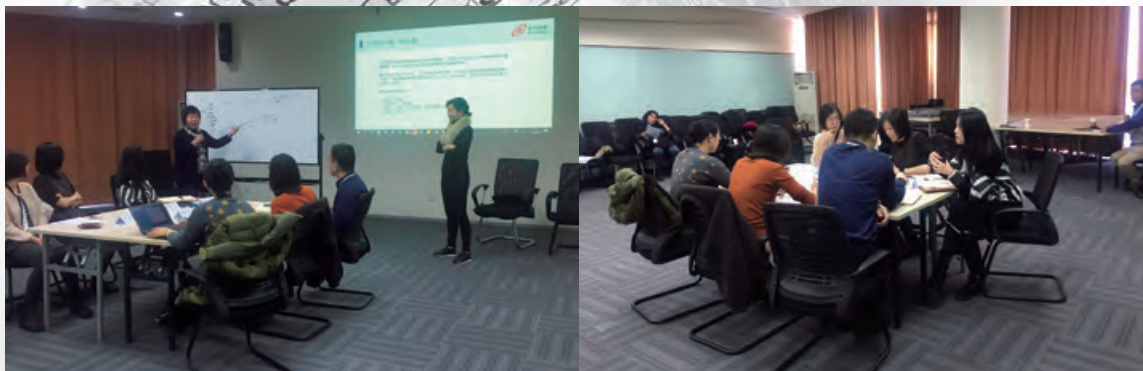
七、發展與培訓

2019年，我們進一步加大培訓資源投入，員工學習時間超過14萬小時，學習人數超過12,000人次。培訓內容涵蓋產品營銷、領導力培訓、IT技術培訓、新員工入職培訓、合規風控、法律法規、金融業務等。2019年，人均培訓時長約為11小時。

公司定期進行人才盤點，發掘公司現有人才的優勢，同時了解關鍵人才的發展需求，根據需求的不同類型提供相應的培訓與發展機會。



2019年，公司成立了神碼匯，在打造神州控股高潛人才庫的同時，推廣企業文化，增強跨部門協同，為控股業務發展儲備關鍵人才起到重要作用。



神碼匯小組討論

作為一家力求創新的企業，神州控股每年確保投放充分的資源提供員工各項培訓。我們的培訓體系設計與員工在公司的職業發展路徑相匹配，培訓課程設計的宗旨是幫助員工在相應的發展階段勝任崗位的要求，並支撐員工職業發展和業務發展獲得雙贏。新進員工會接受「入模子培訓」，了解公司的業務現狀及戰略目標、發展歷程和企業文化，體會團隊協作的重要性等。各事業部按其需要設計並開展業務專業類培訓。在線學習中心提供的通用性培訓能夠有效幫助員工提高工作能力和工作效率、提升職業化素養。另外，公司委派並資助員工參加外部培訓機構提供的專業技能培訓、管理技能培訓或專業認證考試等。



圖：神州控股創新中心

八、確保質量

神州控股為客戶提供以IT解決方案為主的整合IT服務和軟件開發、智慧城市平台建設及運營服務、整體供應鏈解決方案和服務等。在每一個業務板塊，我們都有特定的體系確保服務的水平超越客戶的期望。

在IT服務交付方面，神州信息基於以客戶為中心的服務理念，在ISO9001質量管理體系和ISO20000服務管理體系基礎上，運用ITIL和PMBOK知識體系，將ITSS信息技術服務標準與多年實踐積累相結合，搭建了匹配客戶業務視角的服務支持體系與貫穿交付全過程的質量管理體系。同時，神州信息建立了第三方監管部門——服務管理部，肩負著質量體系建設、交付流程管理、過程執行監控與客戶滿意度管理的職責，力求及時、準確地把客戶意見與內部交付管理問題揭示出來，全面分析服務產品和交付體系設計實施中的缺陷，積極推進流程與能力改進，為企業核心競爭力的建設提供支撐與保障作用。

通過多年方法摸索和管理創新，神州信息的質量管理也逐漸從單一的結果式問題推導模式，向交付過程管理滲透，量化指標設計和專業質量審計，構建聯動問題管理與質詢式跟蹤機制，從防禦性的質量改進向進攻性服務體驗探索。公司建立了事件與項目健康度模型，評估交付質量，將問題從海量數據中推送出來；量化項目服務質量審核與評估標準，實行紅黃牌機制；結合項目綜合級別建立服務質量標準，與成本達到有效平衡，分級質量評估。

自主研發的支撐運維服務體系和交付過程管理的綜合支持平台——交付寶系統，結合了神州信息在IT服務領域多年來的實踐與經驗，以及多項標準理論基礎。功能覆蓋交付全部業務流程和支持流程的全生命週期管理，將對客戶的承諾轉化為可量化指標，貫穿於項目啟動到項目結束的IT服務全生命週期，設置過程監控點和結果指標，實時監測運作狀態，實現全流程質量控制。

為了適應服務業務快速規模擴張，保障服務質量穩步提升，實現「快速響應、科學統籌、決策指揮、有效保障」的目標，神州信息在交付寶系統海量數據的支撐下設計開發了大數據可視化決策平台——SOC總控指揮中心平台。SOC指揮中心集服務台、資源調度、作戰指揮、數據收集與呈現、決策參謀等功能於一身，融合了多種科技手段和信息資源。對內可滿足作戰指揮的可視化功能，對外提供多種場景的形象展示、提升品牌形象。

神州信息亦致力於推動中國信息服務行業的發展，最早參與到工信部ITSS標準工作中，將企業的實踐創新貢獻於標準研製，同時導入標準的先進理念，幫助企業增強體系優化和能力建設。神州信息被工信部指定為「國家IT服務標準工作組」級別最高的企業成員，成為ITSS分會第一屆執行會長單位，全程參與國家IT服務標準的擬定、試點與推廣工作。

在軟件交付方面，三十多年行業信息化建設的豐富實踐，使神州信息錘煉出一支深刻理解行業應用需求、掌握最新IT應用技術、具備高超項目管理能力的人才隊伍。為信息系統建設和正常運行提供了保障。目前神州信息擁有金融行業諮詢專家60人，軟件研發／交付人員3,600多人(76%的研發人員具備三年以上行業應用經驗)，分佈於北京、上海、廣州、深圳等十餘地。另外，神州信息擁有專業的測試中心，其中核心測試人員達上百人。

神州信息高度重視研發過程和項目交付的質量，具有很強的內控管理意識和能力。公司具有成熟的基於PMBOK的項目交付管理體系、基於CMMI5級和ISO9000的質量管理體系、測試管理體系規範、配置管理體系規範等等，同時還擁有完善的項目管理和工程過程的工具體系作為支撐，有效的保障了項目管控和質量管理的效果。

在智慧城市平台建設和運營方面，神州控股作為中國最早從事智慧城市業務的公司之一，經歷了最初的以項目合同制解決方案為主的城市信息化階段，積累了強大的跨行業數據整合處理能力以及豐富的客戶資源及品牌效應。在城市政務大數據中心、城市運行管理中心、市民融合服務、智慧環保、智慧消防、智慧教育等都擁有成熟自主知識產權產品體系，參與全國100多個城市智慧化建設，具有豐富的項目案例經驗。

智慧城市業務基於以客戶為中心的服務理念，在ISO9001質量管理體系、ISO20000服務管理體系、ISO27001信息安全體系和CMMI5認證體系的基礎上，搭建了匹配客戶業務視角的服務支持體系與貫穿交付全過程的質量管理體系。通過多年來的方法摸索和管理創新，不斷挖掘自身價值，逐步完善和強化了質量管理廣度和深度，增強了與業務和客戶的黏合度。

在質量管理方面，圍繞指標管理、滿意度管理、能力管理的設計與持續改進，形成組織級和項目級質量管理體系，實現可量化的質量度量。整個交付過程通過「項目管理中心（DC-PMC）」系統全程管控，確保過程完整可追溯。

在供應鏈解決方案和服務交付方面，神州控股的附屬公司科捷物流，基於自主研發的神州金庫物流軟件，為客戶提供管理、倉儲、運輸等與供應鏈相關的整合服務。客戶可以透過科捷物流的網站(<http://www.itl.cn/>)自助查詢貨物在途信息，亦可以通過400服務熱線，實時和科捷人員查詢貨物情況和投訴。一旦服務熱線人員收到投訴，科捷的主管監督會實時跟進並在48小時內解決。科捷物流會為員工提供處理投訴、響應客戶查詢等培訓，確保服務質量。科捷物流的運輸服務約有八成依托外包運輸車隊。為確保外包車隊的服務質量，包括依時送達及安全送達等，科捷物流和車隊承運商保持緊密溝通，並定期對司機的表現進行評核。

九、保障客戶隱私

神州控股營運過程中會涉及到需要保密的客戶隱私信息，包括個人客戶隱私信息和機構客戶隱私信息。

迄今，神州控股的附屬公司已在多個城市營運智慧城市平台。當地市民在開通戶口的時候，會向我們的附屬公司提供名字、身份證號碼和社保卡號碼等個人資料以作實名認證用途。此外，神州控股供應鏈業務中的科捷物流和電商業務網站中，客戶在下單時會自行提供收件人的名字、聯繫方式、送貨地址等個人資料。

同時，神州控股在與機構客戶合作的過程中，也會要求客戶提供諸如企業財務信息、業務發展信息、銀行賬戶信息、營業執照信息、法定代表人或擔保人身份證件等信息。

對於以上客戶隱私信息，我們只授權有訪問權限的員工查看，這些員工均和神州控股簽署有保密協議，必須維持和保護客戶信息的保密性。尊重和保護客戶資料隱私權是我們對公司所有客戶的承諾。為了保障客戶資料隱私，公司有嚴格的安全和保密準則，同時，公司亦會確保公司職員嚴格遵守有關的安全和保密準則。

十、維護及保障知識產權

創新是神州控股業務發展的核心競爭力，也是神州控股的價值觀之一。自主知識產權不僅可以作為提高業務能力及收益的重要工具、投資資本及未來的核心產品，更是推動國家智慧城市、智慧物流等核心行業標準化發展進程的有力驅動。

截至2019年12月，神州控股擁有551項自主知識產權的軟件著作權及產品技術專利。我們將持續推進知識產權管理，優化知識產權線上維護，使其持續高效運轉；重點進行知識產權資本化及產品化嘗試，爭取形成神州控股的新型業務增長點；繼續積極鼓勵創新，加大自主知識產權研發設計；加強維權力度，積極打擊侵權行為，擴大自主知識產權影響力及價值，並積極參與國家相關行業標準化的推進，為我國的高新科技發展積極助力。

十一、反貪腐

神州控股深信公平、誠實、廉潔是公司重要的商業資產。我們的政策規定員工不得向客戶、承辦商、供貨商或其他與公司業務有關的人士索取任何利益。所有員工均會接受課堂形式的反腐敗培訓，內網上也還有相關的宣傳和示例。

公司將廉潔風險管理嵌入業務流程中，不斷完善風險防控機制，通過梳理排查風險點，加強監督和管控措施，從制度流程上減少貪污、舞弊的機會及可能；同時，內部審計在流程審計、業績審計等常規審計中，通過檢查業務流程的合理性、合規性，檢查有無舞弊、貪腐。

當公司合作夥伴、公司內部員工發現神州控股人員存在腐敗貪污等行為，均可以通過舉報信箱：dcaudit@dcholdings.com進行實名或匿名舉報。審計部會就舉報事項展開調查，舉報人信息會被嚴格保密。如有員工被確認收受任何形式的回扣或其它利益，將被立即解雇，情節嚴重的，公司會追究其法律責任。

十二、社區參與

神州控股作為社會中的一員，與社會發展緊密聯繫在一起，社會環境和諧、有序，才有利於企業的可持續發展。自公司上市開始，公司及員工發起成立了神州控股愛心基金會，十九年來在抗震救災、教育扶貧和扶危濟困等社會公益活動中，累計對外捐贈善款和物資價值人民幣1,787.02萬元，彰顯出公司企業文化的正能量和對社會責任的擔當。2019年，神州控股愛心基金會踐行的社會公益活動主要包括：

扶危濟困

為了給社會上困難的人員奉獻一份自己的愛心，神州控股的黨員和員工一直在努力。2019年，在扶危濟困方面有以下行動：

關愛太陽村

北京市太陽村位於順義區趙全營鎮，是經過政府有關部門正式註冊的非營利性機構。「太陽村」的創始人張淑琴接受服刑人員的委託，無償照顧他們無人撫養的未成年子女，依靠社會的支持，為孩子提供生存、生活及基本權益保障。為主動分擔社會責任，保護無辜的兒童，促進社會穩定及和諧，神州控股的部分黨員和員工自2008年起，一直踴躍參與這一社會公益活動，為他們帶去各種各樣的生活學習用品，關心、幫助太陽村的生活困難。



上圖：2019年神州控股關愛太陽村活動

董事會報告

本公司董事欣然提呈彼等之報告連同本公司及其附屬公司（「**本集團**」）截至二零一九年十二月三十一日止年度之經審核綜合財務報表。

主要業務

本公司乃一間投資控股公司。主要附屬公司之主要業務詳情載於本財務報表附註48。

業績及股息

本集團截至二零一九年十二月三十一日止年度之業績以及於該日期本集團之財務狀況載於本年報第80頁至第204頁之財務報表內。

於本年度內，董事會建議就截至二零一九年十二月三十一日止年度派發末期股息每股普通股6.4港仙。

業務審視

本集團截至二零一九年十二月三十一日止年度之業務審視載於本年報第13頁至第21頁標題為「**管理層研討與分析**」內。本公司面對的風險及不明朗因素之描述可於本年報不同部分找到。

五年財務摘要

本集團於過去五個財政年度之業績以及資產、負債與非控股權益概要載於本年報第207頁。五年財務摘要並不構成經審核財務報表的一部分。

物業、廠房及設備

於截至二零一九年十二月三十一日止年度內本集團及本公司物業、廠房及設備之變動詳情載於本財務報表附註14。

投資物業

於截至二零一九年十二月三十一日止年度內本集團投資物業之變動詳情載於本財務報表附註15。

股本

於截至二零一九年十二月三十一日止年度內本公司股本之變動詳情連同有關理由載於本財務報表附註37。

董事會報告

可分派儲備

於二零一九年十二月三十一日，根據百慕達公司法計算，本公司之可分派儲備金額為港幣762,274,000元。此外，本公司之股份溢價賬為港幣4,643,858,000元，可供以繳足紅利股份之方式分派。

優先購股權

根據本公司新公司細則（「新公司細則」）或百慕達法例並無有關優先購股權之條文，惟百慕達法例並無對該等權利有所限制。

獲准許之彌償條文

本公司之新公司細則允許每位董事可在百慕達法律允許的範圍內，獲得從本公司於其資產中補償所有責任。該等獲准許之彌償條文於財政年度內及至批准本報告時仍為有效。本公司已安排適當的董事及高級職員責任保險予本集團之董事及高級職員。

董事

於截至二零一九年十二月三十一日止年度內及截至本報告日期止之本公司董事為：

執行董事

郭為先生（主席兼首席執行官）
林楊先生（副主席）

非執行董事

余梓平先生
彭晶先生

獨立非執行董事

黃文宗先生
倪虹小姐
劉允博士
嚴曉燕女士
金昌衛先生

根據新公司細則第99條，林楊先生、余梓平先生及彭晶先生將輪流退任。所有將退任之董事均合資格於本公司應屆股東週年大會上膺選連任。

根據上市規則第13.51B(1)條之董事資料披露

根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第13.51B(1)條規定須予披露董事資料之變更如下：

董事名稱	變更詳情
黃文宗先生	<ul style="list-style-type: none"> 獲委任為上海東正汽車金融股份有限公司(於香港聯合交易所有限公司主板上市)之獨立非執行董事、審核委員會主席、風險管理委員會成員及薪酬及評估委員會成員，自二零二零年二月二十四日起生效 獲委任為中智全球控股有限公司(於香港聯合交易所有限公司主板上市)之獨立非執行董事、審核委員會主席及薪酬委員會成員，自二零二零年一月二十三日起生效 辭任中國新高教集團有限公司(於香港聯合交易所有限公司主板上市)之獨立非執行董事、審核委員會主席及提名委員會成員，由二零一九年十二月六日起生效
劉允博士	<ul style="list-style-type: none"> 獲委任為VOSS(國際飲用水品牌)之董事會成員及首席執行官，自二零二零年一月一日起生效
金昌衛先生	<ul style="list-style-type: none"> 辭任香港羅盛諮詢公司董事總經理，由二零一九年十二月起生效

董事之服務協議

本公司每位執行董事均與本公司訂立一份服務協議，並持續有效至(i)任何一方向對方發出不少於三個月之通知；或(ii)按新公司細則告退其董事職務，而並未在股東週年大會中獲本公司股東(「股東」)重選連任；或(iii)董事違反服務協議內之條款。

除上文所披露者外，擬於本公司應屆股東週年大會上膺選連任之本公司董事概無與本公司訂立不可於一年內終止而毋須支付賠償(法定賠償除外)之服務協議。

管理合約

於年度內，本公司並無訂立或存有任何有關於整體或主要部分業務的管理及行政合約。

董事於交易、安排或合約之權益

本公司或其任何附屬公司於二零一九年十二月三十一日或截至二零一九年十二月三十一日止年度之任何時間內，概無訂立任何重大交易、安排或合約，致令本公司之董事或與董事有關連之實體直接或間接獲得重大利益。

購股權計劃

本公司有兩個購股權計劃。其中一個購股權計劃於二零零二年七月十八日採納（「二零零二年購股權計劃」），另一個購股權計劃於二零一一年八月十五日採納（「二零一一年購股權計劃」），各有效期為十年。二零零二年購股權計劃已於二零一二年七月十八日屆滿，於二零一二年七月十八日後，不可再根據二零零二年購股權計劃授出任何購股權，而根據二零零二年購股權計劃授出的購股權可根據二零零二年購股權計劃之條款予以行使。

二零零二年購股權計劃及二零一一年購股權計劃之詳情，以及於截至二零一九年十二月三十一日止年度內之購股權變動之詳情載列於本財務報表附註39(a)。

受限制股份獎勵計劃

本公司於二零一一年三月二十八日採納了一項受限制股份獎勵計劃（「受限制股份獎勵計劃」），其目的在於給予本公司之股份以獎勵及激勵（其中包括）本公司及其附屬公司的董事（包括執行及非執行）及員工。受限制股份獎勵計劃詳情載列於本財務報表附註39(b)。

神州數碼信息服務股份有限公司股權激勵計劃

神州數碼信息服務股份有限公司股票期權激勵計劃

本公司的股東和神州數碼信息服務股份有限公司（「DCITS」）的股東分別於二零一九年九月十日及二零一九年九月十六日批准採納股票期權激勵計劃（「股票期權激勵計劃」）。股票期權激勵計劃的主要條款如下：

- (1) 股票期權激勵計劃之目的是為了進一步建立、健全DCITS長效激勵機制，吸引和留住優秀人才，充分調動DCITS及其附屬公司董事、高級管理人員和核心骨幹人員的積極性，有效地將股東利益、DCITS利益和核心團隊個人利益結合在一起，使各方共同關注DCITS的長遠發展。
- (2) 股票期權激勵計劃的激勵對象包括DCITS及其附屬公司董事、高級管理人員及核心骨幹人員，但不包括DCITS獨立董事、監事及單獨或合計持有DCITS 5%或以上股份的股東或實際控制人及其配偶、父母、子女。股票期權激勵計劃的所有激勵對象必須在DCITS授予股票期權時以及在股票期權激勵計劃的有效期內與DCITS具有聘用、僱傭或勞務關係。

- (3) 根據股票期權激勵計劃：
- (a) DCITS全部有效的激勵計劃所涉及的標的股票總數累計不超過股票期權激勵計劃提交DCITS股東大會時DCITS股本總額的10%；
 - (b) 可於股票期權激勵計劃及DCITS任何其他計劃所有已授出但未行使的股票期權予以行使時發行的股份數目，不會超過DCITS不時已發行的A股普通股的30%；及
 - (c) 任何一名激勵對象通過DCITS全部有效的股權激勵計劃獲授的DCITS股票總數均未超過DCITS總股本的1%。
- (4) 股票期權激勵計劃的股票來源為DCITS向股票期權激勵計劃激勵對象定向發行A股普通股。根據股票期權激勵計劃，DCITS擬向股票期權激勵計劃的激勵對象授予22,600,000份股票期權，約佔DCITS於截至本報告日之股本總額970,381,273股的約2.33%。
- (5) 根據股票期權激勵計劃授予的股票期權在行使前必須持有的最短期限為自根據股票期權計劃完成股票期權授予登記之日（「授予期權登記完成日」）起之十二個月。
- (6) 在符合股票期權激勵計劃中行使股票期權的條件下，自授予期權登記完成日起滿十二個月後的二十四個月內，被授予人可分兩次行使其股票期權，具體如下：

行權期	可行使股票期權之時間	可行使之股票期權比例
第一個行權期	自授予期權登記完成日起十二個月後的首個交易日起至授予期權登記完成日起二十四個月內的最後一個交易日當日止	50%
第二個行權期	自授予期權登記完成日起二十四個月後的首個交易日起至授予期權登記完成日起三十六個月內的最後一個交易日當日止	50%

- (7) 根據股票期權激勵計劃授予的股票期權行權價格為每股人民幣12.76元，不低於股票票面金額，且不低於下列價格較高者：
- (a) 公告股票期權激勵計劃草案前一個交易日的DCITS股票交易均價，為每股人民幣12.753元；及
 - (b) 公告股票期權激勵計劃草案公告前一百二十個交易日的DCITS股票交易均價，為每股人民幣11.905元。

董事會報告

- (8) 根據股票期權激勵計劃授予的股票期權行權價格乃根據中華人民共和國上市公司股權激勵管理辦法第二十九條確定，該條規定上市公司在股權激勵計劃下授予激勵對象股票期權時，應當確定行權價格或者行權價格的確定方法。行權價格不得低於股票票面金額，且原則上不應低於下列價格較高者：
- (a) 股權激勵計劃草案公佈前一個交易日的公司股票交易均價；及
 - (b) 股權激勵計劃草案公佈前二十個交易日、六十個交易日或者一百二十個交易日的公司股票交易均價之一。
- (9) 股票期權激勵計劃的有效有效期自授予期權登記完成日起至根據股票期權激勵計劃授予被授予人的所有股票期權被行使或註銷之日止，有效期不得超過三十六個月。
- (10) 在股票期權激勵計劃的行使期內，被授予人行使其股票期權前必須滿足若干條件，包括：
- (a) DCITS未發生以下任一情形：
 - (i) 最近一個會計年度DCITS財務會計報告被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (ii) 最近一個會計年度DCITS財務報告內部控制被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (iii) 上市後最近三十六個月內出現過未按法律法規、DCITS章程、公開承諾進行利潤分配的情形；
 - (iv) 法律法規及適用的上市規則規定不得實行股權激勵的情形；及
 - (v) 中國證券監督管理委員會（「中國證監會」）或有關監管機構認定的其他情形。
 - (b) 股票期權激勵計劃之授予人未發生以下任一情形：
 - (i) 最近十二個月內被深圳證券交易所認定為不適當人選；
 - (ii) 最近十二個月內被中國證監會及其派出機構認定為不適當人選；
 - (iii) 最近十二個月內因重大違法違規行為被中國證監會及其派出機構行政處罰或者採取市場禁入措施；
 - (iv) 具有〈中華人民共和國公司法〉規定的不得擔任DCITS董事、高級管理人員的情形；

- (v) 法律法規規定不得參與上市公司股權激勵計劃的情形；及
- (vi) 中國證監會或有關監管機構認定的其他情形。

(c) DCITS實現以下財務績效目標：

行期權 業績考核目標

第一個行權期 DCITS於二零一九年淨利潤不低於人民幣3.6億元；

第二個行權期 DCITS於二零二零年淨利潤不低於人民幣4.35億元。

註： 上述「淨利潤」是指歸屬於DCITS股東的淨利潤。

(d) 在DCITS實現相關年度財務績效目標的前提下，DCITS薪酬與考核委員會對被授予人進行的年度考核結果需為80分以上或「A」級。

如果在相關行權期內無法滿足上述任何行權條件，DCITS將註銷根據股票期權激勵計劃授予的股票期權。如果上述行權條件已經滿足，但根據股票期權激勵計劃授予的股票期權在相關行權期屆滿後仍未行使，DCITS將註銷該等股票期權。

自採納股票期權激勵計劃後，DCITS根據股票期權激勵計劃已授出22,470,000份股票期權。

下表載列在DCITS股票期權激勵計劃下股票期權於本年度內之變動：

	購股權數目				每股行使價 人民幣	授出日期	行使期
	本年度內授出	本年度內行使	本年度內失效	於 二零一九年 十二月 三十一日 尚未行使			
DCITS董事	-	-	-	-	-	-	-
DCITS其他僱員	22,470,000	-	(200,000)	22,270,000	12.76	二零一九年 九月十七日	被授予人 可參考 期權登記 完成日(即 二零一九年 十月三十日) 分兩次行使 (附註)

附註： 請看股票期權激勵計劃的主要條款(6)

DCITS限制性股票激勵計劃

DCITS的股東於二零一九年九月十六日批准採納限制性股票激勵計劃（「**限制性股票激勵計劃**」）。限制性股票激勵計劃之目的是為了進一步建立、健全DCITS長效激勵機制，吸引和留住優秀人才，充分調動DCITS及其附屬公司董事、高級管理人員和核心骨幹人員的積極性，有效地將股東利益、DCITS利益和核心團隊個人利益結合在一起，使各方共同關注DCITS的長遠發展。

限制性股票激勵計劃的激勵對象包括DCITS及其附屬公司董事、高級管理人員及核心骨幹人員，但不包括DCITS獨立董事、監事及單獨或合計持有DCITS 5%或以上股份的股東或實際控制人及其配偶、父母、子女。限制性股票激勵計劃的所有激勵對象必須在DCITS授予限制性股票時以及在限制性股票激勵計劃的有效期內與DCITS具有聘用、僱傭或勞務關係。

限制性股票激勵計劃的股票來源為DCITS向限制性股票激勵計劃激勵對象定向發行A股普通股。根據限制性股票激勵計劃，DCITS擬向限制性股票激勵計劃的激勵對象授予7,400,000股限制性股票，約佔DCITS於截至本報告日之股本總額970,381,273股的約0.76%。

若下列任一授予條件未達成的，不能向激勵對象授予限制性股票。

- (a) DCITS未發生以下任一情形：
 - (i) 最近一個會計年度DCITS財務會計報告被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (ii) 最近一個會計年度DCITS財務報告內部控制被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (iii) 上市後最近三十六個月內出現過未按法律法規、DCITS章程、公開承諾進行利潤分配的情形；
 - (iv) 法律法規規定不得實行股權激勵的情形；及
 - (v) 中國證監會認定的其他情形。
- (b) 限制性股票激勵計劃之激勵對象未發生以下任一情形：
 - (i) 最近十二個月內被深圳證券交易所認定為不適當人選；
 - (ii) 最近十二個月內被中國證監會及其派出機構認定為不適當人選；
 - (iii) 最近十二個月內因重大違法違規行為被中國證監會及其派出機構行政處罰或者採取市場禁入措施；
 - (iv) 具有〈中華人民共和國公司法〉規定的不得擔任DCITS董事、高級管理人員的情形；
 - (v) 法律法規規定不得參與上市公司股權激勵計劃的情形；及
 - (vi) 中國證監會認定的其他情形。

(c) DCITS實現以下財務績效目標：

行期權	業績考核目標
第一個行權期	DCITS於二零一九年淨利潤不低於人民幣3.6億元；
第二個行權期	DCITS於二零二零年淨利潤不低於人民幣4.35億元。

註：上述「淨利潤」是指歸屬於DCITS股東的淨利潤。

(d) 在DCITS實現相關年度財務績效目標的前提下，DCITS薪酬與考核委員會對被授予人進行的年度考核結果需為80分以上或「A」級。

根據限制性股票激勵計劃，限制性股票的授予價格為每股人民幣6.38元，不低於股票票面金額，且不低於下列價格較高者：

- (a) 公告限制性股票激勵計劃草案前一個交易日DCITS股票交易均價，每股人民幣12.753元的50%，為每股人民幣6.377元；及
- (b) 公告限制性股票激勵計劃草案前一百二十個交易日DCITS股票交易均價，每股人民幣11.905元的50%，為每股人民幣5.953元。

自採納限制性股票激勵計劃後，DCITS根據限制性股票激勵計劃授出6,950,000股限制性股票予激勵對象，分別約佔DCITS於限制性股票授予日之股本總額963,431,273股及於二零一九年十二月三十一日之股本總額970,381,273股的約0.72%及約0.72%。該等限制性股票之授出價為每股人民幣6.345元（根據DCITS限制性股票激勵計劃的規定，由於DCITS派息，限制性股票的授予價格進行了相應的調整）。截至報告期末，共6,950,000股限制性股票獲歸屬予該等激勵對象。

股票掛鈎協議

除於本報告標題為「購股權計劃」、「受限制股份獎勵計劃」、「神州數碼信息服務股份有限公司股票期權激勵計劃」及「DCITS限制性股票激勵計劃」內所披露者外，並無於年度內訂立或於年末時存有任何股票掛鈎協議。

董事獲取股份或債權證之權利

除於本報告標題為「購股權計劃」及「受限制股份獎勵計劃」內所披露者外，本公司或其任何附屬公司於年度內概無參與任何安排，使各董事或行政總裁或任何其配偶及其十八歲以下之子女得以藉購入本公司或其他公司之股份或債權證而獲益。

董事及行政總裁於股份、相關股份及債權證中之權益及淡倉

於二零一九年十二月三十一日，本公司各董事及行政總裁及彼等之聯繫人於本公司及其任何相聯法團（定義見證券及期貨條例第XV部（「證券及期貨條例」））之本公司股份（「股份」）、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉（包括於證券及期貨條例之有關條文下本公司各董事及行政總裁擁有或被視作擁有之權益及淡倉），或須記入及已記入本公司根據證券及期貨條例第XV部第352條存置之登記冊內，或根據本公司採納之《上市發行人董事進行證券交易的標準守則》（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

董事名稱	身份	個人權益	公司權益	尚未行使之購股權數目	總數 (附註1)	佔合共權益之 概約百分比(%) (附註4)
郭為	實益擁有人及受控法團之權益	94,328,707	86,767,857 (附註2)	13,116,974 (附註3)	194,213,538	11.58
林楊	實益擁有人	3,571,734	-	13,116,974 (附註3)	16,688,708	0.99

附註：

1. 本文所披露之全部權益，全為股份之好倉。
2. 該等86,767,857股股份由Kosalak Investments Limited（「KIL」）實益持有，而郭為先生為KIL的控股股東及董事，因此郭為先生被視作擁有該等由KIL所持有之股份權益。
3. 郭為先生及林楊先生持有之購股權於二零一七年一月二十五日授出，該等購股權可於二零一七年一月二十五日至二零二五年一月二十四日期間按行使價每股股份港幣6.394元行使，以認購本公司普通股股份。
4. 權益概約百分比乃根據股份／相關股份（組成所持權益）總面值佔本公司緊接有關事項完成後之同類全部已發行股本總面值之百分比計算，並已根據證券及期貨條例第352條規定記錄在名冊中。

除上文所披露者外，於二零一九年十二月三十一日，本公司之董事及行政總裁或彼等之聯繫人概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例之有關條文下本公司董事及行政總裁擁有或被視作擁有之權益或淡倉），或擁有須記入本公司根據證券及期貨條例第XV部第352條存置之登記冊，或根據標準守則須知會本公司及聯交所之權益或淡倉。

主要股東於股份及相關股份之權益及淡倉

於二零一九年十二月三十一日，就董事所知，以下人士或法團（並非本公司董事或行政總裁）於股份及本公司相關股份中擁有以下須根據證券及期貨條例第XV部第2及第3分部披露予本公司，或須根據證券及期貨條例第XV部第336條下存置之登記冊所記錄之以下權益及淡倉：

名稱	身份	股份數目 (附註1)	佔合共權益之 概約百分比(%) (附註6)
Kosalaki Investments Limited (附註2)	實益擁有人	86,767,857	5.17
Dragon City International Investment Limited	實益擁有人	187,578,500 (附註3)	11.23
葉志如 (附註3)	受控法團之權益／配偶權益	187,578,500/2,325	11.23
黃少康 (附註3)	實益擁有人／配偶權益	2,325/187,578,500	11.23
廣州市城市建設投資集團有限公司 (「廣州城市建設」)	受控法團之權益	434,474,928 (附註4(a))	26.00
廣州市城投投資有限公司(「廣州投資」)	受控法團之權益	419,356,928 (附註4(b))	25.00
廣州城投佳朋產業投資基金管理有限公司(「廣州佳朋」)	受控法團之權益	387,735,000 (附註4(c))	23.12
廣州城投甲子投資合夥企業(有限合夥)(「廣州甲子」)	實益擁有人	387,735,000 (附註4(c))	23.12
廣州無線電集團有限公司(「廣州無線電集團」)	受控法團之權益	301,068,250 (附註5)	18.02
廣州廣電運通金融電子股份有限公司 (「廣州廣電運通金融電子」)	實益擁有人	301,068,250 (附註5)	18.02

附註：

1. 本文所披露之全部權益，全為股份之好倉。
2. KIL由郭為先生控制，而郭為先生亦為本公司及KIL之董事。
3. 權益包括(i) 133,361,633股股份由Dragon City International Investment Limited ("Dragon City")直接持有，其由葉志如女士所控制；(ii) 54,216,867股由Dragon City直接持有之非上市衍生工具之相關股份；及(iii) 2,325股股份由黃少康先生直接持有，彼為葉志如女士的配偶。

董事會報告

4. (a) 根據廣州城市建設於二零一九年九月六日存檔的表格2 –法團大股東通知，廣州城市建設持有合共434,474,928股股份的權益，當中396,962,000股股份由廣州甲子持有，37,512,928股股份由穗通（香港）有限公司（「穗通香港」）持有。廣州甲子由廣州投資擁有99.96%權益及由廣州佳朋擁有0.04%權益，而廣州佳朋則由廣州投資全資擁有。穗通香港亦由廣州投資全資擁有。廣州投資由廣州城市建設全資擁有，廣州城市建設被視為持有434,474,928股股份的權益。
- (b) 根據廣州投資於2018年4月10日存檔的表格2 –法團大股東通知，廣州投資持有合共419,356,928股股份的權益，當中387,735,000股股份由廣州甲子持有，31,621,928股股份由穗通（香港）持有。
- (c) 根據廣州佳朋於2018年4月10日存檔的表格2 –法團大股東通知，廣州佳朋持有387,735,000股股份的權益。
5. 該等301,068,250股股份由廣州廣電運通金融電子（於深圳證券交易所上市之公司）實益持有，廣州無線電集團為持有該公司52.52%的控股股東。
6. 權益概約百分比乃根據股份／相關股份（組成所持權益）總面值佔本公司緊接有關事項完成後之同類全部已發行股本總面值之百分比計算，並已根據證券及期貨條例第336條規定記錄在名冊中。

除上文所披露者外，於二零一九年十二月三十一日，概無任何人士及法團曾知會本公司於本公司之股份或相關股份中，擁有須根據證券及期貨條例第XV部第2及第3分部披露及須根據證券及期貨條例第XV部第336條須予各備存的登記冊所載之權益或淡倉。

捐款

於截至二零一九年十二月三十一日止年度內，本集團之捐款為港幣2,208,000元（截至二零一八年十二月三十一日止年度：港幣6,791,000元）。

主要客戶及供應商

截至二零一九年十二月三十一日止年度來自本集團五大客戶合共之收入佔本集團總收入之百分比少於30%（截至二零一八年十二月三十一日止年度：少於30%）。

截至二零一九年十二月三十一日止年度來自本集團五大供應商合共之採購額佔本集團採購總額之百分比約為45%（截至二零一八年十二月三十一日止年度：約43%），及來自本集團最大供應商之採購額所佔百分比約為14%（截至二零一八年十二月三十一日止年度：約20%）。

於截至二零一九年十二月三十一日止年度內，概無董事、任何彼等之緊密聯繫人或股東（據董事所知擁有本公司已發行股本超過5%者）在本集團五大客戶或五大供應商中擁有任何實益權益。

購買、出售或贖回本公司之上市證券

於截至二零一九年十二月三十一日止年度內，本公司購回合共5,911,000股普通股股份，為已發行總股份的0.35%。該購買乃由董事根據二零一八年股東週年大會上獲得股東授權而生效，通過提升本集團之每股資產淨值及每股盈利帶來股東整體利益。所有已購回之股份已被註銷。

這些交易的詳情如下：

購回月份	購回普通股 股份數目	每股價格		所支付之總代價 (包括交易成本) 港幣千元
		最高價	最低價	
		港幣元	港幣元	
二零一九年一月	5,911,000	3.60	3.37	20,539

除上文所披露者外，本公司及其任何附屬公司於截至二零一九年十二月三十一日止年度內，概無購買、出售或贖回任何本公司之上市證券。

核數師

於二零一八年，安永會計師事務所辭任本公司核數師，而於二零一八年十二月二十一日，信永中和(香港)會計師事務所有限公司獲委任為本公司核數師以填補安永會計師事務所辭任後之臨時空缺。有關審計師變更的更多詳情，請參閱本公司於截至二零一八年十二月二十一日的公告。

本集團截至二零一八年十二月三十一日止年度及截至二零一九年十二月三十一日止年度之綜合財務報表已由信永中和(香港)會計師事務所有限公司審核，而信永中和(香港)會計師事務所有限公司將於本公司應屆股東週年大會上退任，惟符合資格並願意續聘。

足夠公眾持股量

根據本公司現有公開資料，以及在各董事的認知範圍內，本公司於截至二零一九年十二月三十一日止年度內及截至本報告日期止仍維持上市規則要求下的足夠公眾持股量。

報告期後事項

報告期後本集團重大事項之詳情載於本財務報表附註53。

代表董事會

郭為

主席

香港，二零二零年四月二十五日

獨立核數師報告

致神州數碼控股有限公司股東
(於百慕達註冊成立之有限公司)

意見

我們已審核第80頁至第204頁所載神州數碼控股有限公司(「貴公司」)及其附屬公司(下統稱「貴集團」)的綜合財務報表,其包括於二零一九年十二月三十一日的綜合財務狀況表,與截至該日止年度的綜合損益表、綜合其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註(包括主要會計政策概要)。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公允地反映 貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港公司條例之披露規定妥善編製。

意見基礎

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在我們報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「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。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意見提供基礎。

關鍵審計事項

關鍵審計事項是我們根據職業判斷,認為對本期綜合財務報表審計最為重要的事項。這些事項的應對以對綜合財務報表整體進行審計並形成審計意見為背景,我們不對這些事項單獨發表意見。

商譽減值評估

請參閱綜合財務報表的附註18及第94頁的會計政策。

關鍵審計事項

於二零一九年十二月三十一日, 貴集團的商譽賬面值約為港幣1,887,695,000元,截至二零一九年十二月三十一日止年度確認之商譽減值約為港幣201,787,000元。

管理層通過比較已分配商譽的現金產生單位(「現金產生單位」)的賬面值與通過評估使用價值而釐定的可收回金額評估商譽減值。編製貼現現金流量預測涉及行使重大管理層判斷,尤其是預測收入增長及經營溢利以及確定適當的貼現率。

我們確定商譽減值評估為關鍵審計事項,因為其對綜合財務報表的重要性及估值模型的選擇,採用關鍵假設及輸入數據可能受管理層偏見及該等假設的變動及輸入數據估值模型可能會產生重大的財務影響。

我們的審計如何處理有關事項

我們對商譽減值評估執行以下審計程序:

- 評估管理層減值評估的估值模型選擇、關鍵假設及輸入數據採用的合理性;
- 根據最新市場預期評估假設的適當性,包括收入增長率及毛利率;
- 通過審核其計算基礎並將其輸入數據與市場來源進行比較,評估計算使用價值時所採用貼現率的適當性;及
- 對減值評估的關鍵輸入數據進行敏感度分析,包括收入增長率、毛利率及所採用貼現率的變化。

應收賬款及應收票據的預期信貸虧損（「預期信貸虧損」）估計

請參閱綜合財務報表的附註30及第106頁至第112頁的會計政策。

關鍵審計事項

於二零一九年十二月三十一日，貴集團的應收賬款及應收票據賬面值約為港幣5,362,493,000元，虧損撥備淨值約為港幣750,029,000元。

貴集團已採納預期信貸虧損模式以估計應收賬款及應收票據的虧損撥備。管理層基於撥備矩陣參考債務人過去的違約經驗及對債務人當前財務狀況的分析，並根據債務人特有的因素，債務人在其中運作從事行業的一般經濟狀況進行調整，並對報告日期的現狀和預測方向進行評估，定期評估減值撥備的充足程度。管理層亦考慮可能影響客戶償還未償還結餘的能力的前瞻性信息，以估計預期信貸虧損。

預期信貸虧損的計量要求應用重大判斷及增加複雜性，包括識別信用質量顯著惡化的風險，以及預期信貸虧損模型中使用的假設（單獨或集體評估的風險），例如違約概率及前瞻性信息。

由於應收賬款及應收票據對綜合財務報表的重要性以及此類估計所固有的相應不確定性，我們確定應收賬款及應收票據的預期信貸虧損估計為關鍵審計事項。

我們的審計如何處理有關事項

我們對應收賬款及應收票據的虧損撥備執行以下審計程序：

- 評估主要內部控制，這些控制涉及信貸控制、債務追收及預期信貸虧損的估計；
- 通過比較報告中的各個項目及相關的銷售發票，以抽樣方式評估賬齡報告中的項目是否屬於適當的賬齡範圍；
- 根據香港財務報告準則第9號的要求評估預期信貸虧損模型的技術及方法；
- 審閱並評估貴集團計算預期信貸虧損政策的應用；及
- 通過檢查管理層用於形成有關判斷的信息評估管理層虧損撥備估計的合理性，包括測試歷史違約數據的準確性，評估歷史虧損率是否根據當前經濟狀況及前瞻性信息進行適當調整，審查本財政年度錄得的實際虧損，並在確認虧損撥備時評估是否存在管理偏差的跡象。

獨立核數師報告

來自客戶合約收入確認

請參閱綜合財務報表的附註6及第119頁的會計政策。

關鍵審計事項

貴集團銷售貨物的收入在貨物控制權轉移給客戶時確認，而來自系統集成及軟件開發和技術服務的收入乃經參考完全滿足履約義務的進度隨著時間的推移予以確認。於本年度內，貴集團隨著時間的推移而確認及於某個時間點確認的收入分別約為港幣8,281,555,000元及港幣9,053,238,000元。

隨著時間的推移確認收入時，使用投入法的計量過程涉及重大管理層判斷，投入法乃根據本集團的投入或輸入以履行履約義務，參考截至報告期末的實際成本佔每份合約估計總成本的百分比。

我們將來自客戶合約收入確認為關鍵審計事項，因其對整體綜合財務報表具有數量上的重要性，加上確定從上述類別收入中確認收入的適當點涉及的重大管理層判斷。

我們的審計如何處理有關事項

我們使用投入法對來自客戶合約收入確認執行以下審計程序：

- 評估收入確認之主要內部監控；
- 根據香港財務報告準則第15號的規定，通過檢查與客戶的代表合約樣本，評估貴集團收入確認政策的適當性；
- 選擇截至本年底的未完成合約樣本，並評估預算合約成本的合理性及檢查設備採購訂單及與分包商的合約等證明文件；
- 選擇了本年度內已完成合約的樣本，並檢查了預算合約成本的歷史可靠性；及
- 根據投入法以抽樣方式重新計算本年度內確認的收入。

以公允價值計量且其變動計入損益及以公允價值計量且其變動計入其他全面收益的金融資產估值

請參閱綜合財務報表的附註23及24及第106頁至第112頁的會計政策。

關鍵審計事項

於二零一九年十二月三十一日，貴集團的以公允價值計量且其變動計入損益的金融資產及以公允價值計量且其變動計入其他全面收益的金融資產分別約為港幣929,091,000元約為港幣408,572,000元。

於本年度內，貴集團就以公允價值計量且其變動計入損益的金融資產確認公允價值虧損約港幣3,263,000元，並就以公允價值計量且其變動計入其他全面收益的金融資產確認公允價值虧損約港幣3,696,000元。

貴集團委聘外部估值師對無法獲得市場報價的該等投資進行估值。

我們確定該等金融資產估值為關鍵審計事項，因該等金融資產的賬面值對綜合財務報表為重大，且估值方法的選擇及該等金融資產公允價值計量的輸入涉及重大管理層判斷。

投資物業估值

請參閱綜合財務報表的附註15及第104頁至第105頁的會計政策。

關鍵審計事項

於二零一九年十二月三十一日，投資物業的公允價值約為港幣4,598,840,000元，截至二零一九年十二月三十一日止年度於綜合損益表確認的公允價值淨收益約為港幣32,532,000元。

貴集團已聘請獨立估值師作為管理層專家，於報告期末對該等投資物業進行估值。

我們確定投資物業估值為關鍵審計事項，因該等投資物業的賬面值對綜合財務報表為重大，且估值方法的選擇及該等投資物業公允價值計量的輸入涉及重大管理層判斷。

我們的審計如何處理有關事項

我們對並無市場報價的以公允價值計量且其變動計入損益及以公允價值計量且其變動計入其他全面收益的金融資產估值執行以下審計程序：

- 評估相關獨立評估師的勝任、能力及客觀性；
- 評估管理層執行的估值方法的適當性；
- 安排我們的估值專家鑒定及評估相關獨立估值師進行估值時使用的估值方法的適當性及使用的主要假設的合理性；及
- 以抽樣方法測試相關獨立估值師所用輸入數據的準確性及相關性。

我們的審計如何處理有關事項

我們對投資物業估值執行以下審計程序：

- 評估獨立估值師的勝任、能力及客觀性；
- 了解獨立估值師採用的估值程序及技術，以評估其是否符合行業規範；
- 獲得估值報告，並安排我們估值專家以協助鑒定及評估重大不可觀察到的因素的合理性以及管理層及獨立估值師使用的源數據的準確性，方法是在抽樣基礎上將其與類似可比物業相關的現有租賃概況、公開信息進行比較；及
- 以抽樣方法測試計算的算術準確性。

獨立核數師報告

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資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，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綜合財務報表或我們在審計過程中了解到的情況存在重大不一致或者似乎存在重大錯報。基於我們已執行的工作，如果我們認為其他資料存在重大錯報，我們需要報告該事實。我們沒有需要在這方面作報告。

貴公司董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事有責任遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，編製真實而公允的綜合財務報表；及落實彼等認為必須的內部監控，以使綜合財務報表不存在由於舞弊欺詐或錯誤而導致的重大錯報。

在編製綜合財務報表時，貴公司董事負責評估貴集團的持續經營能力，披露與持續經營相關的事項（如適用），並運用持續經營假設，除非貴公司董事計劃進行清算、貴集團、終止運營或別無其他現實的選擇。

審核委員會負責監督貴集團的財務報告過程。

核數師對綜合財務報表審計的責任

我們的目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告，並依據百慕達《公司法》第九十條及我們協定的委聘條款僅為全體股東編製，而並不可作其他目的。我們概不就本報告的內容對其他任何人士負責或承擔責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由舞弊或錯誤引起，如果合理預期他們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據香港審計準則進行審計的一部分，在審計過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於舞弊或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於舞弊可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因舞弊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 貴公司董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，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綜合財務報表中的相關披露。假若有關的披露不足，則我們應當修訂意見。我們的結論是基於直至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。
- 評價綜合財務報表的整體列報方式、結構及內容，包括披露，以及綜合財務報表是否公允反映相關交易及事項。
- 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，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

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。

我們亦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及其他事項，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綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是劉佳煌。

信永中和(香港)會計師事務所有限公司

執業會計師

劉佳煌

執業執照號碼：P06623

香港

二零二零年四月二十五日

綜合損益表

截至二零一九年十二月三十一日止年度

	附註	二零一九年 港幣千元	二零一八年 港幣千元
收入	6	17,727,429	15,254,499
銷售及服務成本		(14,572,646)	(12,345,061)
毛利		3,154,783	2,909,438
其他收入及收益	6	187,720	431,006
視為出售多間聯營公司部分權益之收益	21	143,311	293,083
出售多間聯營公司部分權益之收益	21	223,739	-
銷售及分銷費用		(1,315,401)	(1,387,062)
行政費用		(527,781)	(526,840)
其他費用淨額		(810,709)	(1,080,065)
融資成本	8	(227,506)	(215,857)
商譽減值	18	(201,787)	(220,695)
應佔聯營公司之(虧損)溢利		(55,895)	60,559
應佔合營企業之(虧損)溢利		(23,774)	17,967
除稅前溢利	7	546,700	281,534
所得稅費用	11	(96,524)	(61,064)
本年度溢利		450,176	220,470
歸屬於：			
母公司股東權益		301,844	149,587
非控股權益		148,332	70,883
		450,176	220,470
母公司股東應佔每股盈利	13		
基本(港仙)		18.31	8.96
攤薄(港仙)		18.31	8.96

綜合其他全面收益表

截至二零一九年十二月三十一日止年度

	附註	二零一九年 港幣千元	二零一八年 港幣千元
本年度溢利		450,176	220,470
其他全面(虧損)收益			
其後可能重新分類至損益之其他全面(虧損)收益：			
海外業務財務報表換算之匯兌差額		(197,450)	(454,286)
應佔聯營公司之其他全面收益		11,269	42,887
其後可能重新分類至損益之其他全面虧損淨額		(186,181)	(411,399)
其後不可能重新分類至損益之其他全面收益(虧損)：			
以公允價值計量且其變動計入其他全面收益的金融資產之			
公允價值淨變動		(3,696)	(772)
物業估值收益	15	20,597	2,993
所得稅影響	26	(10,814)	(748)
其後不可能重新分類至損益之其他全面收益淨額		6,087	1,473
經扣除稅後的本年度其他全面虧損		(180,094)	(409,926)
本年度全面收益(虧損)總額		270,082	(189,456)
歸屬於：			
母公司股東權益		184,948	(124,240)
非控股權益		85,134	(65,216)
		270,082	(189,456)

綜合財務狀況表

於二零一九年十二月三十一日

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神州數碼控股有限公司

	附註	二零一九年 港幣千元	二零一八年 港幣千元
非流動資產			
物業、廠房及設備	14	1,027,562	1,017,356
使用權資產	17	233,656	-
投資物業	15	4,598,840	4,712,932
預付土地租金	16	-	65,035
商譽	18	1,887,695	2,057,937
其他無形資產	19	157,765	161,520
於合營企業之權益	20	185,890	197,662
於聯營公司之權益	21	3,150,086	3,427,004
以公允價值計量且其變動計入其他全面收益的金融資產	23	408,572	427,293
應收融資租賃款項	25	2,310	6,204
其他應收款項	31	908,780	924,635
遞延稅項資產	26	173,125	175,710
		12,734,281	13,173,288
流動資產			
存貨	27	1,848,844	1,052,773
在建物業	28	-	250,501
持作銷售用途的竣工物業	29	24,722	23,093
應收賬款及應收票據	30	5,362,493	4,889,158
預付款項、按金及其他應收款項	31	1,499,292	1,224,466
合約資產	32a	527,073	1,151,469
以公允價值計量且其變動計入損益的金融資產	24	929,091	1,286,340
應收融資租賃款項	25	54,528	162,597
受限制銀行結餘	33	115,488	69,617
現金及現金等價物	33	1,890,171	2,204,872
		12,251,702	12,314,886
分類為持作出售之資產	22	565,118	-
		12,816,820	12,314,886
流動負債			
應付賬款及應付票據	34	3,832,793	3,212,562
其他應付款項及預提費用	35	2,046,205	1,656,352
租賃負債	17	103,070	-
合約負債	32b	1,396,496	1,612,372
應繳稅項		66,455	43,625
付息銀行及其他貸款	36	3,468,959	3,592,314
		10,913,978	10,117,225
流動資產淨值		1,902,842	2,197,661
總資產減流動負債		14,637,123	15,370,949

綜合財務狀況表

於二零一九年十二月三十一日

	附註	二零一九年 港幣千元	二零一八年 港幣千元
非流動負債			
付息銀行及其他貸款	36	1,625,741	2,606,352
遞延稅項負債	26	350,261	339,004
遞延收入	47	37,033	28,897
租賃負債	17	60,616	-
		2,073,651	2,974,253
資產淨值			
		12,563,472	12,396,696
權益及儲備			
股本	37	167,098	167,726
儲備	38	8,769,325	8,682,617
母公司股東應佔權益		8,936,423	8,850,343
非控股權益		3,627,049	3,546,353
權益總額		12,563,472	12,396,696

第80頁至第204頁的綜合財務報表已於二零二零年四月二十五日獲得本公司董事會批准及授權刊發，並由以下人士代表其簽署：

郭為
董事

林揚
董事

綜合權益變動表

截至二零一九年十二月三十一日止年度

母公司股東應佔

	已發行股本 港幣千元	股份 溢價賬 港幣千元	資本儲備 港幣千元	僱員 股票基金 港幣千元	以股份 支付僱員 之酬金 儲備 港幣千元	資產 估值儲備 港幣千元	投資 估值儲備 港幣千元	其他儲備 港幣千元	儲備基金 港幣千元	匯兌 波動儲備 港幣千元	保留溢利 港幣千元	總計 港幣千元	非控股 權益 港幣千元	權益總額 港幣千元
於二零一八年一月一日	167,726	4,665,095	1,929,976	(21,571)	51,503	480,072	5,459	-	393,297	104,462	1,238,356	9,014,375	3,644,047	12,658,422
本年度溢利	-	-	-	-	-	-	-	-	-	-	149,587	149,587	70,883	220,470
以公允價值計量且其變動計入其他全面收益 的金融資產之公允價值變動	-	-	-	-	-	-	16,984	-	-	-	-	16,984	(17,756)	(772)
海外業務財務報表換算之匯兌差額	-	-	-	-	-	-	-	-	-	(320,970)	-	(320,970)	(133,316)	(454,286)
應佔聯營公司之其他全面收益	-	-	5,021	-	-	-	20,635	-	-	3,595	-	29,251	13,636	42,887
經扣除稅後的物業估值收益	-	-	-	-	-	908	-	-	-	-	-	908	1,337	2,245
本年度全面收益(虧損)總額	-	-	5,021	-	-	908	37,619	-	-	(317,375)	149,587	(124,240)	(65,216)	(189,456)
以股份支付之酬金	-	-	-	-	3,414	-	-	-	-	-	-	3,414	-	3,414
附屬公司非控股股東之資本出資	-	-	-	-	-	-	-	-	-	-	-	-	14,654	14,654
附屬公司非控股股東之減資	-	-	-	-	-	-	-	-	-	-	-	-	(11,019)	(11,019)
股份贖回(附註37)	-	-	-	-	-	-	-	(1,326)	-	-	-	(1,326)	-	(1,326)
收購非全資擁有附屬公司的額外權益 (附註42(a))	-	-	(41,880)	-	-	-	-	-	-	-	-	(41,880)	(6,064)	(47,944)
出售附屬公司(附註42(c))	-	-	-	-	-	-	-	-	-	-	-	-	(5,784)	(5,784)
給予非控股股東之股息支付	-	-	-	-	-	-	-	-	-	-	-	-	(24,265)	(24,265)
轉發至儲備基金	-	-	-	-	-	-	-	-	33,578	-	(33,578)	-	-	-
於二零一八年十二月三十一日	167,726	4,665,095	1,893,117	(21,571)	54,917	480,980	43,078	(1,326)	426,875	(212,913)	1,354,365	8,850,343	3,546,353	12,396,696

綜合權益變動表

截至二零一九年十二月三十一日止年度

母公司股東應佔

	已發行股本 港幣千元	股份 溢價賬 港幣千元	資本儲備 港幣千元	僱員 股票基金 港幣千元	以股份 支付僱員 之酬金 儲備 港幣千元	資產 估值儲備 港幣千元	投資 估值儲備 港幣千元	其他儲備 港幣千元	儲備基金 港幣千元	匯兌 波動儲備 港幣千元	保留溢利 港幣千元	總計 港幣千元	非控股 權益 港幣千元	權益總額 港幣千元
於二零一九年一月一日	167,726	4,665,095	1,893,117	(21,571)	54,917	480,980	43,078	(1,326)	426,875	(212,913)	1,354,365	8,850,343	3,546,353	12,396,696
本年度溢利	-	-	-	-	-	-	-	-	-	-	301,844	301,844	148,332	450,176
經扣除稅後的以公允價值計量且其變動計入 其他全面收益的金融資產的公允價值變動	-	-	-	-	-	-	(4,197)	-	-	-	-	(4,197)	(5,164)	(9,361)
海外業務財務報表換算之匯兌差額	-	-	-	-	-	-	-	-	-	(139,233)	-	(139,233)	(58,217)	(197,450)
應佔聯營公司之其他全面收益	-	-	-	-	-	-	6,854	-	-	4,232	-	11,086	183	11,269
出售以公允價值計量且其變動計入其他全面 收益之金融資產	-	-	-	-	-	-	(3,229)	-	-	-	3,229	-	-	-
經扣除稅後的物業估值收益	-	-	-	-	-	15,448	-	-	-	-	-	15,448	-	15,448
本年度全面收益(虧損)總額	-	-	-	-	-	15,448	(572)	-	-	(135,001)	305,073	184,948	85,134	270,082
以股份支付之酬金	-	-	-	-	12,111	-	-	-	-	-	-	12,111	6,258	18,369
附屬公司非控股股東之資本出資	-	-	-	-	-	-	-	-	-	-	-	-	20,959	20,959
附屬公司非控股股東之減資	-	-	-	-	-	-	-	-	-	-	-	-	(3,495)	(3,495)
僱員股票基金供款	-	-	-	(39,296)	-	-	-	-	-	-	-	(39,296)	-	(39,296)
股份購回(附註37)	(628)	(21,237)	-	-	-	-	-	1,326	-	-	-	(20,539)	-	(20,539)
收購非全資擁有附屬公司的額外權益 (附註42(a))	-	-	(32)	-	-	-	-	-	-	-	-	(32)	(47)	(79)
出售附屬公司(附註42(e))	-	-	-	-	-	-	-	-	-	-	-	-	(5,224)	(5,224)
給予非控股股東之股息支付	-	-	-	-	-	-	-	-	-	-	-	-	(22,889)	(22,889)
轉撥至儲備基金	-	-	-	-	-	-	-	-	49,682	-	(49,682)	-	-	-
二零一八年末期股息支付(附註12)	-	-	-	-	-	-	-	-	-	-	(51,112)	(51,112)	-	(51,112)
於二零一九年十二月三十一日	167,098	4,643,858	1,893,085	(60,867)	67,028	496,428	42,506	-	476,557	(347,914)	1,558,644	8,936,423	3,627,049	12,563,472

綜合現金流量表

截至二零一九年十二月三十一日止年度

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神州數碼控股有限公司

	二零一九年 港幣千元	二零一八年 港幣千元
經營活動		
除稅前溢利：	546,700	281,534
經調整：		
融資成本	227,506	215,857
應佔合營企業及聯營公司之溢利及虧損	79,669	(78,526)
銀行存款利息	(10,284)	(16,786)
理財產品收入	(32,209)	(25,529)
已確認遞延收入	(20,902)	(31,128)
以公允價值計量且其變動計入損益的金融資產之股息收入	(475)	-
以公允價值計量且其變動計入其他全面收益的金融資產之股息收入	(232)	(3,840)
商譽減值	201,787	220,695
應收賬款及應收票據、其他應收款項及合約資產減值	94,635	272,000
應收融資租賃款項(減值撥回)減值	(6,829)	12,740
在建物業減值	12,394	-
於合營企業之權益減值	-	10,156
於聯營公司之權益減值	2,286	-
出售物業、廠房及設備之虧損	4,022	24,575
撇銷其他無形資產之虧損	4,882	-
投資物業之公允價值淨收益	(32,532)	(50,141)
以公允價值計量且其變動計入損益的金融資產之公允價值虧損	3,263	5,838
出售多間合營企業權益之收益	-	(4,158)
出售多間聯營公司權益之收益	(9,619)	(7,880)
出售以公允價值計量且其變動計入損益的金融資產之收益	(4,371)	(10,244)
出售／部分出售多間附屬公司權益之收益	(890)	(199,917)
出售多間聯營公司部分權益之收益	(223,739)	-
視為出售多間聯營公司部分權益之收益	(143,311)	(293,083)
物業、廠房及設備折舊	135,754	149,186
使用權資產折舊	108,278	-
預付土地租金攤銷	-	1,727
其他無形資產攤銷	47,050	49,340
陳舊存貨撥備及撇銷	87,554	125,630
以股份支付之酬金	18,369	3,414
	1,088,756	651,460
存貨(增加)減少	(884,300)	43,033
持作銷售用途的竣工物業減少	-	21,954
應收賬款及應收票據(增加)減少	(569,711)	79,926
預付款項、按金及其他應收款項增加	(66,798)	(39,782)
應收融資租賃款項減少	118,792	262,684
應付賬款及應付票據增加	622,178	7,191
其他應付款項及預提費用及遞延收入增加(減少)	412,310	(303,877)
合約資產減少(增加)	624,396	(119,896)
合約負債減少	(229,339)	(115,336)
受限制銀行結餘(增加)減少	(45,871)	38,372
匯兌變動之影響淨額	(29,849)	(85,230)
經營所得之現金	1,040,564	440,499
已收利息	19,594	18,312
已繳付香港利得稅	(263)	147
已繳付中國大陸所得稅	(70,666)	(189,254)
經營活動所得現金淨額	989,229	269,704

綜合現金流量表

截至二零一九年十二月三十一日止年度

	二零一九年 港幣千元	二零一八年 港幣千元
投資活動		
購入物業、廠房及設備	(199,135)	(100,193)
出售物業、廠房及設備之所得款項	6,968	1,095
添置其他無形資產	(50,164)	(35,400)
收購附屬公司	(42,587)	(32,258)
出售附屬公司	(2,850)	56,496
出售多間合營企業投資之所得款項	-	13,972
出售多間聯營公司投資之所得款項	115,049	46,933
出售以公允價值計量且變動計入其他全面收益的金融資產之所得款項	7,886	26,106
出售以公允價值計量且其變動計入損益的金融資產之所得款項	1,190,212	795,090
收取以公允價值計量且變動計入損益的金融資產之回款款項	-	651,358
以公允價值計量且其變動計入損益的金融資產之股息收入	475	-
以公允價值計量且其變動計入其他全面收益的金融資產之股息收入	232	3,840
收取一間合營企業之股息	-	5,137
收取多間聯營公司之股息	31,571	8,685
於合營企業之投資	(23,981)	(4,737)
於聯營公司之投資	(41,486)	-
於以公允價值計量且其變動計入其他全面收益的金融資產之投資	-	(22,145)
於以公允價值計量且其變動計入損益的金融資產之投資	(799,646)	(1,371,741)
投資活動所得現金淨額	192,544	42,238
融資活動		
股份購回	(20,539)	(1,326)
新增銀行貸款	3,630,668	4,506,145
償還銀行貸款	(4,111,711)	(5,842,011)
租賃負債之付款	(106,240)	-
發行公司債券之所得款項	1,949	1,430
償還公司債券	(569,854)	(236,642)
已付利息	(227,506)	(215,857)
已付股息	(51,112)	-
給予非控股股東之已付股息	(22,889)	(24,265)
依受限制股份獎勵計劃購買股份	(39,296)	-
收購非全資擁有附屬公司的額外權益之付款	(79)	(47,944)
附屬公司非控股股東之出資	20,959	4,169
附屬公司非控股股東之減資	(3,495)	(11,019)
融資活動所用現金淨額	(1,499,145)	(1,867,320)
現金及現金等價物減少淨額	(317,372)	(1,555,378)
於年度初之現金及現金等價物	2,204,872	3,784,296
匯兌變動之影響淨額	2,671	(24,046)
於年度末之現金及現金等價物	1,890,171	2,204,872
現金及現金等價物之組成分析		
銀行結餘及現金	1,885,691	2,159,291
無抵押定期存款	4,480	45,581
於綜合財務狀況表及綜合現金流量表所載之現金及現金等價物	1,890,171	2,204,872

財務報表附註

截至二零一九年十二月三十一日止年度

1. 一般資料

神州數碼控股有限公司（「本公司」）乃一間於百慕達註冊成立之有限公司及其股份於香港聯合交易所有限公司上市。本公司之註冊辦公室地址及主要營業地點已於本年報的「公司資料」一節披露。

於本年度內，本公司及其附屬公司（統稱「本集團」）從事以下主要業務：

- 提供資訊科技（「IT」）服務，包括系統集成、軟件開發及技術服務業務
- 提供供應鏈服務，包括電商供應鏈服務及物流服務
- 提供全方位的智慧城市運營服務（包括基於互聯網全方位IT平台建設及運營）及機構性金融服務（包括小貸、租賃、保理等）

綜合財務報表以港幣元（「港幣元」）呈列。除本集團於中華人民共和國（「中國」）營運之附屬公司之功能貨幣為人民幣（「人民幣」）外，本公司及其他附屬公司之功能貨幣為港幣元。

2. 應用新訂及經修訂之香港財務報告準則（「香港財務報告準則」）

於本年度，本集團首次應用香港會計師公會（「香港會計師公會」）頒佈的以下新訂及經修訂之香港財務報告準則，當中包括香港財務報告準則、香港會計準則（「香港會計準則」）、修訂及詮釋（「詮釋」）。

香港財務報告準則第16號	租賃
香港（國際財務報告詮釋委員會）—詮釋第23號	所得稅處理的不確定性
香港財務報告準則第9號之修訂	具有負補償的預付款功能
香港會計準則第19號之修訂	計劃修訂、削減或結算
香港會計準則第28號之修訂	於聯營公司及合營企業中的長期權益
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進

採納香港財務報告準則第16號導致本集團會計政策的變動及對綜合財務報表確認金額的調整概述如下。

於本年度應用其他新訂及經修訂之香港財務報告準則不會對本集團於本年度及過往年度的財務表現及狀況及／或該等綜合財務報表所載的披露構成重大影響。

2. 應用新訂及經修訂之香港財務報告準則（「香港財務報告準則」）（續）

採納香港財務報告準則第16號租賃的影響

香港財務報告準則第16號就租賃會計處理引入全新或經修訂規定。其就承租人之會計處理引入重大調整，包括移除經營租賃與融資租賃之差異及規定就所有租賃確認使用權資產及租賃負債，惟短期租賃及低價值資產租賃除外。與承租人之會計處理相反，出租人之會計處理規定大致維持不變。有關該等新訂會計政策之詳情於附註3闡述。本集團已追溯應用香港財務報告準則第16號租賃，將首次應用之累計影響確認為對於二零一九年一月一日期初權益結餘之調整（如適用）。比較資料並無重列且繼續根據香港會計準則第17號租賃呈報。

於過渡至香港財務報告準則第16號時，本集團選擇應用可行權宜方法豁免安排是否屬租賃或包含租賃的評估，並僅就先前識別為租賃之合約應用香港財務報告準則第16號，且概不重新評估根據香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號並非識別為租賃之合約。因此，本集團僅就於二零一九年一月一日或之後訂立或更改之合約應用香港財務報告準則第16號項下之租賃定義。

本集團作為承租人

於採納香港財務報告準則第16號時，本集團就先前根據香港會計準則第17號租賃之原則分類為「經營租賃」之租賃確認租賃負債（惟低價值資產租賃及剩餘租賃期為12個月或以下之租賃除外）。該等負債按剩餘租賃款項之現值計量，並以承租人於二零一九年一月一日之增量借貸利率貼現。適用於二零一九年一月一日之租賃負債之加權平均承租人增量借貸利率介乎4.46%至6.18%。

本集團確認使用權資產並按相等於租賃負債之金額計量，並按任何預付或應計租賃款項之金額作出調整。

本集團作為出租人

本集團出租部分物業。適用於本集團作為出租人的會計政策較香港會計準則第17號項下之政策大致維持不變。

下表概述過渡到香港財務報告準則第16號於二零一九年一月一日的影響。未包含不受調整影響的項目。

		於二零一八年 十二月 三十一日 先前呈報的 賬面值 港幣千元	採納香港財務 報告準則 第16號的影響 港幣千元	於二零一九年 一月一日 經重列的 賬面值 港幣千元
	附註			
使用權資產	(a)及(b)	-	270,506	270,506
預付土地租金	(b)	65,035	(65,035)	-
預付款項、按金及其他應收款項—流動	(b)	1,224,466	(11,509)	1,212,957
租賃負債—流動	(a)	-	97,779	97,779
租賃負債—非流動	(a)	-	96,183	96,183

附註：

- (a) 於二零一九年一月一日，與香港會計準則第17號項下的經營租賃有關的使用權資產按相等於租賃負債的金額計量，並如(b)所闡釋按預付租金調整。
- (b) 於二零一八年十二月三十一日的預付土地租金港幣69,230,000元（附註16）（指於中國的租賃土地的預付款，其中港幣4,195,000元包括在預付款項、按金及其他應收款項內）及預付租金港幣7,314,000元獲重新分類為使用權資產。

財務報表附註

截至二零一九年十二月三十一日止年度

2. 應用新訂及經修訂之香港財務報告準則（「香港財務報告準則」）（續）

採納香港財務報告準則第16號租賃的影響（續）

於綜合現金流量表中，本集團作為承租人須將資本化租賃項下所付之租金分為資本部分及利息部分。該等部分分類為融資現金流出（與先前根據香港會計準則第17號分類為融資租賃之租賃處理方法相若），而非根據香港會計準則第17號項下之經營租賃以經營現金流出處理。現金流量總額未受影響。採納香港財務報告準則第16號導致綜合現金流量表中現金流量之呈列方式出現變動。

於二零一八年十二月三十一日（緊接初始應用日期前的日期）使用增量借貸利率貼現的經營租賃承擔與於二零一九年一月一日確認的租賃負債之間的差額如下：

	港幣千元
於二零一八年十二月三十一日的經營租賃承擔	300,611
減：短期租賃及於二零一九年十二月三十一日或之前結束的其他租賃	(93,067)
	207,544
使用二零一九年一月一日的增量借貸利率貼現	(13,582)
	193,962
於二零一九年一月一日確認的租賃負債	193,962
分析如下	
流動部分	97,779
非流動部分	96,183
	193,962

所應用的可行權宜方法

於香港財務報告準則第16號初始應用日期，本集團亦使用準則允許的下列可行權宜方法：

- 對具有合理類似特徵的租賃組合使用單一貼現率。
- 依賴緊接初始應用日期前應用香港會計準則第37號關於租賃是否屬虧損的評估作為進行減值檢討之替代方法。
- 將於二零一九年一月一日剩餘租期低於12個月的經營租賃作為短期租賃入賬。
- 排除計量初始應用日期的使用權資產的初始直接成本。
- 倘合約包含延長或終止租賃的選擇權，則以事後分析釐定租期。

2. 應用新訂及經修訂之香港財務報告準則（「香港財務報告準則」）（續）

採納香港財務報告準則第16號租賃的影響（續）

所應用的可行權宜方法（續）

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團尚未提早應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約 ²
香港財務報告準則第10號及 香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產銷售或貢獻 ³
香港財務報告準則第3號之修訂	業務的定義 ⁴
香港會計準則第1號及香港會計準則第8號之修訂	重大的定義 ¹
香港財務報告準則第9號、香港會計準則第39號及 香港財務報告準則第7號之修訂	利率基準改革 ¹
二零一八年財務報告概念框架	經修訂財務報告概念框架 ¹

¹ 自二零二零年一月一日或之後開始的年度期間生效

² 自二零二一年一月一日或之後開始的年度期間生效

³ 自待確定日期或之後開始的年度期間生效

⁴ 對於收購日期在二零二零年一月一日或之後開始的第一個年度期間開始時或之後的企業合併及資產收購有效

除以下描述外，本公司董事預期，應用新訂及經修訂香港財務報告準則將不會對本集團的業績及財務狀況構成重大影響。

香港財務報告準則第3號之修訂業務的定義

該修訂澄清雖然業務通常有產出，但產出對要合資格構成業務的一組整合的活動及資產並非必須。倘一組收購的活動及資產要構成業務，其必須至少包括一項投入及一項實質性過程，能夠共同顯著促進創造產出的能力。

該修訂提供額外指引，幫助釐定是否已取得實質性過程。

該修訂引進一項可選集中度測試，允許對一組收購的活動及資產是否構成業務進行簡化評估。根據該可選集中度測試，倘所收購總資產的絕大部分公允價值集中在單一的可識別資產或一組類似的資產，則一組收購的活動及資產並不構成業務。

該修訂追溯應用於收購日期為二零二零年一月一日或之後開始的首個年度報告期間或之後的所有業務合併及資產收購，並允許提前應用。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例規定的適用披露。

綜合財務報表乃按歷史成本原則編製，惟投資物業及金融工具於各報告期末按公允價值計量。

歷史成本一般基於交換商品及服務時所考慮的代價的公允價值。

公允價值是指在當前市場條件下的計量日期，在主要（或最有利）市場中的市場參與者之間的有序交易中，出售資產所收取的價格或轉移負債的價格（即退出價格），不論該價格是否可以直接觀察或使用其他估值技術估算。有關公允價值計量的詳情，請參閱下文所載的會計政策。

主要會計政策載列如下。

綜合基準

綜合財務報表包括本公司及本公司及其附屬公司控制的實體的財務報表。

本集團擁有以下條件實現控制：(i)對被投資方的權力；(ii)因參與被投資方而產生的可變回報的風險或權利；(iii)使用其對被投資方的權力影響本集團回報的能力。當本集團擁有少於被投資方的多數投票權時，可通過以下方式獲得對被投資方的權力：(i)相對剩餘投票持有人的持股數量及分散情況，本集團持有投票權的規模；(ii)其他合約安排產生的權利；(iii)本集團的投票權及潛在投票權；(iv)於需要作出決定（包括之前股東大會上之投票模式）時表明本集團當前擁有指導相關活動之能力之任何其他事實及情況；或(v)基於所有相關事實及情況的上述組合。

如果事實及情況表明上述一項或多項控制要素發生變化，本集團會重新評估其是否控制被投資方。

於本集團取得附屬公司控制權時開始綜合附屬公司，並於本集團失去對附屬公司的控制權時終止合併。

附屬公司的收入及開支自本集團取得控制權當日起計入綜合損益表，直至本集團不再控制該附屬公司為止。

附屬公司的損益及其他全面收益的各個組成部分歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司擁有人及非控股權益，即使此舉導致非控制性權益出現虧絀結餘。

與本集團實體間交易有關的所有集團內資產及負債、權益、收入、費用及現金流量於合併時悉數抵銷。

3. 主要會計政策 (續)

綜合基準 (續)

本集團於現有附屬公司的所有權權益變動

本集團於現有附屬公司的所有權權益變動，且並未導致本集團失去對附屬公司的控制權，均以權益交易入賬。本集團權益及非控股權益的賬面值均予以調整，以反映彼等於附屬公司的相關權益的變動。非控股權益所調整金額與已付或已收代價的公允價值兩者之間的差額，均直接於權益確認並歸屬於本公司擁有人。

當本集團失去對附屬公司的控制權時，(i)終止確認該附屬公司的資產（包括任何商譽）及負債於其失去控制權當日的賬面值，(ii)終止確認於前附屬公司的任何非控制性權益於失去控制當日的賬面值（包括其應佔其他全面收益的任何組成部分），及(iii)確認所收代價的公允價值與任何保留權益的公允價值的總和，任何由此產生的差額確認為歸屬於本集團的損益的收益或損失。當附屬公司的資產及負債以重估金額或公允價值計量且相關的累計收益或損失已在其他全面收益中確認並在權益中累計時，先前在其他全面收益中確認並在權益中累計的金額按猶如本集團已直接出售相關資產及負債入賬（即重新分類至損益或直接轉撥至適用香港財務報告準則所指明的保留盈利）。於失去控制權當日保留於前附屬公司的任何投資的公允價值根據香港財務報告準則第9號金融工具於後續入賬時被視為初始確認公允價值或（如適用）初始確認於聯營公司或合營企業投資的成本。

業務合併

通過應用收購法來入賬業務合併。業務合併中轉讓的代價以公允價值計量，其公允價值按本集團轉讓的資產於收購日期的公允價值、本集團對被收購方前所有者產生的負債及本集團為換取被收購方控制權而發行的股本權益的總和計算。業務合併產生的收購相關成本於產生時在損益中確認。

於收購日期，所收購的可識別資產及所承擔的負債按其公允價值確認。

商譽按被轉讓代價總額、被收購方任何非控制性權益的金額以及本集團先前持有的被購買方股權（如有）的公允價值總和超出所收購可識別資產和所承擔的負債於收購日期金額淨額的金額計量。如果在重新評估後，所收購可識別資產和所承擔負債的收購日期金額的淨額超過所轉讓的代價、於被收購方的任何非控制性權益的金額以及收購方以前於被收購方持有權益（如有）的公允價值的總和，超出部分立即在損益中確認為議價購買收益。

除非另有準則要求，否則非控制性權益按收購日期公允價值計量，但代表所有者權益並賦予其持有人權利在清算時按比例分享該實體的淨資產的非控股權益除外，該等權益按公允價值或按現有所有權工具於按交易基準確認的被收購方可辨認淨資產金額的比例份額計量。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策（續）

商譽

業務合併產生的商譽按成本減累計減值虧損（如有）列賬。

就減值測試而言，商譽會分配至預期可從合併的協同效應中受益的本集團各現金產生單位（「現金產生單位」）（或現金產生單位組別）。

已獲分配商譽的現金產生單位每年或在有跡象顯示該單位可能出現減值時更頻繁地進行減值測試。就報告期內收購產生的商譽而言，已獲分配商譽的現金產生單位於該報告期末前進行減值測試。如果現金產生單位的可收回金額低於其賬面值，則首先分配減值虧損，以減少分配給該單位的任何商譽的賬面值，然後根據該單位中每項資產的賬面值按比例減少該單位的其他資產。商譽的任何減值虧損直接於損益確認。商譽確認的減值虧損在以後期間不予轉回。

本集團有關聯營公司或合營公司的商譽（包含於投資賬面值）政策載於下文「於聯營公司及合營公司的權益」。

對聯營公司及合營企業的投資

聯營公司是指本集團具有重大影響力的實體。重大影響力是參與被投資方的財務和經營政策決策的權力，但不是對這些政策的控制或共同控制。

合營企業是一種合營安排，對該安排共同控制的各方有權享有該安排的淨資產。共同控制是指按照合約約定分享對安排的控制權，只有在相關活動的決定需要共享控制權的各方的一致同意時才存在。

本集團於聯營公司及合營企業的投資於綜合財務狀況表中按權益法入賬，惟分類為持作出售的投資除外，該類投資根據香港財務報告準則第5號持作出售之非流動資產及已終止業務入賬。

根據權益法，對聯營公司及合營企業的投資初始按成本確認。本集團於聯營公司及合營企業的損益及其他全面收益變動的份額於收購日期後分別於損益及其他全面收益確認。如本集團在聯營公司或合營企業的虧損份額等於或超過其在聯營公司或合營企業的權益（使用權益法連同任何實質上構成本集團於聯營公司或合營企業淨投資一部分的長期權益確定），本集團不再確認其應佔的進一步虧損。只有在本集團承擔法律或建設性義務或代表聯營公司或合營企業支付款項的情況下，才會計提額外損失，並確認負債。

於聯營公司或合營企業的投資自被投資方成為聯營公司或合營企業之日起以權益法入賬。於收購投資時，收購成本超過本集團應佔聯營公司或合營企業可識別資產及負債公允價值淨額的份額，確認為商譽，並計入投資賬面值。

3. 主要會計政策（續）

對聯營公司及合營企業的投資（續）

採用權益法（包括確認聯營公司或合營企業的虧損（如有））後，本集團會確定是否有客觀證據表明其於聯營公司或合營企業的淨投資出現減值。作為對聯營公司或合營企業投資賬面值一部分的商譽，不單獨確認。投資的全部賬面值（包括商譽）通過比較其可收回金額（使用價值與公允價值減去處置費用後的較高者）與其賬面值，作為單項資產進行減值測試。已確認的任何減值虧損不分配至任何資產，包括構成於聯營公司或合營企業的淨投資賬面值的一部分的商譽。該減值虧損的任何撥回僅於投資的可收回金額隨後增加時確認。

當投資於本集團喪失對聯營公司的重大影響力或合營企業的共同控制權時不再為聯營公司或合營企業，本集團不再採用權益法及任何保留權益按其於該日的公允價值（根據適用準則被視為其初始確認為金融資產時的公允價值）計量。保留權益的公允價值與處置於聯營公司或合營企業的部分權益的任何所得款項之間的任何差額以及不再使用權益法當日投資的賬面值於損益確認。先前於其他全面收益中確認的有關該投資的任何金額，按如被投資方直接處置相關資產或負債時所需的相同基準重新分類至損益或保留盈利。

如以公允價值計量且其變動計入其他全面收益（「以公允價值計量且其變動計入其他全面收益」）的金融資產投資成為聯營公司，則本集團獲得重大影響力之日的投資賬面值將恢復為其原始收購成本，並且投資估值儲備中確認的任何累計公允價值變動予以轉回。

當本集團於聯營公司或合營企業的所有權權益減少，但本集團繼續採用權益法時，先前已就其與所有權權益減少有關的其他全面收益確認的收益或虧損比例在倘處置相關資產或負債時需要將該收益或損失重新分類至損益的情況下，則重新分類至損益。

本集團與其聯營公司或合營企業之間交易產生的收益及虧損僅在和於聯營公司或合營企業的投資者權益不相關的情況下於綜合財務報表中確認。本集團於該等交易產生的聯營公司或合營企業的收益或虧損中的份額予以抵銷。

持作出售之非流動資產

倘非流動資產及出售組別的賬面值將主要透過銷售交易而非持續使用收回，則有關非流動資產及出售組別分類為持作出售用途。該分類要求資產或出售組別在其當前狀態下可立即出售，且僅受出售該資產或出售組別的通常及習慣條款的約束，且其極有可能出售。管理層必須致力於出售，預計出售將在分類之日起一年內被確認為已完成出售。

當本集團致力於涉及出售於聯營公司或合營企業的投資或部分投資的銷售計畫時，當滿足上述標準時，將被出售的該項投資或部分投資均被分類為持作出售，且本集團自該投資（或部分投資）被分類為持作出售時起不再就被分類為持作出售的部分使用權益法。未被分類為持作出售的於聯營公司或合營企業的投資的任何保留部分繼續使用權益法入賬。當出售導致本集團喪失對聯營公司的重大影響力或對合營企業的共同控制時，本集團出售時不再使用權益法。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策（續）

持作出售之非流動資產（續）

於出售發生後，本集團根據適用準則將於聯營公司或合營企業的任何保留權益入賬，除非保留權益繼續構成聯營公司或合營企業，本集團在該情況下使用權益法（請參閱上文有關於聯營公司或合營企業的投資的會計政策）。

除根據香港會計準則第40號按公允價值計量的投資物業外，分類為持作出售之非流動資產及出售組別按其先前賬面值與公允價值減出售成本的較低者計量。

收入確認

收入被確認為描述向客戶轉讓承諾的商品或服務的金額，該金額反映了該實體預期有權以換取這些商品或服務的代價。具體而言，本集團採用5步驟方法確認收入：

- 步驟1：與客戶確定合約
- 步驟2：確定合約中的履約義務
- 步驟3：確定交易價格
- 步驟4：將交易價格分配給合約中的履約義務
- 步驟5：在（或作為）實體滿足履約義務時確認收入。

本集團於履行履約責任（或履約責任獲履行）時確認收入，即當特定履約責任相關的貨品或服務的「控制權」轉移至客戶時。

履約義務代表特定的商品或服務（或一攬子商品或服務）或一系列基本相同的特定商品或服務。

控制權隨著時間的推移而轉移，如果滿足以下標準之一，則參考完全滿足相關履約義務的進度隨著時間的推移確認收入：

- 客戶同時收到並消耗本集團履約時所提供的利益；
- 在創建及增強資產時，本集團的履約創造並增強了客戶控制的資產；或
- 本集團的履約並未為本集團創造具有替代用途的資產，而本集團對於迄今已完成的履約款項具有強制執行權。

否則，收入在客戶獲得對特定商品或服務的控制權的時間點被確認。

收入根據與客戶簽訂的合約中規定的代價計量，不包括代表第三方收取的金額、折扣及銷售相關稅費。

3. 主要會計政策 (續)

收入確認 (續)

本集團確認來自以下主要來源的收入：

- 系統集成
- 軟件開發及技術服務業務
- 物流服務
- 電子商務供應鏈服務
- 物業銷售

系統集成的收入隨著時間的推移確認，惟包括銷售商品及提供服務的合約除外。該等合約中的履約義務單獨識別。銷售商品產生的收入於商品控制權轉移至客戶的時間點確認而提供服務產生的收入則隨著時間的推移確認。

軟件開發及技術服務業務的收入隨著時間的推移而確認。

本集團通過根據輸出或投入法衡量完全完成履約的進度隨著時間的推移確認收入。

根據迄今為止向客戶轉讓的商品或服務相對於合約項下承諾之剩餘商品或服務的價值直接計量應用輸出法確認收入，此舉最能反映本集團於轉讓商品或服務控制權方面的履約責任。

根據本集團完成履約義務的投入或輸入應用投入法確認收入，並參考截至報告期末的實際成本佔每份合約估計總成本的百分比。在某些情況下，如履約義務的結果無法合理計量，則本集團僅在產生的成本範圍內確認收入，直至能夠合理計量履約義務的結果為止。

物流服務的收入在向客戶提供服務時確認。

電子商務供應鏈服務的收入包括提供供應鏈服務及銷售貨物，收入在向客戶提供服務時或在商品控制權轉移給客戶時確認，通常於向客戶交付商品時。

物業銷售收入於某個時間點確認。根據香港財務報告準則第15號的控制權轉讓法，物業銷售收入一般於客戶接納或根據合約被視為已接納物業時（以較早者為準）確認，即客戶有能力指導物業的使用並獲得物業的絕大部分剩餘利益的時間點。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策 (續)

收入確認 (續)

合約資產及合約負債

合約資產代表本集團就交換本集團已轉讓予客戶的商品或服務而有權獲得的並未成為無條件的代價。其根據香港財務報告準則第9號進行減值評估。相反，應收款項代表本集團收取代價的無條件權利，即該代價付款到期應付前僅需要時間的推移。

合約負債指本集團向本集團已收到客戶代價的客戶轉讓貨品或服務的責任。倘本集團於本集團確認相關收入前擁有無條件收取代價之權利，則亦將確認合約負債。在這種情況下，也會確認相應的應收款項。

對於與客戶的單一合約，列報淨合約資產或淨合約負債。對於多份合約，無關合約的合約資產及合約負債不以淨額基準列報。

租賃

(於二零一九年一月一日或之後適用的會計政策)

租賃的定義

根據香港財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬租賃或包含租賃。

本集團作為承租人

本集團於初始建立合約時評估合約是否屬租賃或包含租賃。本集團就其作為承租人的所有租賃安排確認使用權資產及相應租賃負債，短期租賃（定義為租期為12個月或以下的租賃）及低價值資產租賃除外。就該等租賃而言，本集團於租期內以直線法確認租賃付款為營運開支，惟倘有另一系統化基準更能體現耗用租賃資產所產生經濟利益的時間模式則除外。

租賃負債

於開始日期，本集團按當日尚未支付租賃付款的現值計量租賃負債。租賃付款乃採用租賃中的內含利率進行貼現。倘該利率不能較容易地釐定，則本集團採用其增量借貸利率。

計入租賃負債計量的租賃付款包括：

- 固定租賃付款（包括實質上的固定付款），減去任何應收租賃優惠；
- 可變租賃付款，取決於一項指數或利率，初步計量時使用開始日期的指數或利率；
- 承租人根據剩餘價值擔保預期應付金額；
- 購買權的行使價（倘承租人合理確定行使該等權利）；及
- 終止租賃的罰金付款（倘租期反映本集團行使權利終止租賃）。

3. 主要會計政策 (續)

租賃 (續)

(於二零一九年一月一日或之後適用的會計政策) (續)

本集團作為承租人 (續)

租賃負債 (續)

租賃負債在綜合財務狀況表中單獨呈列。

租賃負債其後透過增加賬面值反映租賃負債的利息 (採用實際利率法) 及調減賬面值反映已支付的租賃付款進行計量。

倘出現以下情況，本集團重新計量租賃負債 (並相應調整相關使用權資產)：

- 租期有所變動或發生重大事件或情況改變導致行使購買選擇權的評估發生變化，則租賃負債透過使用經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因指數或利率變動而出現變動或有擔保剩餘價值下預期付款變動，則租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量 (除非租賃付款變動是由於浮動利率改變，則使用經修訂貼現率)。
- 租賃合約已修訂且租賃修訂不作為一項單獨租賃入賬，則租賃負債根據經修訂的租期透過使用於修訂生效日期的經修訂貼現率貼現經修訂租賃付款而重新計量。

使用權資產

使用權資產包括相應租賃負債的初步計量、於開始日期或之前作出的租賃付款及任何初始直接成本減已收取租賃優惠。當本集團產生拆除及移除租賃資產、恢復相關資產所在場地或將相關資產恢復至租賃條款及條件所規定狀態的成本責任時，將根據香港會計準則第37號「撥備、或然負債及或然資產」確認及計量撥備。成本計入相關使用權資產中，除非該等成本乃因生產存貨而產生。

除分類為投資物業並以公允價值模式計量的使用權資產外，使用權資產其後按成本減累計折舊及減值虧損計量。該等資產於相關資產租期及可使用年限兩者中的較短期間內折舊。倘租賃轉讓相關資產的所有權或使用權成本反映本集團預期會行使購買選擇權，則相關使用權資產於有關資產的可使用年限內折舊。折舊於租賃開始日期開始。

本集團在綜合財務狀況表中將不符合投資物業定義的使用權資產單獨呈列。符合投資物業定義的使用權資產呈列為「投資物業」。本集團應用香港會計準則第36號釐定使用權資產是否已減值，並將任何已識別減值虧損入賬。

並非依據指數或利率而定之可變租金 (如有) 不包括在租賃負債及使用權資產之計量中。相關款項於觸發該等款項之事件或情況發生期間確認為開支。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策 (續)

租賃 (續)

(於二零一九年一月一日或之後適用的會計政策) (續)

本集團作為承租人 (續)

將合約代價分配至各組成部分

對於包含一項租賃組成部分及一項或多項額外的租賃或非租賃組成部分的合約，本集團根據租賃組成部分的相對單獨價格及非租賃組成部分的單獨價格總和將合約代價分配至各個租賃組成部分。

作為可行權宜方法，香港財務報告準則第16號允許承租人不將非租賃組成部分分離，而可將任何租賃及相關非租賃組成部分入賬為單一安排。本集團已就所有租賃使用這一可行權宜方法。

租賃修訂

倘出現以下情況，本集團會將租賃修訂作為獨立租賃入賬：

- 該修訂透過增加一項或多項相關資產之使用權擴大租賃範圍；及
- 租賃代價之調升金額相當於範圍擴大之對應獨立價格，並就該獨立價格作出任何適當調整以反映特定合約情況。

對於並非作為獨立租賃入賬的租賃修訂而言，本集團根據經修訂租賃的租期透過使用於修訂生效日期的經修訂貼現率貼現經修訂租賃付款而重新計量租賃負債。

本集團作為出租人

本集團作為出租人就其投資物業及若干設備訂立租賃安排。本集團作為出租人的租賃被分類為融資或經營租賃。當租賃條款實質上將相關資產所有權的絕大部分風險及回報轉移至承租人，則合約獲分類為融資租賃。所有其他租賃被分類為經營租賃。

當合約包括租賃及非租賃組成部分時，本集團應用香港財務報告準則第15號將合約代價分配至各組成部分。

經營租賃的租金收入於相關租期內按直線法確認。協商及安排經營租賃所產生之初步直接成本乃加至租賃資產之賬面值，並於租期內按直線法確認，惟公允價值模型下的投資物業除外。

融資租賃承租人應付金額按本集團租賃淨投資額確認為應收款項，採用各別租賃隱含的利率計量。融資租賃收入分配至會計期間，以反映本集團有關租賃的未償還淨投資的固定週期回報率。

3. 主要會計政策 (續)

租賃 (續)

(於二零一九年一月一日之前適用的會計政策)

當租賃條款實質上將所有權的絕大部分風險及回報轉移至承租人，則租賃獲分類為融資租賃。所有其他租賃被分類為經營租賃。

本集團作為出租人

融資租賃承租人應付金額按本集團租賃淨投資額確認為應收款項。融資租賃收入分配至會計期間，以反映本集團有關租賃的未償還淨投資的固定週期回報率。

經營租賃的租金收入於相關租期內按直線法在損益確認。

本集團作為承租人

經營租賃付款於租期內按直線法確認為開支。

租賃土地及樓宇

當租賃包括土地及樓宇要素時，本集團根據是否已將每個要素的所有權附帶的絕大部分風險及回報轉移至本集團的評估，分別評估每個要素的分類為融資或經營租賃，除非兩個要素明確均為經營租賃，在這種情況下，整個租賃被歸類為經營租賃。具體而言，最低租賃付款（包括任何一次性預付款）在土地及樓宇要素之間按照租賃建立時於租賃的土地要素及樓宇要素的租賃權益對應公允價值的比例分配。

如租賃付款的分配能夠可靠地進行，則作為經營租賃入賬的租賃土地權益在綜合財務狀況表中列為預付土地租金，並在租期內按直線法攤銷。

外幣

在編製每個集團實體的財務報表時，以該實體的功能貨幣以外的貨幣（外幣）進行的交易以相應的功能貨幣（即該實體經營所在的主要經濟環境的貨幣）按在交易日期的現行匯率入賬。於報告期末，以外幣計值的貨幣項目按該日的現行匯率重新換算。

結算貨幣項目及重新換算貨幣項目產生的匯兌差額於其產生期間在損益中確認。

按公允價值列賬的重新換算非貨幣項目產生的匯兌差額計入當期損益，惟收益及虧損直接於其他全面收益確認的重新換算非貨幣項目產生的匯兌差額除外，在該情況下，匯兌差額亦直接於其他全面收益確認。

就呈列綜合財務報表而言，本集團海外業務的資產及負債按各報告期末的現行匯率換算為本集團的呈列貨幣（即港幣元）。收入及費用項目按當年的平均匯率換算。所產生的匯兌差額（如有）於其他全面收益中確認，並於匯兌波動儲備項下的權益累計（酌情歸屬於非控股權益）。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策（續）

外幣（續）

出售海外業務時（即出售本集團於海外業務的全部權益或出售涉及失去包括海外業務的附屬公司的控制權，或出售涉及失去包括海外業務的合營安排的控制權，或出售涉及失去包括海外業務的聯營公司的重大影響力），本公司擁有人就該業務應佔的所有於權益累計的匯兌差額乃重新分類至損益。此外，就部分出售一間附屬公司惟並未導致本集團失去對該附屬公司的控制權而言，按比例分佔的累計匯兌差額乃重新計入非控股權益，不於損益內確認。至於所有其他部分出售（即部分出售聯營公司或合營安排惟並未導致本集團失去重大影響力或共同控制權），按比例分佔的累計匯兌差額乃重新分類至損益。

因收購海外業務而產生的商譽及所收購可識別資產及負債的公允價值調整被視為該海外業務的資產及負債，並按各報告期末的現行匯率重新換算。產生的匯兌差額於其他全面收益中確認。

借貸成本

直接歸屬於收購、建造或生產合格資產（必須需要相當長的一段時間才能達到擬定用途或銷售狀況的資產）的借貸成本加入到該等資產的成本，直至該等資產基本上已準備好用於其擬定用途或銷售為止。

自二零一九年一月一日起，於相關資產已準備好作擬定用途或銷售後仍未償還的任何特定借貸於計算一般借貸的資本化率時成為實體一般借貸基金的一部分。

所有其他借貸成本於產生期間在損益中確認。

政府補貼

在合理保證本集團將遵守其附帶條件並將收到補貼之前，不會確認政府補貼。

政府補貼於本集團確認補貼擬補償的相關成本作為開支的期間內系統地於損益確認。具體而言，主要條件是本集團應購買、建造或以其他方式收購非流動資產的政府補貼，在綜合財務狀況表中確認為遞延收益，並在相關資產的使用年限內系統合理地轉入損益。

作為已發生的費用或虧損的補償而應收的政府補貼或為向本集團提供即時財務支持且無日後相關成本的政府補貼於其應收期間在損益中確認。

稅項

所得稅費用是當期應付稅款及遞延所得稅的總和。

當期應付的稅款是根據當年的應課稅溢利計算的。應課稅溢利與綜合損益表所報的除稅前溢利不同，因為其不包括其他年度應課稅或可扣稅的收入或開支項目，且不包括從不課稅或扣稅的項目。本集團的即期稅項負債乃使用於報告期末已頒佈或實質上已頒佈的稅率計算。

3. 主要會計政策 (續)

稅項 (續)

遞延稅項乃就綜合財務報表中資產及負債賬面值與計算應課稅溢利所用相應稅基之間的暫時性差額確認。遞延稅項負債一般就所有應課稅暫時性差額確認。遞延稅項資產一般就所有可扣稅暫時性差額確認，惟以可能有應課稅溢利可用以抵銷該等可抵扣暫時性差額為限。如果暫時性差額來自商譽或不影響應課稅溢利或會計溢利的交易中的其他資產及負債的初始確認（業務合併除外），則不確認該遞延稅項資產及負債。

遞延稅項負債就與附屬公司及聯營公司投資及合營企業權益相關的應課稅暫時性差額確認，惟本集團能夠控制暫時性差額的撥回且暫時性差額將不會於可預見未來撥回則除外。與此類投資和權益相關的可抵扣暫時性差額產生的遞延所得稅資產，僅在可能有足夠的應課稅溢利用以抵扣暫時性差額的利益時予以確認，且其預計在可預見未來撥回。

遞延稅項資產的賬面值於各報告期末檢討，並減少至不再可能有足夠應課稅溢利以收回全部或部分資產。

遞延稅項資產及負債根據於報告期末已頒佈或實質頒佈的稅率（和稅法），按照預期在負債結算或資產變現期間適用的稅率計量。

遞延稅項負債及資產的計量反映本集團預期於報告期末收回或結算其資產及負債賬面值的方式所產生的稅務後果。

就計量使用公允價值模型計量的投資物業的遞延稅項負債或遞延稅項資產而言，該等物業的賬面值假設可全部透過銷售收回，除非該假設被推翻。當投資物業可折舊並且在一個目的是隨著時間的推移消耗投資物業所包含的絕大部分經濟利益而不是通過銷售的商業模式中持有，則該假設被推翻。倘該假設被推翻，該等投資物業的遞延稅項負債及遞延稅項資產乃根據上述一般原則計量。

遞延稅項資產及負債可在具法定強制執行權利將即期稅項資產抵銷即期稅項負債時，以及其關於同一稅務機關在預期清償或收回大額遞延稅項負債或資產之各個未來期間，就(i)同一應課稅實體；或(ii)不同應課稅實體（該等實體有意按淨額基準結算即期稅項負債及資產或同時變現資產及清償負債）徵收之所得稅時，方予以抵銷。

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先釐定稅項扣減是否歸屬於使用權資產或租賃負債。

就稅項扣減歸屬於租賃負債之租賃交易而言，本集團將香港會計準則第12號所得稅的規定分別應用於使用權資產及租賃負債。由於應用初始確認豁免，有關使用權資產及租賃負債之暫時差額並未於初始確認時及於租期內確認。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策（續）

稅項（續）

當期及遞延稅項於損益確認，惟與其他全面收益或直接於權益確認的項目有關者除外，在此情況下，當期及遞延稅項亦分別於其他全面收益或直接於權益中確認。如果業務合併的初始會計處理產生當期稅項或遞延稅項，則稅務影響計入業務合併的會計處理中。

物業、廠房及設備

物業、廠房及設備用作生產或供應貨品或服務或行政開支（在建工程除外）於綜合財務狀況表中按成本值減其後累計折舊及其後累計減值虧損（如有）列賬。

就包括租賃土地及樓宇要素的物業所有權益付款而言，當該付款不能可靠地在租賃土地及樓宇要素之間分配時，全部物業以樓宇呈列並計入本集團的物業、廠房及設備（該等已分類且按投資物業列賬者除外）。

折舊乃按直線法確認於估計可使用年內分配物業、廠房及設備項目的成本（在建工程除外）減其估計可使用年期的剩餘價值。估計可使用年期、剩餘價值及折舊方法於各報告期末審閱，受估計的任何變動產生的影響按預期基準入賬。所採用之主要折舊年率如下：

樓宇	按租約期間或2%至5%（以較短者為準）
租賃裝修	按租約期間或20%至33%（以較短者為準）
裝置及辦公室設備	10%至33%
汽車	10%至20%

用於生產、供應或行政目的的建築過程中的物業按成本值減任何已確認減值虧損列賬。成本包括專業費用，以及在合資格資產根據本集團會計政策資本化的借貸成本。這些物業在完工後可分類為適當的物業、廠房及設備類別，並已準備於預期用途。該等資產（在與其他財產資產相同的基礎上）折舊在資產達到預定可使用狀態時開始計算。

物業、廠房及設備項目於出售時或預期不會因持續使用該資產而產生未來經濟利益時終止確認。出售或報廢物業、廠房及設備項目產生的任何收益或虧損乃按出售所得款項與資產賬面值之間的差額釐定，並於損益中確認。

投資物業

投資物業，包括在建物業，是為賺取租金及／或資本增值而持有的物業。投資物業包括未來未確定使用的土地，被視為資本增值目的。

於二零一九年一月一日應用香港財務報告準則第16號時，本集團的投資物業包含確認為使用權資產的租賃物業及根據經營租賃租出的物業。

投資物業初始按成本值計量，包括任何直接應佔開支。初始確認後，投資物業按其公允價值計量。投資物業公允價值變動產生的收益或損失計入當期損益。

投資物業於出售時或當其永久退出使用及預期出售不會產生未來經濟利益時取消確認。取消確認物業產生的任何收益或虧損（按出售所得款項淨額與資產賬面值之間的差額計算）計入物業取消確認期間的損益。

3. 主要會計政策 (續)

投資物業 (續)

如物業、廠房及設備項目及使用權資產在使用發生變化時成為投資物業，該項目的賬面價值與公允價值之間的任何差異在其他全面收益中予以確認，並累積在物業重估儲備中。該項目的物業重估儲備將於終止確認時直接轉撥至保留溢利。

無形資產

獨立收購的具有有限可使用年期的無形資產按成本值減累計攤銷及任何累計減值虧損列賬。可使用年期有限的無形資產的攤銷按其估計可使用年限以直線法確認。估計可使用年期及攤銷方法於各報告期末檢討，估計變動的影響按預期基準入賬。

無形資產於出售時或使用或出售不會產生未來經濟利益時取消確認。取消確認無形資產產生的任何收益或虧損按出售所得款項淨額與資產賬面值之間的差額計算，並於資產取消確認期間的損益內確認。

專利及許可證

購買專利及許可證按成本值減任何減值虧損列賬，並按其估計可使用年期五年以直線法攤銷。

研究及開發費用

所有研究成本均於產生時計入損益表。

開發新產品項目產生的支出僅在本集團能夠證明完成無形資產的技術可行性以使其可供使用或出售，其完成意圖及其使用或出售資產的能力時予以資本化及遞延資產如何產生未來的經濟效益，完成項目的資源的可用性以及在開發過程中可靠地衡量支出的能力。不符合該等條件的產品開發支出在產生時計入費用。

遞延開發成本按成本值減任何減值虧損列賬，並自產品投入商業生產之日起，以不超過五年的相關產品的商業年期以直線法攤銷。

系統軟件

購買系統軟件按成本值減累計攤銷及任何累計減值虧損列賬，並按其估計可使用年限五年以直線法攤銷。

存貨

存貨按成本值與可變現淨值兩者中的較低者列賬。存貨成本採用加權平均法計算。可變現淨值指存貨的估計售價減去所有估計完工成本及進行銷售所需的成本。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策（續）

在建物業

在建物業擬於完成後作為持作出售項目。

在建物業按成本與可變現淨值之較低者列賬，包括土地成本、建設成本、借貸成本、專業費及於開發期間產生之有關物業直接應佔之其他成本。可變現淨值乃由本公司董事根據現行市價減適用的可變銷售費用及預估完成成本。

在建物業分類為流動資產，除非相關物業開發項目的建設期預期完工時間超過正常作業週期。於完工時，有關物業轉撥至持作出售之竣工物業。

持作銷售用途的竣工物業

持作銷售用途的竣工物業按成本及可變現淨值的較低者列賬。成本按照未售物業在土地及樓宇的總成本中所佔比例釐定。可變現淨值乃由董事按個別物業根據現行市價估計。

現金及現金等價物

於綜合財務狀況表內的現金及短期存款包括銀行存款及現金，以及到期日為三個月或以下的短期存款。

就綜合現金流量表而言，現金及現金等價物包括上文所界定的現金及短期存款。

於附屬公司之投資

於附屬公司之投資於本公司財務狀況表中按成本值減累計減值虧損列賬。

金融工具

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債於綜合財務狀況表確認。

金融資產及金融負債初始按公允價值計量（根據香港財務報告準則第15號初始計量的客戶合約產生的應收貿易賬款除外）。直接歸屬於收購或發行金融資產及金融負債的交易費用（金融資產或以公允價值計量且其變動計入損益的金融負債除外）計入金融資產或金融負債的公允價值或從中扣除，酌情在初始確認時。直接歸屬於以公允價值計量且其變動計入損益的金融資產或金融負債的交易費用直接計入損益。

金融資產

所有常規方式購買或出售金融資產均按交易日確認及終止確認。常規方式購買或銷售是指在市場規則或慣例規定的時間範圍內需要交付資產的金融資產的購買或出售。

所有已確認的金融資產隨後按攤銷成本或公允價值全部計量，具體取決於金融資產的分類。金融資產於初始確認時分類，其後按攤銷成本，以公允價值計量且其變動計入其他全面收益及以公允價值計量且其變動計入損益。

初始確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理他們的業務模式。

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

按攤銷成本計算的金融資產 (債務工具)

如果滿足以下兩個條件，本集團隨後按攤銷成本計量金融資產：

- 金融資產以業務模式持有，其目的是持有金融資產以收取合同現金流量；及
- 金融資產的合約條款在指定日期產生現金流量，而現金流量僅為未償還本金的本金及利息。

按攤銷成本計算的金融資產其後採用實際利率法計量，並可能會出現減值。

(i) 攤銷成本及實際利率法

實際利率法是計算債務工具的攤銷成本和相關期間分配利息收入的方法。

實際利率是準確折現預計未來現金收入（包括支付或收到的所有費用和支出的利率）。構成實際利率、交易成本及其他溢價或折扣的組成部分，不包括預期信貸虧損，通過債務工具的預期年期，或在適當的情況下縮短到債務工具的總賬面金額在初始認可。

金融資產的攤銷成本為金融資產在初始確認時減本金償還額的金額，加上使用實際利率法計算的初始金額與到期金額之間任何差額的累計攤銷，並就任何虧損撥備進行調整津貼。金融資產的賬面總額為金融資產的攤銷成本，然後調整任何虧損撥備。

利息收入採用實際債務工具的實際利率法按攤銷成本及以公允價值計量且其變動計入其他全面收益計量確認。利息收入的計算方法是將實際利率應用於金融資產的賬面總額，但隨後變為信用減值的金融資產除外（見下文）。對於後來成為信用減值的金融資產，利息收入通過將實際利率應用於金融資產的攤銷成本確認。如在隨後的報告期內，信用減值金融工具的信用風險得到改善，使金融資產不再信用減值，則通過將實際利率應用於金融資產的總賬面金額確認利息收入。

利息收入在損益中確認，併計入「其他收入及收益」項目（附註6）。

指定為以公允價值計量且其變動計入其他全面收益的權益工具

於初始確認時，本集團可作出不可撤回的選擇（按工具除外）以指定於以公允價值計量且其變動計入其他全面收益的權益工具投資。如股權投資是為交易而持有，或者如果是企業合併中的收購方確認的或有對價，則不允許在以公允價值計量且其變動計入其他全面收益指定。

以公允價值計量且其變動計入其他全面收益的權益工具投資初始按公允價值加交易成本計量。其後，按公允價值計量，其公允價值變動產生的利得或損失計入其他全面收益，並計入投資重估儲備。處置股權投資時，累計收益或虧損不會重新分類至損益，將轉撥至保留溢利。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

指定為以公允價值計量且其變動計入其他全面收益的權益工具(續)

當本集團收取股息的權利確立時，該等權益工具投資的股息於損益中確認，除非股息明確代表收回部分投資成本。股息包含在損益中的「其他收入及收益」項目中。

以公允價值計量且其變動計入損益的金融資產

不符合按攤銷成本或以公允價值計量且其變動計入其他全面收益計量的標準的金融資產按公允價值計量且其變動計入損益。特別指：

- 權益工具投資分類為按公允價值計量且其變動計入損益，除非本集團在初始確認時指定一項既非交易持有的股權投資，也不包括以公允價值計量且其變動計入其他全面收益業務合併產生的或有對價。
- 不符合攤銷成本標準或以公允價值計量且其變動計入其他全面收益標準的債務工具歸類為按公允價值計量且其變動計入損益。此外，符合攤銷成本標準或以公允價值計量且其變動計入其他全面收益標準的債務工具可在初始確認時指定為按公允價值計量且變動計入損益，如此類指定消除或顯著減少計量資產或負債或確認收益及在不同的基礎上損失。本集團於以公允價值計量且其變動計入損益並無指定任何債務工具。

以公允價值計量且其變動計入損益的金融資產在每個報告期末按公允價值計量，任何公允價值損益在其不屬於指定對沖關係的範圍內確認為損益。

在損益中確認的淨收益或損失不包括金融資產所賺取的任何股息或利息，並包含在「其他收入及收益」及「其他費用」項目中。公允價值以附註50中所述的方式確定。

金融資產減值

本集團確認債務工具投資的預期信貸虧損（「預期信貸虧損」）的虧損撥備，以攤銷成本計量。在每個報告日期更新預期信貸虧損金額，以反映自各自金融工具初始確認以來信用風險的變化。

本集團常確認應收賬款及應收票據、合約資產及應收融資租賃款項的全期預期信貸虧損。該等金融資產的預期信貸虧損乃使用撥備矩陣或根據本集團歷史信貸虧損經驗單獨的估計，並根據債務人特定因素、一般經濟狀況及對當前及於報告日期的預測方向的評估（包括適當的貨幣時間價值）作出調整。

對於所有其他金融工具，本集團計量的虧損撥備等於12個月的預期信貸虧損，除非自初始確認後信用風險顯著增加，本集團確認全期預期信貸虧損。是否應確認全期預期信貸虧損的評估是基於自初始確認以來發生違約的可能性或風險的顯著增加。

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

信用風險顯著增加

在評估自初始確認後金融工具的信用風險是否顯著增加時，本集團將於報告日期金融工具發生違約的風險與於初始確認的金融工具違約風險進行比較。在進行評估時，本集團會考慮合理且可支持的定量及定性信息，包括歷史經驗及前瞻性信息，無需過多的成本或努力即可獲得。

所考慮的前瞻性信息包括本集團債務人經營所在行業的未來前景，從經濟專家報告，金融分析師，政府機構，相關智庫和其他類似組織獲得，以及考慮各種外部實際來源並預測與本集團業務有關的經濟信息。

尤其是，在評估自初始確認後信用風險是否顯著增加時，會考慮以下信息：

- 內部信用評級；
- 預計會導致債務人償還債務能力大幅下降的業務，財務或經濟狀況的現有或預測的不利變化；
- 債務人經營業績的實際或預期顯著惡化；
- 同一債務人的其他金融工具的信貸風險大幅增加；
- 債務人的監管、經濟或技術環境中實際或預期的重大不利變化導致債務人履行債務能力大幅下降。

無論上述評估的結果如何，本集團均假設金融資產的信貸風險自合約付款逾期超過30天後初始確認後大幅增加，除非本集團有合理及可支持的資料證明其他情況。

儘管如此，本集團假設金融工具的信用風險自初始確認後並未顯著增加，如該金融工具在報告日期確定具有低信用風險。如i) 金融工具違約風險較低，ii) 借款人在短期內具有很強的履行合同現金流量義務的能力，以及iii) 經濟的不利變化，則確定金融工具具有較低的信用風險。長期業務條件可能會但不一定會降低借款人履行合同現金流量義務的能力。當資產根據全球理解的定義具有「投資等級」的外部信用評級或者如沒有外部評級時，本集團認為金融資產具有較低的信用風險，則該資產的內部評級為「執行」。執行意味著交易對手具有強大的財務狀況且沒有逾期金額。

就財務擔保合約而言，本集團成為不可撤銷承諾一方之日期視為用以評估金融工具減值之初步確認日期。在評估自初步確認財務擔保合約以來信貸風險有否顯著增加時，本集團考慮指定債務人違反合約之風險變化。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

信用風險顯著增加 (續)

本集團定期監察用以識別信貸風險是否顯著增加的準則的有效性，並酌情對其進行修訂，以確保該準則能夠在金額到期前確定信貸風險的顯著增加。

違約的定義

本集團認為以下內容構成內部信貸風險管理的違約事件，因為歷史經驗表明符合以下任何一項標準的應收款項一般不可收回：

- 債務人違反財務契約時；或
- 內部開發或從外部來源獲得的信息表明債務人不可能全額支付其債權人，包括本集團（不考慮本集團持有的任何抵押品）。

本集團認為，除非本集團有合理且可支持的信息證明更為滯後的違約標準更為合適，否則金融資產超過90天後即已發生違約。

信用減值金融資產

當一項或多項事件對該金融資產的估計未來現金流量產生不利影響時，金融資產即為信用減值。金融資產存在信用減值的證據包括有關以下事件的可觀察數據：

- 發行人或借款人的重大財務困難；
- 違約，例如違約或逾期事件；
- 借款人的貸款人，出於經濟或合同原因，與借款人的財務困難有關，已向借款人授予貸款人不會另行考慮的特許權；
- 借款人很可能會進入破產或其他財務重組；或
- 由於財務困難，該金融資產的活躍市場消失。

撤銷政策

當有資料表明債務人處於嚴重的財務困境並且沒有現實的復蘇前景時，本集團會撤銷一項金融資產。當交易對手已被清盤或已進入破產程序時，或就應收賬款及應收票據而言，當金額超過逾期30個月時，以較早者為準。撤銷的金融資產可能仍然受到本集團恢復程序下的執法活動的影響，並在適當的情況下考慮法律建議。所作出的任何回收均在損益中確認。

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

預期信貸虧損計量及確認

預期信貸虧損的計量是違約概率，違約損失（如果存在違約的損失幅度）及違約風險的函數。違約概率及違約損失的評估基於如上述前瞻性信息調整的歷史數據。對於違約風險敞口，就金融資產而言，指為於報告日期由資產的總賬面金額；就財務擔保合約而言，風險承擔包括於報告日期提取的金額，以及根據歷史趨勢確定的未來預期將於未來提取的任何額外金額，本集團對未來特定融資需求了解債務人及其他相關的前瞻性信息。

就金融資產而言，預期信貸虧損估計為本集團根據合約應付的所有合約現金流量與本集團預期收取的所有現金流量之間的差額，按原實際利率貼現。就應收租賃款項而言，用以釐定預期信貸虧損的現金流量與根據香港財務報告準則第16號租賃（於二零一九年一月一日或之後）香港會計準則第17號租賃（二零一九年一月一日之前）計量應收租賃款項所用現金流量一致。

就財務擔保合同而言，由於本集團只有在債務人違約的情況下才能按照擔保工具的條款進行付款，預期損失補貼是償還持有人的預期付款額。信用損失，減去本集團預期從持有人、債務人或任何其他方獲得的任何金額。

如本集團已在上年報告期內計算金額相當於全期預期信貸虧損的金額工具的虧損撥備，但在當年報告日期確定不再符合全期預期信貸虧損的條件，則本集團計量在當前報告日期的虧損撥備等於12個月預期信貸虧損的金額，但使用簡化方法的資產除外。

本集團確認所有金融工具的減值收益或虧損，並通過虧損撥備賬戶對其賬面金額進行相應調整，但按以公允價值計量且其變動計入其他全面收益計量的債務工具投資除外，其虧損撥備在其他全面收益並在投資重估儲備中累計，並不會減少於綜合財務狀況表中金融資產的賬面價值。

終止確認金融資產

本集團僅在資產現金流量的合同權利到期或將資產所有權的絕大部分風險及報酬轉移給另一方時終止確認金融資產。如本集團既不轉讓也不保留所有權的絕大部分風險和報酬，並繼續控制轉讓的資產，則本集團確認其對該資產的保留權益及其可能需要支付的金額的相關負債。倘本集團保留已轉讓金融資產擁有權的絕大部分風險及回報，則本集團繼續確認該金融資產，並就所收款項確認抵押借款。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價之和之間的差額於損益中確認。相反，在終止確認本集團初始確認按以公允價值計量且其變動計入其他全面收益計量的權益工具投資時，以前在投資重估儲備中累計的累計收益或虧損不會重新分類至損益，但轉撥至保留溢利。

財務報表附註

截至二零一九年十二月三十一日止年度

3. 主要會計政策 (續)

金融工具 (續)

金融負債及權益工具

分類為債務或權益

本集團實體發行的債務及權益工具根據合約安排的實質內容以及金融負債及權益工具的定义分類為金融負債或權益。

權益工具

權益工具是指在扣除所有負債後證明實體資產剩餘權益的任何合同。本集團實體發行的權益工具按已收所得款項確認，扣除直接發行成本。

購回本公司自有權益工具直接在權益中確認和扣除。購買、出售、發行或註銷本公司自有權益工具的損益不確認收益或損失。

金融負債

本集團的金融負債其後採用實際利率法按攤銷成本計量。

金融資產轉移不符合終止確認條件或適用持續參與法時產生的金融負債，以及本集團發佈的財務擔保合同，均按照下列具體會計政策計量。

金融負債其後按攤銷成本計量

金融負債不是1)企業合併中的收購方的或有對價，2)持有買賣，或3)以公允價值計量且其變動計入當期損益的金融負債，其後採用實際利率法按攤銷成本計量。

實際利率法是計算金融負債的攤銷成本和和在相關期間分配利息費用的方法。實際利率是通過金融負債的預期年限準確折現估計未來現金支付(包括支付或收取的所有費用及支出，構成實際利率，交易成本及其他保費或折扣的組成部分)的費率或(在適當的情況下)較短的期間，金融負債的攤銷成本。

財務擔保合約

財務擔保合約是一種合同，要求發行人支付特定的款項以償還持有人因其因債務工具的條款而未能按期到期付款而產生的損失。

集團實體發行的財務擔保合約初始按其公允價值計量，如果未以公允價值計量且其變動計入損益不以轉移金融資產的形式指定，則按以下方面的較高者計量：

- 根據香港財務報告準則第9號確定的虧損撥備金額；及
- 初始確認的金額(如適用)減去根據收入確認政策確認的累計攤銷。

終止確認金融負債

當且僅當本集團的責任被解除，取消或到期時，本集團終止確認金融負債。已終止確認的金融負債的賬面值與已付及應付代價(包括已轉讓的非現金資產或承擔的負債)之間的差額於損益中確認。

3. 主要會計政策 (續)

以權益結算以股份為基礎之付款交易

向僱員授出的購股權及股份獎勵

所獲服務之公允價值乃參考權益工具於授出當日之公允價值釐定，並於歸屬期間以直線法攤銷，而權益（以股份支付僱員之酬金儲備）亦作相應增加。

釐定權益工具的授出日期公允價值並不計及服務及非市場表現條件，惟能達成該等條件的可能性則被評定為將最終將歸屬為本集團權益工具數目的最佳估計的一部分。市場表現條件反映於授出日期公允價值內。附帶於權益工具中但並無相關服務要求的任何其他條件視為非歸屬條件。除非有另外的服務及／或表現條件，否則非歸屬條件將反映於權益工具的公允價值內並將即時予以支銷。

於報告期末，本集團根據對所有相關非市場歸屬條件的評估修訂對預期最終可歸屬權益工具數目的估計，並將於歸屬期間原始估計修訂之影響（如有）於損益確認，致使累計開支反映經修訂估計，以股份支付僱員之酬金儲備亦作相應之調整。

購股權獲行使時，過往於以股份支付僱員之酬金儲備中確認之金額將轉撥至股份溢價。當購股權於歸屬期後被沒收或於屆滿日仍未獲行使，過往於以股份支付僱員之酬金儲備中確認之金額將繼續作為以股份支付僱員之酬金儲備。

就受限制股份獎勵計劃（如附註39(b)所詮釋）而言，本公司購入本公司股份所支付的代價（包括所有相關交易費用），於權益項下僱員股票基金內扣除。僱員股票基金託管人於公開市場購買本公司股份作為日後獎勵僱員的股份。於歸屬獎勵股份時，僱員股票基金的相應金額將轉撥至以股份支付僱員之酬金儲備。

退休金計劃

根據強制性公積金計劃條例，本集團為合資格參與定額供款強制性公積金退休福利計劃（「強積金計劃」）之僱員營辦該計劃。供款乃按僱員基本薪金百分比計算，並於根據強積金計劃規定應付時於損益表中扣除。強積金計劃之資產以獨立管理基金形式持有，與本集團其他資金分開管理。本集團之僱主供款於向強積金計劃供款時，即全數撥歸僱員。

本集團於中國大陸經營業務之附屬公司之僱員須參與由中國當地地方政府營辦之中央退休金計劃。供款乃根據參與僱員之薪金百分比計算，並於根據中央退休金計劃規定應付時自損益表中扣除。

3. 主要會計政策 (續)

有形及無形資產 (包括使用權資產) 的減值虧損 (商譽會計政策中規定的商譽減值除外)

於報告期末, 本集團檢討其有限使用年期的有形及無形資產的賬面值, 以釐定是否有跡象顯示該等資產已出現減值虧損。如果存在任何此類跡象, 則估計資產的可收回金額, 以確定減值虧損的程度 (如有)。倘無法估計個別資產的可收回金額, 則本集團會估計該資產所屬的現金產生單位的可收回金額。當可以確定合理一致的分配基礎時, 公司資產也會分配給個別現金產生單位, 或者分配給最小的現金產生單位組合, 以確定合理一致的分配基礎。

可收回金額是公允價值減去處置費用和使用價值兩者中的較高者。在評估使用價值時, 估計未來現金流量使用稅前貼現率貼現至其現值, 該貼現率反映當前市場對貨幣時間價值的評估以及對未來現金流量估計的資產特定風險沒有調整。

倘估計資產 (或現金產生單位) 的可收回金額低於其賬面值, 則資產 (或現金產生單位) 的賬面值會減至其可收回金額。減值虧損即時於損益確認, 除非相關資產按其他準則以重估價值列賬, 在此情況下, 減值虧損按該準則列為評估減值。

倘減值虧損隨後轉回, 則資產 (或現金產生單位) 的賬面值會增加至其可收回金額的修訂估計, 但增加的賬面值不會超過本應確定的賬面值。於過往年度並無就資產 (或現金產生單位) 確認減值虧損。減值虧損撥回即時於損益確認, 除非相關資產按另一標準按重估價值列賬, 在此情況下, 減值虧損撥回會被視為該標準下的重估增值。

公允價值計量

在計量公允價值時, 除本集團的股份支付交易、租賃交易、在開發/已完成的待售物業的存貨/物業的可變現淨值以及商譽的使用價值以進行減值評估外, 本集團考慮到如果市場參與者在計量日對資產或負債進行定價時將這些特徵考慮在內, 則資產或負債的特徵。

非金融資產的公允價值計量需考慮市場參與者透過以最大限度使用該資產達致最佳用途、或透過將資產售予將以最大限使用該資產達致最佳用途的另一名市場參與者而產生經濟利益的能力。

本集團採用適用於當時情況的估值技術, 並有足夠數據可用於計量公允價值, 最大限度地使用相關可觀察輸入數據, 並盡量減少使用不可觀察輸入數據。具體而言, 本集團根據投入的特徵將公允價值計量分為三個等級, 具體如下:

- 等級一 — 相同資產或負債在活躍市場的報價 (未經調整)。
- 等級二 — 可獲得可直接或間接觀察得到的公允價值計量相關最低級別輸入數據的估值方法。
- 等級三 — 無法觀察得到公允價值計量相關最低級別輸入數據的估值方法。

3. 主要會計政策（續）

公允價值計量（續）

於報告期末，本集團確定轉讓是否發生在資產和負債的公允價值層級之間，並通過審閱其各自的公允價值計量以經常性公允價值計量。

撥備

當因過往事件導致現有法律或推定責任，而日後可能須動用資源履行有關責任，且有關責任所涉數額能可靠估計，則須確認撥備。

當折現的影響重大時，就撥備確認的金額乃指預計在日後履行責任時所需開支於報告期末的現值。由於時間過去導致折現值的金額有所增加，會包括於損益表的融資成本內。

本集團對若干產品提供產品保修而作出的撥備，乃按銷量及過去的維修及退貨情況確認，並在適當的情況下折現至其現值。

股息

末期股息於股東大會上獲得股東批准後即會確認為負債。

關連人士

如屬以下情況，任何一方即被視為本集團之關連人士：

- (a) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司之關鍵管理人員；或
- (b) 倘符合下列條件，即該實體與本集團有關連：
 - (i) 該實體與本集團屬同一集團之成員公司；
 - (ii) 一實體為另一實體（或其他實體之母公司、附屬公司或同系附屬公司）之聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方之合營企業；
 - (iv) 一實體為第三方實體之合營企業，而其他實體為第三方實體之聯營公司；
 - (v) 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃；
 - (vi) 該實體受(a)所識別人士控制或受共同控制；
 - (vii) 於(a)(i)所識別人士對該實體有重大影響力或屬該實體（或該實體之母公司）之關鍵管理人員；及
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團的母公司提供關鍵管理人員服務。

財務報表附註

截至二零一九年十二月三十一日止年度

4. 關鍵會計判斷及估計不確定性的主要來源

在應用附註3所述的本集團會計政策時，本公司董事須就綜合財務報表所呈報的資產、負債、收入及費用及披露資料作出判斷、估計及假設。估計及相關假設基於歷史經驗及被認為相關的其他因素。實際結果可能與這些估計不同。

估計及相關假設會持續檢討。如修訂僅影響該期間，或在修訂期間及未來期間（如修訂影響本期間及未來期間），則會計估計的修訂在修訂估計的期間確認。

應用會計政策的關鍵判斷

以下是除了涉及估計（見下文）的重要判斷外，本公司董事在應用本集團會計政策的過程中對於已確認金額具有最重大影響及於綜合財務報表作披露的作出的重大判斷。

分派股息所產生之預扣稅

本集團就決定是否依照司法管轄區制定之有關稅務規則計算若干附屬公司分派股息所產生之預扣稅時，須對分派股息之計劃作出判斷。於二零一九年十二月三十一日，概無計提未分配收益的遞延稅項負債（二零一八年：無）。

投資物業的所有權

於二零一九年十二月三十一日，本集團尚未從相關政府部門取得本集團若干投資物業的房地產所有權證，賬面淨值約為港幣138,130,000元（二零一八年：港幣261,491,000元）。本公司董事認為，由於該等物業於本集團取得相關業權證書的土地上豎立，因此該等物業並無對該等物業的正式業權不會損害其對本集團的價值，而本集團已全額支付建築考慮因素以及因缺乏正式所有權而被驅逐的可能性很小。

投資物業的遞延稅項

就計量使用公允價值模式計量的投資物業所產生的遞延稅項負債而言，本集團管理層已審閱本集團的投資物業，並認為本集團在一種商業模式下持有投資物業（該等根據香港財務報告準則第5號分類為持作出售者除外），該商業模式的目的乃為隨時間推移消耗絕大部分包含在投資物業內的全部經濟利益。因此，在釐定本集團投資物業的遞延稅項時，董事已決定推翻透過銷售收回使用公允價值模式計量之投資物業之假設。

因此，本集團根據管理層的最佳估計確認該等投資物業公允價值變動之遞延稅項，假設未來稅務結果乃透過將該等物業用作租賃用途而非出售引致。倘投資物業隨後由本集團出售而非以租賃方式隨時間推移消耗絕大部分包含在投資物業內的經濟利益，則最終的稅務結果將有別於綜合財務報表中確認的遞延稅項負債。若投資物業被出售，鑒於企業所得稅（「企業所得稅」）及土地增值稅（「土地增值稅」）之影響，本集團在出售時可能要承擔較高稅項。

4. 關鍵會計判斷及估計不確定性的主要來源(續)

應用會計政策的關鍵判斷(續)

合併本集團持有投票權少於大多數的實體

本集團認為，儘管本集團擁有神州數碼信息服務股份有限公司(「神州信息」)投票權少於50%，本集團仍對其擁有控制權，理由是本集團是神州信息的單一最大股東，持有40.14%(二零一八年：40.43%)股權。雖然本集團並不是擁有神州信息之大多數股權，考慮到本集團參與於神州信息之營運及財務活動之權力、關鍵股東及彼等之實益股東的分布及過去的投票模式，以及關鍵股東及／或彼等之受益股東之間存在任何合約安排(如有)，本公司董事認為，神州信息的持股狀況是分散的及彼等控制權組織通過本集團於神州信息股東會議之決議的實際風險較少，因而本集團的投票權足以賦予其實際能力以單方面指示神州信息的相關活動。因此，本公司董事認為本公司對神州信息擁有實質性的控制權。

對聯營公司的重大影響

本集團認為，鼎捷軟件股份有限公司(「鼎捷軟件」)、內蒙古呼和浩特金谷農村商業銀行有限公司(「金谷」)(本集團分別持有10.02%及9.71%股權(二零一八年：10.98%及9.71%))均為本集團的聯營公司，儘管本集團於該等公司擁有的投票權少於20%，本集團仍對彼等具有重大影響力。

於二零一八年，憑藉合約權，本集團持有鼎捷軟件超20%的投票權，其中通過神州信息持17.66%，通過全資附屬公司持有3.84%。於二零一九年，本集團於鼎捷軟件的投票權減至19.26%(其中15.44%乃透過神州信息持有，而3.82%則透過全資附屬公司持有)。因考慮到以下原因：1)本集團為鼎捷軟件的單一最大股東，而由於股權的廣泛分散，本集團的所有人權益相對於其他股東而言屬重大；及2)向鼎捷軟件董事會委派董事，本集團認為即使其擁有鼎捷軟件少於20%的所有人權益及投票權，其亦能對鼎捷軟件行使重大影響力。

就金谷而言，因考慮到以下原因：1)本集團為最大股東之一，而由於股權的廣泛分散，本集團的所有人權益相對於其他股東而言屬重大；2)向董事會委派董事；3)參與決策過程的權利，包括股息及其他分配；4)本集團的代表是該等聯營公司重要委員會的成員，本集團認為即使其擁有金谷少於20%的所有人權益及投票權，其亦能對該公司行使重大影響力。於二零一九年及二零一八年，金谷董事會之組成及本集團代表概無變動。

估計不確定性的主要來源

以下是有關未來的主要假設，以及報告期末估計不確定性的其他主要來源，具有導致下一財政年度資產及負債賬面金額重大調整的重大風險。

確認就以股份支付報酬開支

本集團有以股份做為獎勵的激勵計劃(詳情載於附註39)，其目的在於激勵及獎勵僱員。該等以權益工具之公允價值乃由獨立估值師透過使用二項式模式進行估值。該等估值要求本公司對若干主要輸入數據作出估計，包括股息收益率、預期波幅、無風險利率及購股權預期年期，因此彼等具有不確定性。

此外，授出有關權益工具須待特定歸屬條件達成，方可落實。有關條件包括服務期限及與財務表現計量掛鉤的表現條件。在考慮歸屬條件及調整以股份為基礎的補償開支計量時所計入之權益工具數目時，本集團須作出判斷。

財務報表附註

截至二零一九年十二月三十一日止年度

4. 關鍵會計判斷及估計不確定性的主要來源(續)

估計不確定性的主要來源(續)

確認就以股份支付報酬開支(續)

於各報告期末直至歸屬日期就以股份為基礎的獎勵計劃確認之累計開支反映了歸屬期的屆滿程度以及本集團就最終將歸屬的權益工具數目作出的最佳估計。一定期間內於綜合損益表作出的支出或計入代表於該期間期初及期末確認之累計開支變動。概無就未最終歸屬的獎勵確認開支。

商譽減值評估

確定商譽是否減值需要估計已分配商譽的現金產生單位的使用價值。使用價值計算要求本集團估計預期自現金產生單位產生的未來現金流量及合適的貼現率以計算現值。倘實際未來現金流量低於預期，則可能產生重大減值虧損。於二零一九年十二月三十一日，商譽的賬面值為港幣1,887,695,000元(二零一八年：港幣2,057,937,000元)。減值虧損約港幣201,787,000元已於截至二零一九年十二月三十一日止年度內確認(二零一八年：港幣220,695,000元)。累計減值及可收回金額計算詳情於附註18披露。

以公允價值計量且其變動計入損益及以公允價值計量且其變動計入其他全面收益的金融資產的公允價值

如附註50所述，本公司董事使用其判斷為未在活躍市場中報價的金融工具選擇適當的估值技術。應用市場從業者常用的估值技術。其他金融工具使用貼現現金流量分析進行估值，該分析基於可能的、通過可觀察的市場價格或利率支持的假設。非上市權益工具的公允價值估計包括一些不受可觀察市場價格或利率支持的假設。於二零一九年十二月三十一日，分類為以公允價值計量且其變動計入其他全面收益的非上市權益工具的賬面值約為港幣408,572,000元(二零一八年：港幣427,293,000元)。於二零一九年十二月三十一日，分類為以公允價值計量且其變動計入損益的金融資產的非上市投資的賬面值約為港幣925,766,000元(二零一八年：港幣1,258,048,000元)。本公司董事認為所選擇的估值方法及假設適用於釐定金融工具的公允價值。

物業、廠房及設備及無形資產的估計可使用年限

於各報告期末，本公司董事審閱使用壽命有限的物業、廠房及設備及無形資產的估計可使用年限。於二零一九年十二月三十一日，使用壽命有限的物業、廠房及設備及無形資產的賬面值分別為港幣1,027,562,000元(二零一八年：港幣1,017,356,000元)及港幣157,765,000元(二零一八年：港幣161,520,000元)。

投資物業重估

誠如附註15所披露，投資物業(包括已完成投資物業及在建投資物業)由獨立專業估值師於報告期末按公開市場及現行用途基準重估。該等估值乃根據若干假設進行，而該等假設存在不明朗因素，並可能大幅異於實際結果。於作出判斷時會考慮類似物業在活躍市場中之現行價格資料，並會主要使用於報告期末當日現行市況之假設。於二零一九年十二月三十一日以公允價值計量的投資物業賬面值為港幣4,598,840,000元(二零一八年：港幣4,712,932,000元)。估值師於估計投資物業公允價值所用之重要方法及假設載於此財務報表附註15。

於二零一八年十二月三十一日，在建投資物業乃根據由獨立房地產估值專家編製的估值來計量。

4. 關鍵會計判斷及估計不確定性的主要來源 (續)

估計不確定性的主要來源 (續)

應收賬款及應收票據及其他應收款項的預期信貸虧損

應收賬款及應收票據及其他應收款項的減值撥備乃基於有關預期信貸虧損的假設。本集團根據未償還個別應收款項的天數以及本集團於報告期末的歷史經驗及前瞻性資料，根據判斷作出該等假設及選擇減值計算的輸入數據。該等假設及估計的變動可能對評估結果產生重大影響，並可能需要就綜合損益表作出額外減值開支。

截至二零一九年十二月三十一日止年度，應收賬款及應收票據減值虧損約港幣90,722,000元（二零一八年：港幣155,151,000元）已於本年度綜合損益表確認。應收賬款及應收票據的賬面值約為港幣5,362,493,000元（二零一八年：港幣4,889,158,000元），扣除虧損撥備約港幣750,029,000元（二零一八年：港幣677,948,000元）。

截至二零一九年十二月三十一日止年度，其他應收款項減值虧損約港幣3,645,000元（二零一八年：港幣116,849,000元）已於本年度綜合損益表確認。按金及其他應收款項的賬面值約為港幣2,006,082,000元（二零一八年：港幣1,719,017,000元），扣除虧損撥備約港幣133,045,000元（二零一八年：港幣131,571,000元）。

收入確認

當本集團於某一時段內根據履行履約責任所產生的實際直接成本（相當於為履行個別合約履約責任而產生的預期總成本）使用投入法確認技術服務及應用軟件開發合約的收入。總預期成本及其相應的合約收入需要管理層根據對合約履行情況的理解以及供應商及分包商的報價以及本集團的歷史經驗進行估計。由於服務合約中所進行的活動的性質，活動的簽訂日期及活動完成的日期通常屬於不同的會計期間。因此，隨著合約的進展，本集團會檢討及修訂為每份合約編製的預算中合約收入及合約成本的估計。如實際合約收入低於預期或實際合約成本高於預期，則可能產生繁重合約的撥備。

就系統集成及軟件開發以及技術服務業務而言，本集團會創建及強化一項客戶控制的資產或使其客戶同時取得並耗用由本集團履約所提供的利益。因此，本公司董事信納履約責任已隨時間的推移履行。

陳舊存貨撥備

管理層會審閱本集團存貨之賬齡分析，並就確定不再適合用作出售之陳舊及滯銷存貨項目計提撥備。管理層主要依據最近期之發票價格及現行市況，估計該等存貨之可變現淨值。在評估該等存貨能否最終變現之過程中須作大量判斷。倘市況會改變，導致其陳舊項目計提撥備改變，則將記錄該期間辨認之差額。截至二零一九年十二月三十一日止年度，陳舊存貨撥備及撤銷為港幣87,554,000元（二零一八年：港幣125,630,000元）已在綜合損益表確認。於二零一九年十二月三十一日，存貨的賬面值為港幣1,848,844,000元（二零一八年：港幣1,052,773,000元）。

財務報表附註

截至二零一九年十二月三十一日止年度

4. 關鍵會計判斷及估計不確定性的主要來源 (續)

估計不確定性的主要來源 (續)

於聯營公司及合營企業權益的減值評估

於報告期末，本公司董事審閱其於聯營公司及合營企業權益的賬面值分別約為港幣3,150,086,000元（二零一八年：港幣3,427,004,000元）及港幣185,890,000元（二零一八年：港幣197,662,000元），並識別是否有任何跡象顯示該等資產可能出現減值虧損。倘存在客觀減值證據，估計資產之可收回金額以釐定減值虧損的程度。估計該等資產的可收回金額須採用現金流預測及折現率等假設。根據估計可收回金額，聯營公司的減值虧損約港幣2,286,000元（二零一八年：合營企業的減值虧損約港幣10,156,000元）已於綜合損益中確認。

遞延稅項

遞延稅項以報告期末已頒佈或實質上已頒佈之稅率（及稅務法例）釐定。該等稅率（及稅務法例）預期適用於有關遞延稅項資產變現或遞延稅項負債清還之期間。本集團若干公司於中國大陸獲確認為「高新技術企業」及享有該三年期15%的企業所得稅優惠稅率。神州數碼信息系統（揚州）有限公司被認定為小型微利企業及於截至二零一九年十二月三十一日止年度享受20%的企業所得稅優惠稅率。稅務條例規定屆滿後須辦理覆審手續。就計量遞延稅項資產及負債而言，須作出判斷以釐定該等公司是否繼續達到「高新技術企業」標準及估計預期將採用的稅率。

遞延稅項資產惟僅限於可能有應課稅溢利以對銷暫時差額時才予確認。管理層須根據可能出現未來應課稅溢利的時間及數額連同未來稅務計劃策略作出重大判斷。於二零一九年十二月三十一日，遞延稅項資產及遞延稅項負債之賬面值分別為港幣173,125,000元（二零一八年：港幣175,710,000元）及港幣350,261,000元（二零一八年：港幣339,004,000元）。於二零一九年十二月三十一日，未確認稅項虧損及若干可扣減暫時性差額總金額約為港幣1,446,350,000元（二零一八年：港幣1,490,961,000元）。進一步詳情載於附註26。

企業所得稅

本集團在多個區域需繳納企業所得稅。由於有關企業所得稅的若干事項未被當地稅務局確認，因此須根據現時已頒佈稅務法例、法規及其他相關政策作出客觀估計和判斷，以確定需為企業所得稅計提之撥備。如果該等事項的最終稅務結果不同於原來所記錄的金額，差額將影響差額實現期間的企業所得稅及稅項撥備。

土地增值稅

本集團須繳納中國土地增值稅。土地增值稅的撥備是管理層根據對有關中國稅務法例及法規所載的要求的理解，作出的最佳估計。實際土地增值稅負債於物業開發項目竣工後由稅務機關釐定。本集團尚未與稅務局就若干物業開發項目敲定其土地增值稅的計算方法及款項。最終結果可能有別於初次記錄的款額，任何差異將在所實現的期間影響土地增值稅開支及相關撥備。

5. 分部資料

就資源分配及分部表現評估而言，向董事會（即首席營運決策者（「首席營運決策者」））集中呈報所交付或提供的貨品或服務類別的資料。

首席營運決策者確定的經營分部在得出本集團可報告的業務時未進行匯總。

本集團有四個呈報經營分部概述如下：

- (a) 「神州信息」分部：神州數碼信息服務股份有限公司（「神州信息」）主要從事系統集成、軟件開發及技術服務業務，為銀行等行業用戶提供以銀行核心系統及企業服務總線為代表的系統開發和維護、行業雲服務和基礎設施建設等金融科技服務。神州信息也為我國運營商、政企、農業等國民經濟重點行業提供技術服務、應用軟件開發以及行業雲建設與運營等產品和服務。
- (b) 「智慧產業鏈業務」分部：科捷是中國領先的產業鏈服務品牌，致力於通過倉+大數據+人工智能的戰略落地，為客戶提供端到端的一站式供應鏈服務商。並通過供應鏈的大數據來協同上下游的產業鏈企業，在整個產業鏈大生態下，賦能產業鏈整體效能提升，打造新型智慧產業鏈。本集團從本分部的物流業務及電子商務供應鏈業務產生收入。
- (c) 「智慧城市業務」分部：智慧城市業務即以大數據深度應用的模式為基礎，憑藉通過從事系統集成、軟件開發和技術服務業務，為城市建構起全方位的城市級大數據平台，解決醫療、交通、能源供給和社會保障等問題。
- (d) 「其他業務」分部：包括物業投資、物業銷售及「智慧金融業務」即憑藉自身的各類金融牌照，並整合銀行、保險、證券、信託等金融機構資源，面向內外部客戶提供小貸、租賃、保理等金融服務；以及資產運營、其他創新業務投資孵化及戰略投資管理等業務。

經營分部的會計政策與附註3所述的本集團會計政策相同。分部業績乃根據呈報分部溢利評估，其為經調整後的除稅前溢利（虧損）的計量。分部業績與本集團之除稅前溢利一致計量，惟若干利息收入、若干融資成本、未分類公司收入及收益及未分類公司開支外不計入該等計量。這是向首席營運決策者呈報其達致資源分配及績效評估的計量。

分部間之銷售及轉撥乃參考以現行市場價格銷售予第三方之銷售價格而進行。

為監控分部表現及在分部之間分配資源：

- 所有資產均分配至經營分部，不包括於集團層面進行管理的若干遞延稅項資產、現金及現金等價物及其他未分類公司資產。
- 所有負債均分配至經營分部，不包括於集團層面進行管理的若干應繳稅項、若干附息銀行及其他貸款、若干遞延稅項負債及其他未分類公司負債。

財務報表附註

截至二零一九年十二月三十一日止年度

5. 分部資料(續)

下表呈列截至二零一九年及二零一八年十二月三十一日止年度本集團的經營及呈報分部之收入、業績及資產、負債及若干其他資料。

	神州信息		智慧產業鏈業務		智慧城市業務		其他業務		抵銷		總計	
	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元
分部收入：												
對外	11,503,811	10,522,367	5,373,826	3,777,386	242,917	320,770	606,875	633,976	-	-	17,727,429	15,254,499
分部間	1,768	23,137	8,485	15,418	83,776	4,448	27,609	22,423	(121,638)	(65,426)	-	-
	11,505,579	10,545,504	5,382,311	3,792,804	326,693	325,218	634,484	656,399	(121,638)	(65,426)	17,727,429	15,254,499
分部毛利	2,101,791	1,938,841	689,845	551,082	74,689	128,511	288,458	291,004			3,154,783	2,909,438
分部業績	301,344	149,192	105,635	(6,031)	11,492	2,503	391,369	427,017			809,840	572,681
未分類												
利息收入											2,994	5,396
收入及收益											4,956	1,065
未分類開支											(143,191)	(172,295)
經營活動溢利											674,599	406,847
融資成本											(127,899)	(125,313)
除稅前溢利											546,700	281,534
資產及負債												
分部資產	12,046,747	12,319,680	1,848,396	1,512,138	478,885	469,079	10,492,425	10,567,331			24,866,453	24,868,228
未分類資產											684,648	619,946
總資產											25,551,101	25,488,174
分部負債	5,985,510	6,474,140	1,762,663	1,358,863	171,375	105,559	544,097	390,581			8,463,645	8,329,143
未分類負債											4,523,984	4,762,335
總負債											12,987,629	13,091,478

5. 分部資料 (續)

	神州信息		智慧產業鏈業務		智慧城市業務		其他業務		未分類		總計	
	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元
其他分部資料：												
物業、廠房及設備折舊	67,346	84,994	41,989	37,842	3,402	6,583	18,798	17,816	4,219	1,951	135,754	149,186
使用權資產折舊	4,248	-	91,246	-	578	-	12,206	-	-	-	108,278	-
預付土地租金攤銷	-	758	-	-	-	-	-	969	-	-	-	1,727
其他無形資產攤銷	47,050	49,340	-	-	-	-	-	-	-	-	47,050	49,340
資本開支*	57,738	58,142	92,530	65,545	13,915	575	5,174	703,498	163,067	4,781	332,424	832,541
應收賬款及應收票據、其他 應收款項及合約資產減值 (減值撥回)	93,587	183,400	6,774	8,853	23,643	14,707	(28,369)	63,893	-	1,147	94,635	272,000
陳舊存貨撥備及撇銷 (撥備撥回)	86,072	120,353	1,640	5,277	-	-	(158)	-	-	-	87,554	125,630
應佔聯營公司之(虧損)溢利	18,791	(5,938)	-	-	(1,822)	3,856	(72,864)	62,641	-	-	(55,895)	60,559
應佔合營企業之(虧損)溢利	3,199	2,115	-	-	(227)	1,050	(26,746)	14,802	-	-	(23,774)	17,967
政府補貼	62,120	78,537	11,948	11,431	8,648	9,573	1,916	1,551	1,580	-	86,212	101,092
視為出售多間聯營公司部分 權益之收益	-	34,940	-	-	-	-	143,311	258,143	-	-	143,311	293,083
出售多間聯營公司部分 權益之收益	46,526	-	-	-	-	-	177,213	-	-	-	223,739	-
出售以公允價值計量且其變動 計入損益的金融資產之收益	4,371	15	-	-	-	-	-	10,229	-	-	4,371	10,244
出售/部分出售多間附屬 公司權益之收益	-	199,689	-	-	890	-	-	-	-	228	890	199,917
出售多間聯營公司權益之收益	-	-	-	-	9,183	988	436	6,892	-	-	9,619	7,880
商譽減值	201,787	220,695	-	-	-	-	-	-	-	-	201,787	220,695
應收融資租賃款項 (減值撥回)減值	-	-	-	-	-	-	(6,829)	12,740	-	-	(6,829)	12,740
於聯營公司之權益	528,076	575,901	-	-	101,897	105,200	2,520,113	2,745,903	-	-	3,150,086	3,427,004
於合營企業之權益	8,695	5,639	-	-	26,795	27,391	150,400	164,632	-	-	185,890	197,662
銀行存款利息	7,290	11,390	-	-	-	-	-	-	2,994	5,396	10,284	16,786
融資成本	91,755	90,544	6,545	-	45	-	1,262	-	127,899	125,313	227,506	215,857
所得稅開支*	65,951	35,576	-	-	-	-	-	-	30,573	25,488	96,524	61,064

* 資本開支包括物業、廠房及設備、使用權資產、預付土地租金、投資物業及其他無形資產之添置(包括來自合併/收購附屬公司之資產約港幣144,000元(二零一八年：港幣710,514,000元))。

* 所得稅費用定期提供予首席營運決策者但並無計入分部損益計量。

地區資料

由於本集團來自對外客戶之收入超過90%於中國大陸(根據客戶所在地區)產生且本集團超過90%非流動資產(除於聯營公司之投資外)位於中國大陸(根據資產所在地區)，故並無呈列地區資料。

主要客戶資料

於截至二零一九年及二零一八年十二月三十一日止年度，本集團概無任何源自與個別對外客戶交易之收入貢獻本集團各年度收入10%以上。

財務報表附註

截至二零一九年十二月三十一日止年度

6. 收入、其他收入及收益

本年度之收入指出售貨品（扣除退貨與貿易折扣）；提供服務（扣除增值稅及政府徵費）；從投資物業已收取及應收取之租金淨收入。

本集團之收入、其他收入及收益分析如下：

	二零一九年 港幣千元	二零一八年 港幣千元
來自客戶的合約收入		
按主要產品及服務線作分列：		
系統集成業務	5,442,136	5,755,094
軟件開發及技術服務業務	6,303,043	5,068,932
物流業務	2,477,882	2,245,846
電商供應鏈服務業務	2,895,944	1,531,541
其他	215,788	223,819
來自客戶的合約總收入	17,334,793	14,825,232
其他來源的收入		
經營租賃下的投資物業的租金收入	348,736	308,897
金融服務業務	43,900	120,370
其他來源的總收入	392,636	429,267
總收入	17,727,429	15,254,499
其他收入		
政府補貼（附註a）	86,212	101,092
銀行存款利息	10,284	16,786
理財產品收入	32,209	25,529
以公允價值計量且其變動計入其他全面收益的金融資產之股息收入	232	3,840
以公允價值計量且其變動計入損益的金融資產之股息收入	475	-
其他	10,462	7,852
	139,874	155,099

6. 收入、其他收入及收益（續）

	附註	二零一九年 港幣千元	二零一八年 港幣千元
收益			
投資物業之公允價值收益	15	32,532	50,141
出售多間合營企業權益之收益	20	-	4,158
出售多間聯營公司權益之收益	21	9,619	7,880
出售／部分出售多間附屬公司權益之收益（附註b）		890	199,917
出售以公允價值計量且其變動計入損益的金融資產之淨收益	24	4,371	10,244
其他		434	3,567
		47,846	275,907
其他收入及收益總計			
		187,720	431,006

附註a：本集團已收取的政府補貼的詳情載於附註47。

附註b：包括在該結餘中出售若干非重大附屬公司的收益約港幣890,000元（二零一八年：港幣426,000元）。進一步詳情請參閱附註42。

分列按時點確認的收入

	二零一九年 港幣千元	二零一八年 港幣千元
收入確認的時點		
在某個時點	9,053,238	7,767,916
隨著時間的推移	8,281,555	7,057,316
來自客戶的合約總收入		
	17,334,793	14,825,232

分配至餘下履約義務的交易價格

於二零一九年十二月三十一日，剩餘履約義務（未履行或部分履行）的交易價格為港幣5,157,000,000元並預期將於三年內完成。

財務報表附註

截至二零一九年十二月三十一日止年度

7. 除稅前溢利

本集團之除稅前溢利已經扣除(計入)：

	二零一九年 港幣千元	二零一八年 港幣千元
確認為開支之存貨金額	8,194,050	7,140,468
核數師酬金	2,700	3,600
物業、廠房及設備之折舊	135,754	149,186
使用權資產之折舊	108,278	-
預付土地租金攤銷	-	1,727
研究及開發成本*	538,048	585,958
其他無形資產攤銷*	47,050	49,340
土地及樓宇之最低經營租賃租金	-	295,935
陳舊存貨撥備及撇銷*	87,554	125,630
應收賬款及應收票據、其他應收款項及合約資產減值*	94,635	272,000
應收融資租賃款項(減值撥回)減值*	(6,829)	12,740
於合營企業之權益減值*	-	10,156
於聯營公司之權益減值*	2,286	-
在建物業減值*	12,394	-
出售物業、廠房及設備之虧損	4,022	24,575
撇銷其他無形資產之虧損	4,882	-
以公允價值計量且其變動計入損益的金融資產之公允價值虧損*	3,263	5,838
外匯淨差額*	11,926	36,654
僱員福利開支(包括董事及行政總裁酬金(附註9))：		
薪金及津貼	2,015,157	2,006,885
以股份支付之酬金	18,369	3,414
退休金計劃供款**	285,769	210,584
其他福利	255,535	348,144
	2,574,830	2,569,027
為賺取租金的投資物業的直接營運費用(包括維修和保養)***	31,949	33,391

* 此等收入或開支淨額已計入綜合損益表中之「其他費用淨額」內。

** 於二零一九年及二零一八年十二月三十一日，本集團並無重大可供扣減未來年度之退休金計劃供款之被沒收供款。

*** 截至二零一九年十二月三十一日止年度，本集團確認租金收入約為港幣348,736,000元(二零一八年：港幣308,897,000元)。

8. 融資成本

融資成本的分析如下：

	二零一九年 港幣千元	二零一八年 港幣千元
銀行及其他貸款利息	177,663	165,623
公司債券利息	19,068	32,783
已貼現票據利息	20,541	17,451
租賃負債利息	10,234	-
	227,506	215,857

9. 董事及行政總裁酬金

於本年度內之董事及行政總裁酬金，乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）、香港公司條例第388(1)(a)、(b)、(c)及(f)條及公司（披露董事利益資料）規例第2部，披露如下：

	本集團	
	二零一九年 港幣千元	二零一八年 港幣千元
袍金	1,200	1,200
其他酬金：		
薪金及津貼	3,590	5,571
退休金計劃供款	510	152
	4,100	5,723
	5,300	6,923

財務報表附註

截至二零一九年十二月三十一日止年度

9. 董事及行政總裁酬金（續）

(a) 獨立非執行董事

於本年度內已支付予獨立非執行董事之袍金如下：

	二零一九年 港幣千元	二零一八年 港幣千元
黃文宗先生	300	300
倪虹小姐	300	300
劉允博士	300	300
嚴曉燕女士（附註）	-	-
賴錫璋先生，BBS, JP ¹	-	150
金昌衛先生	300	150
	1,200	1,200

¹ 於二零一八年六月十一日辭任

附註：嚴曉燕女士放棄其就任董事期間領取董事袍金之權利，於本年度內被放棄的董事袍金為港幣300,000元（二零一八年：港幣300,000元）。

除上文所披露者外，於本年度內並無應支付予獨立非執行董事之任何其他酬金（二零一八年：無）。

(b) 執行董事、非執行董事及行政總裁

	袍金 港幣千元	薪金及津貼 港幣千元	表現相關 之花紅 港幣千元	以股份支付 之酬金 港幣千元 (附註39)	退休金 計劃供款 港幣千元	酬金總額 港幣千元
二零一九年						
執行董事：						
郭為先生	-	-	-	-	-	-
林楊先生	-	3,590	-	-	510	4,100
	-	3,590	-	-	510	4,100
非執行董事：						
余梓平先生	-	-	-	-	-	-
彭晶先生	-	-	-	-	-	-
	-	-	-	-	-	-
	-	3,590	-	-	510	4,100

9. 董事及行政總裁酬金 (續)

(b) 執行董事、非執行董事及行政總裁 (續)

	袍金 港幣千元	薪金及津貼 港幣千元	表現相關 之花紅 港幣千元	以股份支付 之酬金 港幣千元 (附註39)	退休金 計劃供款 港幣千元	酬金總額 港幣千元
二零一八年						
執行董事：						
郭為先生	-	1,643	-	-	87	1,730
林楊先生	-	3,928	-	-	65	3,993
	-	5,571	-	-	152	5,723
非執行董事：						
余梓平先生	-	-	-	-	-	-
彭晶先生	-	-	-	-	-	-
	-	-	-	-	-	-
	-	5,571	-	-	152	5,723

郭為先生於二零一八年六月獲續聘為本公司行政總裁 (續聘前為林楊先生)，而上文所披露的彼酬金包括彼作為行政總裁所提供服務的酬金。

10. 僱員薪酬

於本集團五名最高薪酬僱員中，一名 (二零一八年：一名) 為本公司董事，其酬金已包括在上文附註9的披露內。其餘四名 (二零一八年：四名) 人士的薪酬如下：

	二零一九年 港幣千元	二零一八年 港幣千元
薪金及津貼	8,224	6,551
表現相關之花紅	4,289	-
以股份支付之酬金 (附註39)	1,654	2,277
退休金計劃供款	331	262
	14,498	9,090

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10. 僱員薪酬(續)

彼等的薪酬在以下範圍內：

	僱員人數	
	二零一九年	二零一八年
港幣1,500,001元至港幣2,000,000元	-	1
港幣2,000,001元至港幣2,500,000元	2	2
港幣3,000,001元至港幣3,500,000元	-	1
港幣4,000,001元至港幣4,500,000元	1	-
港幣5,000,001元至港幣5,500,000元	1	-
	4	4

11. 所得稅費用

	二零一九年 港幣千元	二零一八年 港幣千元
本期－中國大陸		
企業所得稅		
本年度支出	96,845	80,791
以前年度多提	(6,393)	(4,223)
土地增值稅	187	8,628
	90,639	85,196
本期－香港		
本年度支出	-	52
以前年度少提(多提)	17	(200)
	17	(148)
遞延稅(附註26)	5,868	(23,984)
本年度稅項支出總計	96,524	61,064

- (a) 中國企業所得稅指於中國大陸產生之估計應課稅溢利所徵收之稅項。除若干附屬公司享有稅率優惠外，本集團在中國大陸營運的附屬公司一般須繳納中國企業所得稅之稅率為25%。
- (b) 中國土地增值稅就土地增值按累進稅率介乎30%至60%徵收，即物業銷售所得款項減可扣除開支(包括土地使用權成本、借款成本及全部物業開發開支)。

11. 所得稅費用(續)

- (c) 於二零一八年三月二十一日，香港立法會通過了二零一七年稅務(修訂)(第7號)條例草案(「草案」)，該草案引入了兩級利得稅稅率制度。草案於二零一八年三月二十八日簽署成為法律，並於次日在憲報刊登。根據兩級利得稅稅率制度，合資格企業的首個港幣2百萬元的利潤按8.25%徵稅，而超過港幣2百萬元的利潤則按16.5%徵稅。截至二零一九年及二零一八年十二月三十一日止年度，本集團合資格實體的香港利得稅乃根據兩級利得稅稅率制度計算。在香港不符合兩級利得稅稅率制度的其他集團實體的利潤將繼續就估計應課稅溢利按16.5%的統一稅率徵稅。
- (d) 應佔合營企業之稅項支出約為港幣665,000元(二零一八年：港幣9,935,000元)及應佔聯營公司之稅項支出約為港幣39,050,000元(二零一八年：港幣33,963,000元)，已分別計入於綜合損益表中之「應佔合營企業之(虧損)溢利」及「應佔聯營公司之(虧損)溢利」內。

本年度的稅項支出可與以下綜合損益表的除稅前溢利對賬，如下：

	二零一九年 港幣千元	二零一八年 港幣千元
除稅前溢利	546,700	281,534
按適用稅率計算之稅項	136,675	70,384
按優惠稅率計算之所得稅	(59,383)	(50,384)
有關以前期間即期稅項之調整	(6,376)	(4,423)
合營企業及聯營公司之應佔溢利及虧損	19,917	(19,632)
未確認之未動用稅項虧損之稅務影響	71,894	104,570
未確認之可抵扣暫時性差異的稅務影響	14,893	47,595
超額扣除研發費用	(61,535)	(39,840)
免稅之收入	(514)	(73,071)
不可扣稅之開支	61,792	39,505
利用過往期間之稅項虧損	(81,026)	(22,268)
土地增值稅	187	8,628
按本集團實際稅率計算之稅項支出	96,524	61,064

12. 股息

	二零一九年 港幣千元	二零一八年 港幣千元
末期股息	105,202	51,112

於報告期末後，本公司董事建議向本公司股東派發截至二零一九年十二月三十一日止年度之末期股息每股普通股6.4港仙，惟須於即將舉行的股東週年大會上獲股東批准。於報告期末後擬派末期股息未於綜合財務報表確認為負債。

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13. 每股盈利

每股基本及攤薄盈利乃按本年度之母公司股東應佔溢利，以及於本年度內已發行減在受限制股份獎勵計劃（「受限制股份獎勵計劃」）下所持股份之普通股加權平均數1,648,397,272股（二零一八年：1,669,145,464股）計算。

每股攤薄盈利乃按本年度之母公司股東應佔溢利計算。用於該計算的普通股加權平均數為於本年度內之已發行普通股減在受限制股份獎勵計劃下所持股份（亦是用於計算每股基本盈利），並假設有關於本集團之股權激勵計劃之所有可潛在攤薄的普通股被視為獲行使時已無償發行普通股之加權平均數。截至二零一九年及二零一八年十二月三十一日止年度的每股攤薄盈利與每股基本盈利相同。每股攤薄盈利未計入該等購股權行使價高於股份市場平均價的未行使購股權。

每股基本及攤薄盈利乃根據以下數據計算：

	二零一九年 港幣千元	二零一八年 港幣千元
用於計算每股基本及攤薄盈利之本年度之母公司股東應佔溢利	301,844	149,587

	股份數目	
	二零一九年	二零一八年
股份		
用於計算每股基本及攤薄盈利之本年度內已發行股份		
減在受限制股份獎勵計劃下所持股份之加權平均數	1,648,397,272	1,669,145,464

截至二零一九年及二零一八年十二月三十一日止年度的每股攤薄盈利與每股基本盈利相同。由於尚未行使購股權的行使價高於股份市場平均價，每股攤薄盈利之計算未計入該等購股權。

14. 物業、廠房及設備

	樓宇 港幣千元	租賃裝修 港幣千元	裝置及 辦公室設備 港幣千元	汽車 港幣千元	在建工程 港幣千元	總計 港幣千元
於二零一八年十二月三十一日及 於二零一九年一月一日：						
成本值	731,707	187,195	625,782	13,739	4,543	1,562,966
累計折舊	(79,576)	(122,339)	(332,688)	(11,007)	-	(545,610)
賬面淨值	652,131	64,856	293,094	2,732	4,543	1,017,356
於二零一九年一月一日，扣除累計折舊	652,131	64,856	293,094	2,732	4,543	1,017,356
添置	161,485	11,714	23,387	943	1,606	199,135
出售	-	(2,284)	(7,789)	(552)	(365)	(10,990)
收購附屬公司(附註42(b)(i))	-	-	93	51	-	144
出售附屬公司(附註42(e))	-	(5)	(57)	-	-	(62)
於轉撥至投資物業時產生之重估盈餘	20,597	-	-	-	-	20,597
轉撥	123	-	-	-	(123)	-
轉撥至投資物業(附註15)	(41,099)	-	-	-	-	(41,099)
轉撥至在建物業(附註28)	-	-	-	-	(253)	(253)
轉撥至持作出售之資產(附註22)	-	-	-	-	(4,477)	(4,477)
本年度折舊	(17,291)	(29,102)	(87,933)	(1,428)	-	(135,754)
匯兌調整	(12,199)	(862)	(3,909)	18	(83)	(17,035)
於二零一九年十二月三十一日， 扣除累計折舊	763,747	44,317	216,886	1,764	848	1,027,562
於二零一九年十二月三十一日：						
成本值	855,042	189,407	565,833	11,734	848	1,622,864
累計折舊	(91,295)	(145,090)	(348,947)	(9,970)	-	(595,302)
賬面淨值	763,747	44,317	216,886	1,764	848	1,027,562

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14. 物業、廠房及設備(續)

	樓宇 港幣千元	租賃裝修 港幣千元	裝置及 辦公室設備 港幣千元	汽車 港幣千元	在建工程 港幣千元	總計 港幣千元
於二零一七年十二月三十一日及 於二零一八年一月一日：						
成本值	779,438	174,011	729,887	16,774	4,737	1,704,847
累計折舊	(66,941)	(105,810)	(352,401)	(12,535)	-	(537,687)
賬面淨值	712,497	68,201	377,486	4,239	4,737	1,167,160
於二零一八年一月一日，扣除累計折舊	712,497	68,201	377,486	4,239	4,737	1,167,160
添置	-	25,991	71,443	332	2,427	100,193
出售	-	(480)	(24,497)	(693)	-	(25,670)
收購／合併附屬公司	-	-	1,373	-	-	1,373
出售附屬公司	-	(1,187)	(18,563)	-	-	(19,750)
於轉撥至投資物業時產生之重估盈餘	2,993	-	-	-	-	2,993
轉撥	-	2,404	-	-	(2,404)	-
轉撥至投資物業(附註15)	(19,372)	-	-	-	-	(19,372)
本年度折舊	(17,920)	(27,566)	(102,667)	(1,033)	-	(149,186)
匯兌調整	(26,067)	(2,507)	(11,481)	(113)	(217)	(40,385)
於二零一八年十二月三十一日， 扣除累計折舊	652,131	64,856	293,094	2,732	4,543	1,017,356
於二零一八年十二月三十一日：						
成本值	731,707	187,195	625,782	13,739	4,543	1,562,966
累計折舊	(79,576)	(122,339)	(332,688)	(11,007)	-	(545,610)
賬面淨值	652,131	64,856	293,094	2,732	4,543	1,017,356

於二零一九年十二月三十一日，本集團賬面淨值為約港幣136,226,000元(二零一八年：港幣163,936,000元)之物業、廠房及設備已予以抵押，作為本集團獲得若干銀行貸款之擔保(附註36)。

15. 投資物業

本集團投資物業的變動及經常性等級三公允價值計量的對賬如下：

	二零一九年			二零一八年		
	已完成 投資物業 港幣千元	在建 投資物業 港幣千元	總計 港幣千元	已完成 投資物業 港幣千元	在建 投資物業 港幣千元	總計 港幣千元
公允價值						
於一月一日	4,600,892	112,040	4,712,932	3,926,135	176,192	4,102,327
收購／合併附屬公司	-	-	-	707,517	-	707,517
轉撥自自有物業或使用權資產	42,795	-	42,795	19,372	-	19,372
轉撥至分類為持作出售之資產 (附註22)	-	(108,170)	(108,170)	-	-	-
於損益確認之按公允價值調整之淨收益	34,716	(2,184)	32,532	107,600	(57,459)	50,141
匯兌調整	(79,563)	(1,686)	(81,249)	(159,732)	(6,693)	(166,425)
於十二月三十一日	4,598,840	-	4,598,840	4,600,892	112,040	4,712,932

本集團之投資物業均位於中國大陸，並以中期租約持有以賺取租金或資本升值。

本公司董事根據各物業之性質、特點及風險斷定投資物業包括一類資產，即商業物業。本集團之投資物業於二零一九年十二月三十一日及轉撥日基於由與本集團並無關聯的獨立專業合資格估值師第一太平戴維斯估值及專業服務有限公司、亞太資產評估及顧問有限公司及藍策（北京）資產評估有限公司之估值按公開市場及現行用途基準履行重估。每年本集團之管理層決定委任外部估值師來負責本集團物業之外部估值。選擇標準包括市場知識、聲譽、獨立性以及專業水準是否得以維持。於每年一次就年度財務報告進行估值時，本集團之管理層與估值師就估值假設及估值結果進行討論。

在估算物業的公允價值時，物業的最高及最佳用途是其目前的用途。

若干投資物業按經營租賃租予第三方，其進一步概要詳情載於附註44(a)。

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15. 投資物業(續)

於二零一九年十二月三十一日，本集團尚未自相關政府機構就本集團賬面淨值約港幣138,130,000元(二零一八年：港幣261,491,000元)之投資物業取得房地產所有權證。本公司董事認為將會於近期取得相關房地產之所有權。

於二零一九年十二月三十一日，本集團賬面值為港幣3,576,944,000元(二零一八年：港幣3,625,262,000元)之投資物業已予以抵押，作為本集團獲得若干銀行貸款之擔保(附註36)。

於截至二零一九年十二月三十一日止年度，公允價值合計為港幣42,795,000元(二零一八年：港幣19,372,000元)的若干自有物業港幣41,099,000元(二零一八年：港幣19,372,000元)及相關使用權資產港幣1,696,000元(二零一八年：零)根據經營租賃出租予租戶，因此轉撥至投資物業。於轉撥日期之公允價值計量基準已於上文載述。於轉撥時產生之評估增值港幣20,597,000元(二零一八年：港幣2,993,000元)於其他全面收益確認並於資產重估儲備中累計。

本集團於初始確認後按公允價值計量的投資物業根據公允價值計量輸入的可觀察程度分為公允價值等級一至等級三的分析如下：

	(等級一) 港幣千元	(等級二) 港幣千元	(等級三) 港幣千元	公允價值 二零一九年 總計 港幣千元
循環公允價值計量於：				
商業物業	-	-	4,598,840	4,598,840
	(等級一) 港幣千元	(等級二) 港幣千元	(等級三) 港幣千元	公允價值 二零一八年 總計 港幣千元
循環公允價值計量於：				
商業物業	-	-	4,712,932	4,712,932

於截至二零一九年及二零一八年十二月三十一日止年度，概無公允價值層級之間之轉移。

15. 投資物業(續)

下表提供了有關如何確定二零一九年及二零一八年十二月三十一日投資物業公允價值的資料(尤其是使用的評估方法及因素):

	評估方法及主要因素	重大不可觀察到的因素	介乎或加權平均	
			二零一九年	二零一八年
已完成投資物業 — 商業物業	貼現現金流量法 — 考慮到目前租金及 租約的復歸潛力	預估租金價值 (每平方米及每月) (港幣元)	由19至330	由19至335
		長期空置率 貼現率	由5%至15% 由6%至8%	由5%至15% 由6%至8%
在建投資物業 — 商業物業	二零一八年:市場比較法 — 參考可比較物業的近期售價 及經調整後反映物業的時間、 大小及位置	時間、尺寸、及 物業位置之貼現	不適用	由3%至15%

本集團已釐定,商業物業於計量日期的最高及最佳用途為將該等物業轉換為住宅用途。基於戰略原因,該等物業不會以這種方式使用。上年度使用的評估方法並無發生其他變更。

就已完成物業,預估租金價值及市場租金年增長率單獨大幅增加(減少)將導致投資物業的公允價值大幅增加(減少)。長期空置率及貼現率單獨大幅增加(減少)將導致投資物業之公允價值大幅減少(增加)。一般而言,就預估租賃價值作出的假設的變動會導致租金年增長及貼現率出現類似方向變動及導致長期空置率出現反向變動。

就於二零一八年十二月三十一日的在建投資物業,經調整後市場價格的顯著增加(減少)將導致公允價值大幅增加(減少)。

截至二零一八年十二月三十一日止年度,公允價值約為港幣46,412,000元的投資物業乃於二零一八年七月收購附屬公司(其於收購前為本公司的合營企業)時收購並作為收購資產入賬。若干公允價值約港幣661,105,000元的投資物業是透過合併附屬公司收購的,詳情載於附註42(a)。

財務報表附註

截至二零一九年十二月三十一日止年度

16. 預付土地租金

	二零一九年 港幣千元	二零一八年 港幣千元
於一月一日之賬面值	69,230	73,635
會計政策變動之影響	(69,230)	不適用
本年度攤銷	-	(1,727)
匯兌調整	-	(2,678)
於十二月三十一日之賬面值	-	69,230
流動部分包括在預付款項、按金及其他應收款項	-	(4,195)
非流動部分	-	65,035

於二零一八年十二月三十一日，本集團賬面值約為港幣28,587,000元之預付土地租金已予以抵押，作為本集團獲得若干銀行貸款之擔保（附註36）。

於二零一九年一月一日採納香港財務報告準則第16號後，預付土地租金之賬面值港幣69,230,000元獲重新分類至使用權資產。

17. 租賃

(i) 使用權資產

	土地 港幣千元	樓宇 港幣千元	總計 港幣千元
於二零一九年一月一日	69,230	201,276	270,506
添置	-	82,981	82,981
轉撥至投資物業	(1,696)	-	(1,696)
轉撥至持作出售之資產	(5,866)	-	(5,866)
折舊	(1,675)	(106,603)	(108,278)
匯兌調整	(1,168)	(2,823)	(3,991)
於二零一九年十二月三十一日	58,825	174,831	233,656

於二零一九年十二月三十一日，港幣58,825,000元之使用權資產指位於中國之土地使用權。

於二零一九年十二月三十一日，本集團賬面值約港幣19,785,000元之土地使用權已予以抵押，作為本集團若干銀行貸款之擔保（附註36）。

本集團對樓宇（辦公物業及倉庫）有租賃安排。租期按固定租金一般介乎兩至五年。

17. 租賃 (續)

(ii) 租賃負債

	二零一九年 十二月 三十一日 港幣千元	二零一九年 一月一日 港幣千元
非流動	60,616	96,183
流動	103,070	97,779
	163,686	193,962

租賃負債項下應付款項	二零一九年 十二月 三十一日 港幣千元
一年內	103,070
一年後但兩年內	40,842
兩年後但五年內	19,774
	163,686
減：須於12個月內結付之款項 (於流動負債項下列示)	(103,070)
須於12個月後結付之款項	60,616

於截至二零一九年十二月三十一日止年度，本集團就樓宇訂立多項新租賃協議並確認租賃負債港幣82,981,000元。

(iii) 於損益確認之款項

	截至 二零一九年 十二月 三十一日 止年度 港幣千元
與短期租賃有關之開支	100,549
折舊	108,278
利息	10,234

(iv) 其他

於二零一九年十二月三十一日，本集團並無尚未開始的承諾租賃協議。

於截至二零一九年十二月三十一日止年度，租賃之現金流出總額為港幣217,023,000元。

財務報表附註

截至二零一九年十二月三十一日止年度

18. 商譽

因收購多間附屬公司產生而資本性資產之商譽金額如下：

	二零一九年 港幣千元	二零一八年 港幣千元
於一月一日：		
成本值	2,278,632	2,346,218
累計減值	(220,695)	-
賬面淨值	2,057,937	2,346,218
於一月一日之成本值，扣除累計減值	2,057,937	2,346,218
收購附屬公司(附註42(b))	66,834	19,523
減值虧損	(201,787)	(220,695)
匯兌調整	(35,289)	(87,109)
於十二月三十一日之成本值，扣除累計減值	1,887,695	2,057,937
於十二月三十一日：		
成本值	2,306,392	2,278,632
累計減值	(418,697)	(220,695)
賬面淨值	1,887,695	2,057,937
分配至各現金產生單位之商譽之賬面值載列如下：		
	二零一九年 港幣千元	二零一八年 港幣千元
行業應用軟件及解決方案	-	-
農村信息服務	723,531	941,463
移動網絡優化及通信大數據服務	977,059	994,105
數據集成及管理軟件銷售	79,382	80,767
農業物聯網服務	22,203	22,590
技術服務	18,686	19,012
農業互聯網服務	66,834	-
總計	1,887,695	2,057,937

18. 商譽 (續)

商譽減值測試

透過業務合併收購之商譽已按以下現金產生單位分配，以進行減值測試：

- 行業應用軟件及解決方案現金產生單位；
- 農村信息服務現金產生單位；
- 移動網絡優化及通信大數據服務現金產生單位；
- 數據集成及管理軟件銷售現金產生單位；
- 農業物聯網服務現金產生單位；
- 技術服務現金產生單位；及
- 農業互聯網服務現金產生單位。

行業應用軟件及解決方案現金產生單位

由於消費者偏好的變化導致業績嚴重下滑，行業應用軟件及解決方案的商譽約港幣220,695,000元已於二零一八年全面減值，導致二零一九年及二零一八年十二月三十一日的商譽賬面值均為零。

農村信息服務現金產生單位

截至二零一九年十二月三十一日止年度，由於農村信息服務需求放緩，本集團就收購北京中農信達信息技術有限公司所產生的商譽確認港幣201,787,000元的減值虧損。

農村信息服務現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率為13.83%（二零一八年：12.15%）及採用超過五年期2.5%（二零一八年：2.5%）增長率推斷現金流量。

移動網絡優化及通信大數據服務現金產生單位

移動網絡優化及通信大數據服務現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率為13.07%（二零一八年：11.9%）及採用超過五年期2.5%（二零一八年：2.5%）增長率推斷現金流量。

數據集成及管理軟件銷售現金產生單位

數據集成及管理軟件銷售現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率為16%（二零一八年：16%）及採用超過五年期3%（二零一八年：3%）增長率推斷現金流量。

財務報表附註

截至二零一九年十二月三十一日止年度

18. 商譽(續)

商譽減值測試(續)

農業物聯網服務現金產生單位

農業物聯網服務現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率為12.85%（二零一八年：12.15%）及採用超過五年期2.5%（二零一八年：2.5%）增長率推斷現金流量。

技術服務現金產生單位

本集團有兩個與技術服務有關之現金產生單位。技術服務現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率介乎14.04%及16.5%（二零一八年：12.6%及16.5%）及採用超過五年期2.5%及3%（二零一八年：2.5%及3%）的增長率推斷現金流量。

農業互聯網服務現金產生單位

農業互聯網服務現金產生單位之可收回值乃根據使用價值釐定，而使用價值乃採用根據高級管理層批准之五年期財務預算之現金流量預測計算。現金流量預測所使用之貼現率為14.7%，而超過五年期的現金流量則以0%增長率推斷。

計算使用價值時曾使用重要假設，下文載述管理層就進行商譽減值測試之現金流量預測所依據之各項主要假設：

預算毛利率—預算毛利率價值之釐定基準為緊接預算年度前一個年度所達致之平均毛利率、預計有效性改善之增加及預計市場發展。預算毛利率增加將增加現金產生單位之使用價值，反之亦然。

貼現率—所採用之貼現率反映與現金產生單位有關之特定風險。貼現率增加將減少現金產生單位之使用價值，反之亦然。

與市場發展和貼現率相關的主要假設之數值與外部資料來源一致。

管理層認為，任何該等假設可能出現的任何合理可能變動不會導致現金產生單位的總賬面值超過現金產生單位之可收回總值。

19. 其他無形資產

	專利權及 許可證權 港幣千元	遞延開發成本 港幣千元	系統軟件 港幣千元	總計 港幣千元
二零一九年十二月三十一日				
於二零一九年一月一日：				
成本值	24,484	20,208	220,811	265,503
累計攤銷及減值	(16,180)	-	(87,803)	(103,983)
賬面淨值	8,304	20,208	133,008	161,520
於二零一九年一月一日之成本值，				
扣減累計攤銷及減值	8,304	20,208	133,008	161,520
添置	-	49,385	779	50,164
撤銷	(429)	-	(4,453)	(4,882)
本年度攤銷	(3,222)	-	(43,828)	(47,050)
匯兌調整	(140)	(346)	(1,501)	(1,987)
於二零一九年十二月三十一日	4,513	69,247	84,005	157,765
於二零一九年十二月三十一日：				
成本值	23,112	69,247	202,732	295,091
累計攤銷及減值	(18,599)	-	(118,727)	(137,326)
賬面淨值	4,513	69,247	84,005	157,765

財務報表附註

截至二零一九年十二月三十一日止年度

19. 其他無形資產(續)

	專利權及 許可證權 港幣千元	遞延開發成本 港幣千元	系統軟件 港幣千元	總計 港幣千元
二零一八年十二月三十一日				
於二零一八年一月一日：				
成本值	30,433	50,715	164,641	245,789
累計攤銷及減值	(18,131)	-	(46,271)	(64,402)
賬面淨值	12,302	50,715	118,370	181,387
於二零一八年一月一日之成本值：				
扣減累計攤銷及減值	12,302	50,715	118,370	181,387
添置	1,054	23,473	10,873	35,400
收購附屬公司	-	-	1,624	1,624
出售附屬公司	-	-	(532)	(532)
本年度攤銷	(4,855)	-	(44,485)	(49,340)
轉撥	-	(53,376)	53,376	-
匯兌調整	(197)	(604)	(6,218)	(7,019)
於二零一八年十二月三十一日	8,304	20,208	133,008	161,520
於二零一八年十二月三十一日：				
成本值	24,484	20,208	220,811	265,503
累計攤銷及減值	(16,180)	-	(87,803)	(103,983)
賬面淨值	8,304	20,208	133,008	161,520

20. 於合營企業之權益

	二零一九年 港幣千元	二零一八年 港幣千元
應佔資產淨值	150,050	161,197
因收購產生之商譽	35,840	36,465
	185,890	197,662

本集團向合營企業提供之貸款的詳情包括在附註31所披露本集團之預付款項、按金及其他應收款項內。本公司董事認為，該等貸款不會被視為本集團於該等合營企業淨投資的一部分。

本集團應收多間合營企業之應收賬款結餘的詳情披露於附註30。

所有合營企業均已按權益法於該等綜合財務報表列賬。

截至二零一九年十二月三十一日止年度，本集團按其股權比例向若干合營企業投資港幣23,981,000元（二零一八年：港幣4,737,000元）。

截至二零一八年十二月三十一日止年度，本集團收購一家合營企業51%的額外權益，賬面值約為港幣32,875,000元，隨後該合營企業成為本集團的全資附屬公司。由於該合營企業的主要資產為投資物業，收購事項入賬為資產收購。

截至二零一八年十二月三十一日止年度，本集團出售多家合營企業的全部股權予獨立第三方，總賬面值約為港幣9,814,000元，現金代價約為港幣13,972,000元，並產生出售收益約港幣4,158,000元。

於二零一九年及二零一八年十二月三十一日，本集團擁有以下主要合資企業的權益：

名稱	實體形式	所持股本類別	註冊國家/ 業務地點	賬面值		本集團應佔所有權 權益百分比		持有投票權的比例		主要業務	
				二零一九年	二零一八年	間接持有	二零一九年	二零一八年	二零一九年		二零一八年
				神州數碼科技產業投資 有限責任公司	已註冊成立	已付股本	中國/中國大陸	96,780	106,297		49%

本集團透過全資擁有附屬公司持有神州數碼科技產業投資有限責任公司60%的投票權，而有關其經營及融資活動的所有決定均需獲得本集團與其他合營夥伴的一致同意。

本公司董事認為，本集團的所有合營企業其個體並不重大。上表列出本集團最主要合營企業。本公司董事認為，提供其他合營企業的詳情將導致詳情過長。

財務報表附註

截至二零一九年十二月三十一日止年度

20. 於合營企業之權益 (續)

下表說明本集團於並非個別重大且以權益法入賬的合營企業的權益的財務資料及賬面值總計：

	二零一九年 港幣千元	二零一八年 港幣千元
本集團於合營企業之權益的賬面值總計	185,890	197,662
應佔合營企業之本年度(虧損)溢利	(23,774)	17,967
應佔合營企業之本年度全面(虧損)收益總額	(23,774)	17,967
收取合營企業之本年度股息	-	5,137
本年度確認之減值虧損	-	10,156

21. 於聯營公司之權益

	二零一九年 港幣千元	二零一八年 港幣千元
應佔資產淨值	2,485,080	2,740,503
因收購產生之商譽	665,006	686,501
	3,150,086	3,427,004
分析如下：		
非上市股份	1,338,598	1,470,617
於香港上市之股份	1,323,287	1,423,940
於中國大陸上市之股份	488,201	532,447
	3,150,086	3,427,004

本集團與多間聯營公司之貿易結餘詳情分別披露於附註30及34。

21. 於聯營公司之權益 (續)

於二零一九年及二零一八年十二月三十一日，本集團主要聯營公司之詳情如下：

名稱	註冊成立/ 登記及業務地點	已發行股本/ 註冊資本詳情	本集團應佔 所有權益百分比		主要業務
			二零一九年	二零一八年	
鼎捷軟件*	中國/中國大陸	人民幣265,949,953元	10.02%	10.98%	提供ERP軟件及有關服務
慧聰集團有限公司 ([慧聰集團])**	開曼群島/中國大陸	港幣112,055,221元	22.64%	22.64%	經營網上交易平台

上表列出本集團的聯營公司，而本公司董事認為該聯營公司主要影響本年度業績或構成本集團資產淨值的主要部分。本公司董事認為，提供其他聯營公司的詳情將導致詳情過長。

* 於深圳證券交易所創業板上市。於二零一九年十二月三十一日，本集團權益之市值總額約為港幣855,997,000元（二零一八年：港幣634,579,000元）。本集團於鼎捷軟件的投票權為19.26%（二零一八年：21.5%），其中15.44%（二零一八年：17.66%）透過非全資附屬公司神州信息持有及3.82%（二零一八年：3.84%）透過全資附屬公司持有。計入賬面值約港幣488,201,000元（二零一八年：港幣532,447,000元）與鼎捷軟件有關的商譽約為港幣183,253,000元（二零一八年：港幣208,953,000元）。

** 於香港聯合交易所有限公司主板上市。於二零一九年十二月三十一日，本集團權益之市值總額約為港幣588,519,000元（二零一八年：港幣1,149,134,000元）。由於其市值低於該聯營公司權益之賬面值，本集團管理層經參考聯營公司的使用價值後對其於該聯營公司權益之可收回金額進行檢討，並認為無須作出減值。計入賬面值約港幣1,323,287,000元（二零一八年：港幣1,423,940,000元）與慧聰集團有關的商譽約為港幣427,622,000元（二零一八年：港幣451,756,000元）。

附註：本公司董事認為，本集團對本集團擁有少於20%投票權的聯營公司擁有重大影響力。判斷依據於附註4披露。

截至二零一九年十二月三十一日止年度，本集團向單獨而言對本集團並不重大的若干聯營公司投資港幣41,486,000元（二零一八年：零）。

截至二零一九年十二月三十一日止年度，本集團出售其於若干聯營公司的全部股權，總賬面值約為港幣8,645,000元（二零一八年：港幣39,053,000元），總現金代價約為港幣18,264,000元（二零一八年：港幣46,933,000元），並產生出售收益約港幣9,619,000元（二零一八年：港幣7,880,000元）。

截至二零一九年十二月三十一日止年度，本集團出售其於若干聯營公司的部分權益，總賬面值為港幣101,978,000元，總現金代價約為港幣324,956,000元（其中代價約港幣228,171,000元於二零一九年十二月三十一日被納入其他應收款項），並連同解除以前年度確認之其他全面收益產生部分出售收益港幣223,739,000元。截至二零一九年十二月三十一日止年度，本集團訂立協議，以進一步出售其於聯營公司的權益並將有關權益重新分類至持作出售之資產（附註22）。

截至二零一九年十二月三十一日止年度，本集團於若干聯營公司的權益因各自聯營公司其他權益持有人的注資而被攤薄。於注資後，本集團繼續對該等聯營公司行使重大影響力，因此該等聯營公司繼續作為本集團的聯營公司入賬。本集團於損益錄得視為部分出售收益約港幣143,311,000元（二零一八年：港幣293,083,000元）。

本集團於聯營公司之權益全部透過本公司之附屬公司持有。

所有聯營公司均已按權益法於此綜合財務報表列賬。

財務報表附註

截至二零一九年十二月三十一日止年度

21. 於聯營公司之權益 (續)

下表列示鼎捷軟件及慧聰集團 (對本集團而言屬重大並按權益法入賬) 之財務資料概要:

	鼎捷軟件		慧聰集團	
	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元
流動資產	1,362,283	1,567,694	3,539,753	3,812,800
非流動資產	1,179,882	1,200,956	5,246,701	5,543,156
流動負債	(953,506)	(1,246,377)	(2,964,443)	(2,469,097)
非流動負債	(8,434)	(493)	(972,840)	(1,392,538)
資產淨值	1,580,225	1,521,780	4,849,171	5,494,321
減: 非控股權益	10,069	17,157	791,323	1,007,230
聯營公司股東應佔之資產淨值	1,570,156	1,504,623	4,057,848	4,487,091
收入	1,642,259	1,538,571	16,722,471	12,333,678
本年度溢利	117,962	93,838	(415,657)	215,078
本年度其他全面虧損	(32,401)	(2,513)	(24,493)	(169,994)
本年度全面收益 (虧損) 總額	85,561	91,325	(440,150)	45,084
收取聯營公司本年度之股息	5,857	6,964	-	-

下表列示本集團聯營公司 (非個別重大) 之財務資料總計:

	二零一九年 港幣千元	二零一八年 港幣千元
本集團於非重大聯營公司之投資的賬面值總計	1,338,598	1,470,617
應佔聯營公司之本年度溢利 (虧損)	15,490	(8,300)
應佔聯營公司之本年度其他全面虧損	-	(58,208)
應佔聯營公司之本年度全面收益 (虧損) 總額	15,490	(66,508)
收取聯營公司本年度之股息	25,714	1,721
本年度確認之減值虧損	2,286	-

22. 分類為持作出售之資產

分類為持作出售之資產的主要類別如下：

	二零一九年 十二月 三十一日 港幣千元
於聯營公司的權益	214,565
物業、廠房及設備	4,477
在建物業	232,040
投資物業	108,170
使用權資產	5,866
分類為持作出售之資產總計	565,118

附註：於本年度，本集團定制計劃出售於聯營公司神州數碼醫療科技股份有限公司（「神州數碼醫療」）中之32,720,636股股份（約佔神州數碼醫療全部已發行股本約14.05%）。出售預期於二零二零年完成（附註53）。

於本年度，本集團與南京市麒麟科技創新園開發建設委員會訂立協議，以出售一組資產（包括物業、廠房及設備、在建物業、投資物業及使用權資產），總代價約為港幣350,553,000元，其中約港幣145,600,000元於二零一九年十二月三十一日已收取並計入其他應付款項。就在建物業確認之減值虧損（附註28）指該組資產總賬面值與協議所載代價之差額。

分類為持作出售之投資物業之公允價值乃根據與本集團並無關聯之獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司作出的估值，按公允價值等級三以收入法釐定。

23. 以公允價值計量且其變動計入其他全面收益的金融資產

以公允價值計量且其變動計入其他全面收益的金融資產包括：

	二零一九年 港幣千元	二零一八年 港幣千元
指定以公允價值計量且其變動計入其他全面收益的股本工具		
非上市股權投資	408,572	427,293

上述非上市股權投資為指在中國成立的私營企業發行的非上市股本證券投資。該等股本工具投資不作持有買賣而是被持有作為中期至長期戰略目的。因此，本公司董事已選擇將該等股本工具投資指定為按以公允價值計量且其變動計入其他全面收益列賬，因彼等認為確認該等投資之公允價值於損益的短期波動與本集團為長遠目的持有該等投資及實現其長遠表現潛力的戰略不一致。

這些投資的公允價值的詳情披露於附註50。

截至二零一八年十二月三十一日止年度，賬面值約港幣463,699,000元（相等於人民幣391,900,000元）的若干非上市股權投資，由「以公允價值計量且其變動計入其他全面收益的金融資產」重新分類至「於聯營公司之投資」。

財務報表附註

截至二零一九年十二月三十一日止年度

24. 以公允價值計量且其變動計入損益的金融資產

以公允價值計量且其變動計入損益的金融資產包括：

	二零一九年 港幣千元	二零一八年 港幣千元
以公允價值計量且其變動計入損益計量的金融資產		
上市股本證券	3,325	28,292
非上市理財產品(附註)	925,766	1,258,048
	929,091	1,286,340

截至二零一九年十二月三十一日止年度，本集團出售若干上市股本證券，賬面值約為港幣26,420,000元（二零一八年：港幣89,010,000元），現金代價約為港幣30,791,000元（二零一八年：港幣99,254,000元），並產生出售收益約港幣4,371,000元（二零一八年：港幣10,244,000元）。

截至二零一八年十二月三十一日止年度，本集團所購上市股本證券約港幣24,700,000元（二零一九年：零）。

這些投資的公允價值的詳情披露於附註50。

附註：

於二零一九年及二零一八年十二月三十一日的理財產品均為向中國信譽良好的銀行或金融機構購買。該等金融產品屬短期，期限介乎三個月至六個月，因此分類為流動資產。

25. 應收融資租賃款項

	二零一九年 港幣千元	二零一八年 港幣千元
應收融資租賃款項	86,242	205,737
減：虧損撥備	(29,404)	(36,936)
	56,838	168,801
分析如下：		
流動部分	54,528	162,597
非流動部分	2,310	6,204
	56,838	168,801

25. 應收融資租賃款項 (續)

本集團於中國大陸就若干設備提供融資租賃服務。該等租賃已分類為融資租賃，且尚餘介乎一至三年之租期。本集團的融資租賃安排並不包括可變付款。

	最低租賃付款		最低租賃付款現值	
	二零一九年 港幣千元	二零一八年 港幣千元	二零一九年 港幣千元	二零一八年 港幣千元
應收融資租賃款項淨值：				
一年以內到期	60,769	175,325	54,528	162,597
一至二年到期	1,564	5,512	1,564	5,512
二至三年到期	746	692	746	692
	63,079	181,529	56,838	168,801
減：未實現融資收入	(6,241)	(12,728)		
應收最低租賃付款額現值	56,838	168,801		

應收融資租賃款項之虧損撥備之變動如下：

	二零一九年 港幣千元	二零一八年 港幣千元
於本年度初	36,936	24,716
確認之減值虧損 (撥回)	(6,829)	12,740
匯兌調整	(703)	(520)
於本年度末	29,404	36,936

本公司董事於報告期末個別估計應收融資租賃款項的虧損撥備，金額相等於簡化法下的全面預期信貸虧損。於報告期末，應收融資租賃款項均未到期，考慮到承租人經營所在行業的歷史違約經驗及未來前景，以及就該等應收融資租賃款項所持已抵押設備的價值，本公司董事就應收融資租賃款項減值計提撥備約港幣29,404,000元 (二零一八年：港幣36,936,000元)。

於評估應收融資租賃款項虧損撥備時，於本報告期內估計技術或作出的重大假設並無變動。

於二零一九年及二零一八年十二月三十一日，應收融資租賃款項以租賃設備作為抵押。在承租人未違約的情況下，本集團不得出售或重新質押抵押品。

財務報表附註

截至二零一九年十二月三十一日止年度

26. 遞延稅項

以下為遞延所得稅資產及負債就財務報告目的，在將若干遞延所得稅資產與同一應課稅實體的遞延所得稅負債抵銷後的分析：

	二零一九年 港幣千元	二零一八年 港幣千元
遞延稅項資產	173,125	175,710
遞延稅項負債	(350,261)	(339,004)
	(177,136)	(163,294)

遞延稅項資產及負債於本年度內之變動如下：

遞延稅項資產

	資產撥備 港幣千元	其他 港幣千元	總計 港幣千元
於二零一九年一月一日	121,786	61,847	183,633
本年度內在損益中計入(扣除)之遞延稅項	(1,656)	24,628	22,972
匯兌調整	(2,545)	(492)	(3,037)
於二零一九年十二月三十一日之遞延稅項資產總額	117,585	85,983	203,568

26. 遞延稅項 (續)

遞延稅項資產及負債於本年度內之變動如下：(續)

遞延稅項負債

	二零一九年			總計 港幣千元
	物業重估 港幣千元	資產重估 港幣千元	其他 港幣千元	
於二零一九年一月一日	288,535	18,568	39,824	346,927
本年度內在損益表中扣除之 遞延稅項	8,133	265	20,442	28,840
本年度內在權益變動表中扣除之 遞延稅項	5,149	5,665	-	10,814
匯兌調整	(5,049)	(708)	(120)	(5,877)
於二零一九年十二月三十一日之 遞延稅項負債總額	296,768	23,790	60,146	380,704
本年度內在損益表中扣除之遞延稅項 淨額 (附註11)				(5,868)
於二零一九年十二月三十一日之 遞延稅項負債淨額				(177,136)

二零一八年遞延稅項資產變動

遞延稅項資產

	二零一八年		總計 港幣千元
	資產撥備 港幣千元	其他 港幣千元	
於二零一八年一月一日	74,178	51,637	125,815
本年度內在損益中計入之遞延稅項	51,754	12,116	63,870
匯兌調整	(4,146)	(1,906)	(6,052)
於二零一八年十二月三十一日之遞延稅項資產總額	121,786	61,847	183,633

財務報表附註

截至二零一九年十二月三十一日止年度

26. 遞延稅項(續)

遞延稅項負債

	物業重估 港幣千元	購買折扣 應收款項 港幣千元	資產重估 港幣千元	其他 港幣千元	總計 港幣千元
於二零一八年一月一日	285,370	1,428	18,959	11,319	317,076
本年度內在損益表中扣除(計入)之					
遞延稅項	12,535	(1,478)	17	28,812	39,886
本年度內在權益變動表中扣除之遞延稅項	748	-	-	-	748
匯兌調整	(10,118)	50	(408)	(307)	(10,783)
於二零一八年十二月三十一日之					
遞延稅項負債總額	288,535	-	18,568	39,824	346,927
本年度內在損益表中計入之					
遞延稅項淨額(附註11)					23,984
於二零一八年十二月三十一日之遞延稅項負債淨額					(163,294)

本集團來自中國大陸之稅項虧損為港幣1,028,591,000元(二零一八年:港幣1,136,679,000元),可用於抵銷產生虧損之附屬公司之未來應課稅溢利,惟將於五年內屆滿,並未確認為遞延稅項資產。由於港幣417,759,000元(二零一八年:港幣354,282,000元)之若干可扣減暫時性差額及上述稅項虧損乃來自於一段時間內錄得虧損之附屬公司,故彼等並未確認為遞延稅項資產,且並不認為將來可能有應課稅溢利以抵銷可動用稅項虧損。

於報告期末,與尚未確認遞延稅項負債的附屬公司的未分配盈利相關的暫時性差額總額為港幣44,477,000元(二零一八年十二月三十一日:港幣36,529,000元)。由於本集團能夠控制暫時性差額撥回的時間,且該等差額很可能在可見將來不會撥回,故並無就該等差額確認負債。

27. 存貨

	二零一九年 港幣千元	二零一八年 港幣千元
貿易存貨	1,848,844	1,052,773

28. 在建物業

	二零一九年 港幣千元	二零一八年 港幣千元
於一月一日	250,501	260,504
轉撥自物業、廠房及設備	253	-
減值虧損	(12,394)	-
轉撥至持作出售之資產(附註22)	(232,040)	-
轉撥至持作銷售用途的竣工物業	(2,025)	-
匯兌調整	(4,295)	(10,003)
於十二月三十一日	-	250,501

本集團之在建物業均位於中國大陸，並以成本值或可變現淨值之較低者列賬。

於二零一八年十二月三十一日，本集團賬面值約為港幣159,087,000元(二零一九年：零)之在建物業已予以抵押，作為本集團獲得若干銀行貸款之擔保(附註36)。

29. 持作銷售用途的竣工物業

本集團之持作銷售用途的竣工物業均位於中國大陸，並以成本值或可變現淨值之較低者列賬。

30. 應收賬款及應收票據

	二零一九年 港幣千元	二零一八年 港幣千元
按攤銷成本列賬的應收款項包括		
應收賬款及應收票據	6,112,522	5,567,106
減：虧損撥備	(750,029)	(677,948)
總計	5,362,493	4,889,158

於二零一九年十二月三十一日，客戶合約產生的應收貿易賬款總額約為港幣6,112,522,000元(二零一八年：港幣5,567,106,000元)。

本集團主要以信貸方式與其客戶訂定貿易條款，惟一般會要求新客戶預付款項。信貸期一般為15至720天。本集團對其未收回應收款項實施嚴謹之監控，並設有信貸監控部門，務求將信貸風險減至最低。管理層會定期檢閱逾期結餘。鑑於上文所述者以及本集團之應收賬款及應收票據與大量不同客戶有關之事實，故信貸風險並無明顯集中。截至報告期末，不存在佔應收賬款及應收票據總額結餘超過5%的客戶。本集團並未就其應收賬款及應收票據結餘持有任何抵押品或其他信貸增級措施。應收賬款及應收票據並無附息。

財務報表附註

截至二零一九年十二月三十一日止年度

30. 應收賬款及應收票據（續）

以下為於報告期末，應收賬款及應收票據扣除應收賬款及應收票據減值撥備後根據發票日期（相當於各自的收入確認日期）呈列的賬齡分析。

	二零一九年 港幣千元	二零一八年 港幣千元
30天內	3,249,133	2,480,586
31至60天	318,493	409,358
61至90天	89,379	107,517
91至180天	441,465	459,011
超過180天	1,264,023	1,432,686
	5,362,493	4,889,158

本集團按簡化法以等於全面預期信貸虧損的金額計量應收賬款及應收票據的虧損撥備。應收賬款及應收票據的預期信貸虧損使用撥備矩陣並參考債務人過去的違約經驗及對債務人當前財務狀況的分析進行估算，並根據債務人特有的因素，債務人經營所在行業的整體經濟狀況以及對報告日期狀況的目前和預測方向的評估進行調整。

本集團根據個別重要客戶或集體而非個別重要客戶的賬齡確認應收賬款及應收票據的全面預期信貸虧損，具體如下：

於二零一九年十二月三十一日

	加權平均 預期虧損率 百分比	賬面總額 港幣千元	虧損撥備 港幣千元	淨額 港幣千元
個別	100%	155,400	155,400	-
集體				
本期（未逾期）	2%	3,450,115	63,164	3,386,951
逾期90天以內	4%	993,025	35,343	957,682
逾期91至180天	9%	279,482	23,862	255,620
逾期181至360天	17%	379,655	64,790	314,865
逾期361至720天	27%	614,940	167,565	447,375
逾期721天或以上	100%	239,905	239,905	-
		6,112,522	750,029	5,362,493

30. 應收賬款及應收票據(續)

於二零一八年十二月三十一日

	加權平均 預期虧損率 百分比	賬面總額 港幣千元	虧損撥備 港幣千元	淨額 港幣千元
個別	100%	144,110	144,110	-
集體				
本期(未逾期)	2%	3,734,789	62,328	3,672,461
逾期90天以內	5%	622,145	33,187	588,958
逾期91至180天	9%	311,248	26,546	284,702
逾期181至360天	16%	242,163	38,140	204,023
逾期361至720天	63%	377,852	238,838	139,014
逾期721天或以上	100%	134,799	134,799	-
		5,567,106	677,948	4,889,158

應收賬款及應收票據虧損撥備變動如下：

	二零一九年 港幣千元	二零一八年 港幣千元
於本年度初	677,948	450,847
採納香港財務報告準則第9號的影響	不適用	92,983
確認之減值虧損	90,722	155,151
撤銷為不可收回	(1,548)	-
匯兌調整	(17,093)	(21,033)
於本年度末	750,029	677,948

包括在本集團應收賬款及應收票據中的應收合營企業、聯營公司及關連公司的款項(附註46(c)(iv))分別約為港幣65,725,000元(二零一八年:港幣99,878,000元)、港幣1,638,000元(二零一八年:港幣11,469,000元)及港幣19,815,000元(二零一八年:港幣32,775,000元),其須按類似於向本集團主要客戶提供的信貸條款償還。

財務報表附註

截至二零一九年十二月三十一日止年度

31. 預付款項、按金及其他應收款項

	附註	二零一九年 港幣千元	二零一八年 港幣千元
按金及其他應收款項	(i)	2,139,127	1,850,588
減：虧損撥備		(133,045)	(131,571)
預付款項		2,006,082	1,719,017
向合營企業提供之貸款	(ii)	191,694	183,408
		210,296	246,676
		2,408,072	2,149,101
分析如下：			
流動部分		1,499,292	1,224,466
非流動部分		908,780	924,635
		2,408,072	2,149,101

附註：

- (i) 於二零一九年十二月三十一日，包括在本集團預付款項、按金及其他應收款項的應收貸款款項，其賬面值約為港幣1,088,914,000元（二零一八年：港幣1,107,911,000元）（相等於約人民幣972,248,000元），並由借款人物業作擔保，其進一步詳情載於附註42。應收貸款款項中約港幣908,780,000元（二零一八年：港幣924,635,000元）預期於報告期末起計12個月內不會變現，因該等抵押品的變現預計將於二零二一年完成。因此，該等結餘被分類為非流動資產。就剩餘結餘約港幣180,134,000元（二零一八年：港幣183,276,000元）而言，他們被分類為流動資產，因抵押品預計將於二零二零年底變現。
- (ii) 於二零一九年十二月三十一日，包括在本集團預付款項、按金及其他應收款項的約港幣210,296,000元（二零一八年：港幣246,676,000元）為向本集團多間合營企業提供的貸款，有關貸款並無擔保，每年按介乎4.35%至18%（二零一八年：4.35%至18%）之利率計息，並須於自報告期末起計一年內償還。

其他應收款項虧損撥備變動如下：

	二零一九年 港幣千元	二零一八年 港幣千元
於本年度初	131,571	-
採納香港財務報告準則第9號之影響	不適用	14,722
確認之減值虧損	3,645	116,849
匯兌調整	(2,171)	-
於本年度末	133,045	131,571

31. 預付款項、按金及其他應收款項（續）

本公司董事於報告期末按個別基準估計按金及其他應收款項的虧損撥備。基於賬齡及清償計劃，該等應收款項被分類為本集團的信貸風險評級框架項下的呆賬，故虧損撥備乃按相等於全期預期信貸虧損的金額計量。據此，於二零一九年十二月三十一日，按金及其他應收款項的虧損撥備約為港幣133,045,000元（二零一八年：港幣131,571,000元）。就向合營企業提供之貸款所作之減值評估而言，本公司董事認為，該等貸款的信貸風險較低。因此，虧損撥備乃按相等於12個月的預期信貸虧損的金額計量，經計及合營企業的歷史還款記錄及財務實力，該虧損撥備並不重大。

32. 合約資產及合約負債**(a) 合約資產**

	二零一九年 港幣千元	二零一八年 港幣千元
合約資產	529,127	1,153,216
減：虧損撥備	(2,054)	(1,747)
	527,073	1,151,469

因收取代價是以成功完成所提供服務為條件的，故合約資產乃就有關服務之所得收入初步確認。於完成服務並由客戶接受後，當權利成為無條件時，合約資產轉撥至應收賬款及應收票據。本集團按簡化法以等於全面預期信貸虧損的金額計量合約資產的虧損撥備。

合約資產虧損準備變動如下：

	二零一九年 港幣千元	二零一八年 港幣千元
於本年度初	1,747	-
採納香港財務報告準則第9號的影響	不適用	1,747
確認之減值虧損	268	-
匯兌調整	39	-
	2,054	1,747

(b) 合約負債

	二零一九年 港幣千元	二零一八年 港幣千元
預收款項	1,059,683	1,330,452
應付合約客戶之款項	336,813	281,920
總合約負債	1,396,496	1,612,372

合約負債包括提供服務已收的預收款項及對合約客戶未履行之履約義務。

於截至二零一九年十二月三十一日止年度，包括於本年度初的合約負債中約港幣1,612,372,000元（二零一八年：港幣1,759,490,000元）已確認為收入。本年度確認的收入並無與前一年度履行之履約義務相關。

財務報表附註

截至二零一九年十二月三十一日止年度

33. 現金及現金等價物及受限制銀行結餘

	二零一九年 港幣千元	二零一八年 港幣千元
現金及銀行結餘	2,001,179	2,228,908
定期存款	4,480	45,581
	2,005,659	2,274,489
減：受限制銀行結餘	115,488	69,617
現金及現金等價物	1,890,171	2,204,872

於報告期末，本集團以人民幣（「人民幣」）定值之現金及現金等價物為港幣1,719,661,000元（二零一八年：港幣2,168,017,000元）。人民幣不得自由兌換為其他貨幣，然而，根據中國大陸之外匯管理條例及結匯、付匯及售匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

銀行現金乃按每日銀行存款利率以浮動利率計息。短期定期存款的存款期在一天至三個月期間不等，依本集團的實時現金需求而定，並按照相應的短期定期存款利率計息。銀行結餘存於近期並無違約記錄而信譽昭著之銀行。

34. 應付賬款及應付票據

以下為根據報告期末發票日期呈列的應付賬款及應付票據的賬齡分析。

	二零一九年 港幣千元	二零一八年 港幣千元
30天內	1,974,814	1,807,988
31至60天	442,991	265,480
61至90天	120,659	59,317
超過90天	1,294,329	1,079,777
	3,832,793	3,212,562

購買商品的平均信用期為30天至180天。本集團已製定財務風險管理政策，以確保所有應付款項於信貸期限內結清。

於二零一九年十二月三十一日，本集團應付賬款及應付票據金額包括應付多間關連公司之款項（附註46(c)）約為港幣91,909,000元（二零一八年：港幣46,060,000元），此結餘乃根據本集團主要供應商所給予之類似信貸條款償還。

於二零一九年十二月三十一日，本集團應付賬款及應付票據金額包括應付本集團之多間聯營公司之款項約為港幣5,823,000元（二零一八年：港幣5,464,000元），此結餘乃根據本集團主要供應商所給予之類似信貸條款償還。

35. 其他應付款項及預提費用

	二零一九年 港幣千元	二零一八年 港幣千元
其他應付款項	996,471	728,749
預提費用	752,953	661,572
應付工資	292,379	254,840
遞延收入(附註47)	4,402	11,191
	2,046,205	1,656,352

本集團的其他應付款項分別包括應付多間聯營公司及關連公司之款項(附註46(c)(iv))約港幣27,821,000元(二零一八年:港幣2,628,000元)及港幣5,223,000元(二零一八年:港幣1,549,000元)。

於二零一九年及二零一八年十二月三十一日,其他應付款項為無抵押及不付息,平均期限為三個月。

36. 附息銀行及其他貸款

	二零一九年 港幣千元	二零一八年 港幣千元
銀行貸款,無抵押	1,385,891	1,981,236
銀行貸款,有抵押	3,650,350	3,590,167
其他貸款	51,520	52,419
公司債券	6,939	574,844
	5,094,700	6,198,666
呈報目的之分析如下:		
流動	3,468,959	3,592,314
非流動	1,625,741	2,606,352
	5,094,700	6,198,666

財務報表附註

截至二零一九年十二月三十一日止年度

36. 附息銀行及其他貸款（續）

	二零一九年 港幣千元	二零一八年 港幣千元
應償還銀行貸款（根據貸款協議日期中列出預定還款日期）：		
一年內	3,417,439	3,539,895
第二年	147,840	672,554
第三年至第五年（包括首尾兩年）	554,174	581,163
第五年以外	916,788	777,791
	5,036,241	5,571,403

應償還其他貸款及公司債券：		
一年內	51,520	52,419
第三年至第五年（包括首尾兩年）	6,939	574,844
	58,459	627,263

	二零一九年			二零一八年		
	實際利率 (%)	到期日	港幣千元	實際利率 (%)	到期日	港幣千元
流動						
銀行貸款，無抵押	2.80-5.22	2020	1,335,491	3.20-5.22	2019	1,907,166
銀行貸款，有抵押	3.53-7.25	2020	1,439,406	5.0-9.8	2019	1,475,587
長期銀行貸款之流動部分，						
— 無抵押	4.75	2020	50,400	4.75	2019	22,791
— 有抵押	4.94-9.80	2020	592,142	5.39-5.88	2019	134,351
其他貸款	15	2020	51,520	15	2019	52,419
			3,468,959			3,592,314
非流動						
銀行貸款，無抵押			-	4.75	2020	51,279
銀行貸款，有抵押	4.00-6.62	2021-2034	1,618,802	5.39-9.80	2020-2027	1,980,229
公司債券（附註c及d）	-	2021	6,939	4.9	2021	574,844
			1,625,741			2,606,352
			5,094,700			6,198,666

36. 附息銀行及其他貸款(續)

本集團銀行貸款的實際利率範圍如下：

	二零一九年	二零一八年
實際利率：		
固定利率貸款	2.8% – 9.8%	4.57% – 9.8%
變動利率貸款	3.53% – 6.62%	3.2% – 5.88%

附註：

- (a) 本集團若干銀行及其他貸款有以下作抵押：
- (i) 於報告期末有賬面值總額港幣136,226,000元(二零一八年：港幣163,936,000元)之樓宇作抵押(附註14)；
 - (ii) 於報告期末有賬面值總額港幣3,576,944,000元(二零一八年：港幣3,625,262,000元)之投資物業作抵押(附註15)；
 - (iii) 於報告期末有賬面值總額港幣19,785,000元(二零一八年：港幣28,587,000元)之土地使用權作抵押(附註16及17)；
 - (iv) 於二零一八年十二月三十一日有賬面值總額港幣159,087,000元(二零一九年：無)之在建物業作抵押(附註28)；
 - (v) 由若干金融機構提供予本集團之貸款約港幣1,375,906,000元(二零一八年：港幣1,014,075,000元)，乃以神州信息於二零一九年十二月三十一日之247,869,570股(二零一八年：228,500,000股)已發行普通股(總公允價值為港幣4,111,449,000元(二零一八年：港幣2,431,987,000元))作抵押；
 - (vi) 於二零一八年十二月三十一日，由金融機構授予本集團非全資擁有附屬公司之本集團貸款為港幣5,698,000元(二零一九年：無)，乃以非控股股東之樓宇作抵押。
- (b) 於二零一九年十二月三十一日，除分別為港幣260,332,000元(二零一八年：港幣169,525,000元)及港幣79,733,000元(二零一八年：無)之銀行貸款以港幣及美元列值外，餘下銀行及其他貸款均以人民幣列值。
- (c) 於二零一六年九月二日，神州數碼軟件有限公司於中國的銀行間市場發行中期票據(「中期票據」)，本金額為人民幣500,000,000元。中期票據的年利率為4.9%，並將於二零二一年九月六日到期(附有投資者於發行日期的第三年末擁有選擇權回售其票據)。年內，投資者已悉數贖回本金額。
- (d) 根據《神州靈雲(北京)科技有限公司出資及股東協議》，在滿足相關業績承諾條件後，新增資入股的投資人按照其出資比例向神州靈雲(北京)科技有限公司(為本公司非全資擁有附屬公司神州信息之附屬公司之一)(「神州靈雲」)提供共計人民幣3,300萬元(相等於約港幣3,696萬元)可轉債借款。截至二零一九年十二月三十一日止年度，投資人提供可轉債借款人民幣174萬元(相等於約港幣195萬元)(二零一八年：人民幣1,485萬元，相等於約港幣1,690萬元)，其中神州信息提供人民幣零元(相等於港幣零元)(二零一八年：人民幣1,360萬元，相等於約港幣1,550萬元)，其餘投資人提供人民幣174萬元(相等於約港幣195萬元)(二零一八年：人民幣125萬元，相等於約港幣140萬元)。在神州靈雲的二零一六年至二零二零年業績承諾全部得到滿足的前提下，投資人同意將可轉債借款全部轉換為對神州靈雲的投資，轉換後的投資均計入神州靈雲的資本公積。如業績承諾未得到滿足，由神州靈雲在收到投資人的通知後30天內予以償還上述可轉債借款。
- (e) 於二零一九年十二月三十一日，本集團按浮動利率及固定利率計息的貸款分別約為港幣2,869,405,000元(二零一八年：港幣2,494,648,000元)及港幣2,225,295,000元(二零一八年：港幣3,704,018,000元)。

財務報表附註

截至二零一九年十二月三十一日止年度

37. 股本

	二零一九年 港幣千元	二零一八年 港幣千元
法定： 2,500,000,000股（二零一八年：2,500,000,000股）每股面值港幣0.1元 （二零一八年：港幣0.1元）之普通股	250,000	250,000
已發行及繳足股款： 二零一九年：1,670,977,976股（二零一八年：1,677,261,976股） 每股面值港幣0.1元（二零一八年：港幣0.1元）之普通股	167,098	167,726

於截至二零一九年及二零一八年十二月三十一日止年度內，本公司的已發行股本及股份溢價賬變動概述如下：

	已發行 普通股數目	已發行股本 港幣千元	股份溢價賬 港幣千元	總計 港幣千元
於二零一九年一月一日及 二零一八年十二月三十一日 已購回之股份（附註）	1,677,261,976 (6,284,000)	167,726 (628)	4,665,095 (21,237)	4,832,821 (21,865)
於二零一九年十二月三十一日	1,670,977,976	167,098	4,643,858	4,810,956

附註：於截至二零一九年十二月三十一日止年度，本公司分別按每股最高及最低價港幣3.60元及港幣3.37元（二零一八年：港幣3.58元及港幣3.45元）之代價於香港聯合交易所有限公司以合共現金代價（包括交易成本）約為港幣20,539,000元（二零一八年：港幣1,326,000元）購買本公司5,911,000股（二零一八年：373,000股）每股面值港幣0.10元之普通股。

截至二零一八年十二月三十一日止年度所購回之373,000股股份及二零一九年十二月三十一日止年度所購回之5,911,000股股份（合共為6,284,000股）已於二零一九年三月註銷。

除上文所披露者外，本公司及其任何附屬公司於截至二零一九年十二月三十一日止年度內，概無購買、出售或贖回任何本公司之上市證券。

38. 儲備

本集團於本年度及過往年度的儲備金額及其變動於綜合權益變動表呈列。

資產估值儲備

資產估值儲備為因自有物業之用途改為投資物業而產生的累計物業估值收益及虧損。此類項目將不會在以後期間重新分類至損益。

投資估值儲備

投資估值儲備為重估產生的累計收益及虧損，產生於本集團及聯營公司的以公允價值計量且其變動計入其他全面收益指定的非上市工具。

儲備基金

儲備基金為本集團於中國大陸之附屬公司按中國有關法規撥出之儲備。該等儲備基金可用以抵銷累計虧損，但不能以現金股息之方式分派。

資本儲備

資本儲備主要為集團重組及本集團對附屬公司的所有權變動但不失去控制權的情況下產生的股東權益變動影響。

39. 股權激勵計劃

本公司股權激勵計劃

(a) 購股權計劃

本公司有兩個購股權計劃。其中一個購股權計劃於二零零二年七月十八日（「二零零二年購股權計劃」）採納，而另一個購股權計劃於二零一一年八月十五日（「二零一一年購股權計劃」）採納（二零零二年購股權計劃及二零一一年購股權計劃在下文統稱為「購股權計劃」）。購股權計劃有效期為十年。二零零二年購股權計劃已於二零一二年七月十八日屆滿，於二零一二年七月十八日後，不可再根據二零零二年購股權計劃授出任何購股權，而根據二零零二年購股權計劃授出的購股權可根據二零零二年購股權計劃之條款予以行使。

購股權計劃的主要條款如下：

(i) 目的

購股權計劃旨在肯定及答謝合資格人士（定義見下文）對本集團所作出或將作出之貢獻或可能之貢獻，藉以激勵合資格人士為本集團之利益精益求精及提高彼等之效率，並維持或招徠與合資格人士的業務關係，合資格人士的貢獻著實或會有助於本集團的發展。

(ii) 合資格人士

本集團任何成員公司或任何聯營公司之任何全職或兼職僱員或高級人員或董事（包括執行、非執行或獨立非執行董事），或本集團任何成員公司之任何供應商、代理、客戶、合營夥伴、策略性聯盟夥伴、分銷商、專業諮詢人或顧問或承包商，或本公司董事會預先批准而受益人包括上述任何人士之任何信託（或倘為全權信託，則為全權託管的對象）之受託人。

(iii) 最高股份數目

在二零一一年購股權計劃下可供發行之股份最高數目為167,726,197股（二零一八年：167,726,197股），佔於本財務報表批准日期之本公司已發行股本10.04%。

(iv) 每名合資格人士可獲授之最高數目

每名合資格人士在任何十二個月期間根據購股權計劃及本公司任何其他購股權計劃可獲授之購股權（包括已行使及尚未行使），在行使後予以發行及將予發行之最高股份數目不得超過本公司當時已發行股份之1%。任何進一步授出超過此上限之購股權，均須待股東於本公司股東大會上批准後，方可作實。

任何向本公司董事、行政總裁或主要股東或彼等各自之聯繫人授出購股權，必須獲本公司之獨立非執行董事（不包括身為該等購股權承授人之獨立非執行董事）批准。

財務報表附註

截至二零一九年十二月三十一日止年度

39. 股權激勵計劃（續）

本公司股權激勵計劃（續）

(a) 購股權計劃（續）

(IV) 每名合資格人士可獲授之最高數目（續）

任何向本公司之主要股東或獨立非執行董事或彼等各自之聯繫人授出購股權時，倘建議授出之購股權加上在直至該次授出購股權當日止（包括該日在內）十二個月期間內已授予該主要股東或獨立非執行董事之所有購股權（不論是已行使、註銷或尚未行使）將會：(i)使該有關人士有權收取的股數超過本公司當時已發行股本總數的0.1%；及(ii)按本公司股份於該授出日期在聯交所之收市價計算，其總值超過港幣5,000,000元，則除了須取得本公司獨立非執行董事之批准外，亦必須在股東大會上經由本公司股東批准。

(V) 行使購股權之期限

根據購股權計劃之條款，購股權可供行使之期限為有關購股權要約函件所載之期限，惟該期限須於要約日期之第十週年當日屆滿。

(VI) 接納要約

購股權之要約須於有關要約函件所載就接納該要約之最後限期或之前獲承授人接納，而該限期不得超過有關要約日期起計之28個營業日。每項要約獲接納時本公司須收取代價港幣1.00元。

(VII) 認購價之釐定基準

認購價將為下列中之最高者：(a)股份於要約日期之收市價；(b)股份於緊接要約日期前的五個營業日之平均收市價；或(c)股份之面值。

(VIII) 購股權計劃之有效期

二零零二年購股權計劃及二零一一年購股權計劃分別於二零零二年七月十八日及二零一一年八月十五日（即該計劃根據其條款被視為已生效之日）起計之十年期間內維持有效及有作用。

39. 股權激勵計劃(續)

本公司股權激勵計劃(續)

(a) 購股權計劃(續)

下表載列在購股權計劃下本公司購股權於本年度內之變動,以及於年初及年末尚未行使之購股權:

承授人	購股權數目				每股行使價 港幣元	授出日期	行使期	附註
	於二零一九年 一月一日 尚未行使	本年度內授出	本年度內失效	於二零一九年 十二月 三十一日 尚未行使				
二零零二年購股權計劃 其他僱員	2,278,067	-	(2,278,067)	-	14.333	11/1/2011	11/1/2012- 10/1/2019	(i)、(ii)
於本年度末可行使				-				
加權平均行使價(港幣元)	14.333	-	14.333	-				
二零一一年購股權計劃 董事 郭為	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
林揚	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
其他僱員	62,646,667	-	-	62,646,667	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
其他僱員	9,100,000	-	(4,100,000)	5,000,000	4.818	21/5/2018	21/5/2019- 20/5/2026	(iii)
其他僱員	6,000,000	-	(300,000)	5,700,000	3.88	20/11/2018	20/11/2019- 19/11/2026	(iii)
其他僱員	-	8,000,000	(1,030,000)	6,970,000	4.32	28/3/2019	28/3/2020- 27/3/2027	(iii)
其他僱員	-	3,200,000	-	3,200,000	4.04	2/9/2019	2/9/2020- 1/9/2027	(iii)
其他僱員	-	30,000	-	30,000	4.172	7/11/2019	7/11/2020- 6/11/2027	(iii)
總計	103,980,615	11,230,000	(5,430,000)	109,780,615				
於本年度末可行使				91,020,615				
加權平均行使價(港幣元)	6.111	4.240	4.672	6.325				

財務報表附註

截至二零一九年十二月三十一日止年度

39. 股權激勵計劃（續）

本公司股權激勵計劃（續）

(a) 購股權計劃（續）

下表載列在購股計劃下購股權於年內之變動，以及於二零一八年初及年末尚未行使之購股權：

承授人	購股權數目				每股行使價 港幣元	授出日期	行使期	附註
	於二零一八年 一月一日 尚未行使	本年度內授出	本年度內失效	於二零一八年 十二月 三十一日 尚未行使				
二零二零年購股權計劃 其他僱員	2,909,767	-	(631,700)	2,278,067	14.333	11/1/2011	11/1/2012- 10/1/2019	(i)、(ii)
於二零一八年度末可行使				2,278,067				
加權平均行使價（港幣元）	14.333	-	14.333	14.333				
二零一一年購股權計劃 董事 郭為	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
林揚	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
其他僱員	88,355,936	-	(25,709,269)	62,646,667	6.394	25/1/2017	25/1/2017- 24/1/2025	(i)、(iii)
其他僱員	-	9,100,000	-	9,100,000	4.818	21/5/2018	21/5/2019- 20/5/2026	(iii)
其他僱員	-	6,000,000	-	6,000,000	3.880	20/11/2018	20/11/2019- 19/11/2026	(iii)
總計	114,589,884	15,100,000	(25,709,269)	103,980,615				
於二零一八年度末可行使				88,880,615				
加權平均行使價（港幣元）	6.394	4.445	6.394	6.111				

附註：

- (i) 由於於二零一七年九月十八日完成的供股，相關行使價分別於二零二零年購股權計劃的港幣15.04元調整為港幣14.333元及於二零一一年購股權計劃的港幣6.71元調整為港幣6.394元，而尚未行使的購股權數目作出相應的調整。
- (ii) 在二零二零年購股權計劃下所有授出之購股權均受制於為期四年的歸屬期，其中25%可於各授出日期起計滿一週年之日開始行使，25%可於滿兩週年之日開始行使，25%可於滿三週年之日開始行使，及25%可於滿四週年之日開始行使。
- (iii) 在二零一一年購股權計劃下，於截至二零一九年及二零一八年十二月三十一日止年度授出之購股權受制於為期五年的歸屬期，其中20%可於各授出日期起計滿一週年之日開始行使，20%可於滿兩週年之日開始行使，20%可於滿三週年之日開始行使，20%可於滿四週年之日開始行使，及20%可於滿五週年之日開始行使。根據二零一一年購股權計劃下，於截至二零一七年十二月三十一日止年度授出之購股權可於行使期內任何時間全數或部分行使。

39. 股權激勵計劃（續）

本公司股權激勵計劃（續）

(a) 購股權計劃（續）

購股權並無賦予持有人享有股息或於股東大會上投票的權利。

概無購股權根據二零零二年購股權計劃自失效起獲授予、行使或取消。截至二零一八年及二零一九年十二月三十一日止年度，概無購股權根據二零一一年購股權計劃行使或取消。

於本年度根據二零一一年購股權計劃授出的購股權的公允價值合共約為港幣12,181,000元（二零一八年：港幣19,774,000元），而港幣8,327,000元（二零一八年：港幣3,414,000元）於年內確認為購股權開支。

在二零一一年購股權計劃下在二零一九年及二零一八年內所授出購股權之公允價值乃於個別授出當日採用二項式模式估算，當中已計及購股權之授出條款及條件。下表載列採用模型之數據資料：

授出於：	二零一九年	二零一八年
行使價（每股港幣元）	4.04-4.32	3.88-4.818
股息率（%）	每年2.6-3	每年3
預期波幅（%）	每年38.5-39.5	每年39-40.2
預期年期（年）	8	8
無風險利率（%）	每年1.12-1.57	每年2.23-2.32
加權平均股價（每股港幣元）	4.04-4.32	3.88-4.82

預期波幅乃根據過去三年之過往資料計算，未必反映可能出現之行使情況。預期波幅反映該模型乃假設過往波幅可指示未來走勢，此假設亦未必與實際結果相符。

於計量公允價值時並無計入所授出購股權的其他特質。

二項式模式已用於估計購股權的公允價值。用於計算購股權公允價值的變量及假設基於董事的最佳估計。購股權的價值隨某些主觀假設的不同變量而變化。

於二零一九年十二月三十一日，本公司根據二零零二年購股權計劃下有零份（二零一八年：2,278,067份）及二零一一年購股權計劃下109,780,615份（二零一八年：103,980,615份）購股權尚未行使。根據本公司現時的資本架構，全數行使購股權將導致額外發行109,780,615股（二零一八年：106,258,682股）本公司普通股及使股本增加約港幣10,978,000元（二零一八年：港幣10,626,000元），以及出現約港幣646,694,000元（二零一八年：港幣657,272,000元）的股份溢價（未扣除發行開支）。

在此等財務報表之批准日，本公司於二零一一年購股權計劃下有109,780,615份尚未行使之購股權（二零一八年：103,980,615份），佔當日本公司已發行股份約6.57%（二零一八年：6.22%）。

39. 股權激勵計劃（續）

本公司股權激勵計劃（續）

(b) 受限制股份獎勵計劃（「受限制股份獎勵計劃」）

於二零一一年三月二十八日採納了一項受限制股份獎勵計劃，其目的在於給予本公司之股份以獎勵及激勵（其中包括）本公司及其附屬公司的董事（包括執行及非執行）及員工（「參與者」）。受限制股份獎勵計劃旨在吸引及挽留最佳人士，通過結合參與者利益與本公司股東權益，鼓勵及激勵彼等致力增強本集團價值及本公司股份的價值。

根據受限制股份獎勵計劃，受限制股份獎勵計劃信託人將以本集團提供之現金於市場上購買本公司現時之股份並以信託方式為有關參與者持有，直至有關股份根據受限制股份獎勵計劃之條款歸屬予有關參與者。在受限制股份獎勵計劃下授予並由信託人持有直至歸屬之股份稱為受限制股份（「受限制股份」），而每股受限制股份代表一股本公司的普通股股份。

截至二零一九年十二月三十一日止年度內，信託人購買3,639,000股（二零一八年：22,187,000股）本公司股份，總成本（包括相關交易成本）約為港幣14,055,000元（二零一八年：港幣93,756,000元），並無（二零一八年：無）向參與者授出受限制股份。

一間附屬公司股權激勵計劃

(c) 神州信息股票期權激勵計劃

本公司的股東和神州數碼信息服務股份有限公司（「DCITS」）的股東分別於二零一九年九月十日及二零一九年九月十六日批准採納股票期權激勵計劃（「股票期權激勵計劃」）。股票期權激勵計劃的主要條款如下：

- (1) 股票期權激勵計劃之目的是為了進一步建立、健全DCITS長效激勵機制，吸引和留住優秀人才，充分調動DCITS及其附屬公司董事、高級管理人員和核心骨幹人員的積極性，有效地將股東利益、DCITS利益和核心團隊個人利益結合在一起，使各方共同關注DCITS的長遠發展。
- (2) 股票期權激勵計劃的激勵對象包括DCITS及其附屬公司董事、高級管理人員及核心骨幹人員，但不包括DCITS獨立董事、監事及單獨或合計持有DCITS 5%或以上股份的股東或實際控制人及其配偶、父母、子女。股票期權激勵計劃的所有激勵對象必須在DCITS授予股票期權時以及在股票期權激勵計劃的有效期限內與DCITS具有聘用、僱傭或勞務關係。

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(c) 神州信息股票期權激勵計劃（續）

(3) 根據股票期權激勵計劃：

- (a) DCITS全部有效的激勵計劃所涉及的標的股票總數累計不超過股票期權激勵計劃提交DCITS股東大會時DCITS股本總額的10%；
 - (b) 可於股票期權激勵計劃及DCITS任何其他計劃所有已授出但未行使的股票期權予以行使時發行的股份數目，不會超過DCITS不時已發行的A股普通股的30%；及
 - (c) 任何一名激勵對象通過DCITS全部有效的股權激勵計劃獲授的DCITS股票總數均未超過DCITS總股本的1%。
- (4) 股票期權激勵計劃的股票來源為DCITS向股票期權激勵計劃激勵對象定向發行A股普通股。根據股票期權激勵計劃，DCITS擬向股票期權激勵計劃的激勵對象授予22,600,000份股票期權，約佔DCITS於截至該等財務報表日期之股本總額970,381,273股的約2.33%。
 - (5) 根據股票期權激勵計劃授予的股票期權在行使前必須持有的最短期限為自根據股票期權計劃完成股票期權授予登記之日（「授予期權登記完成日」）起之十二個月。
 - (6) 在符合股票期權激勵計劃中行使股票期權的條件下，自授予期權登記完成日起滿十二個月後的二十四個月內，被授予以人可分兩次行使其股票期權，具體如下：

行權期	可行使期間	可行使之股票期權比例
第一個行權期	自授予期權登記完成日起十二個月後的首個交易日起至授予期權登記完成日起二十四個月內的最後一個交易日當日止	50%
第二個行權期	自授予期權登記完成日起二十四個月後的首個交易日起至授予期權登記完成日起三十六個月內的最後一個交易日當日止	50%

- (7) 根據股票期權激勵計劃授予的股票期權行權價格為每股人民幣12.76元，不低於股票票面金額，且不低於下列價格較高者：
 - (a) 公告股票期權激勵計劃草案前一個交易日的DCITS股票交易均價，為每股人民幣12.753元；及
 - (b) 公告股票期權激勵計劃草案公告前一百二十個交易日的DCITS股票交易均價，為每股人民幣11.905元。

財務報表附註

截至二零一九年十二月三十一日止年度

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(c) 神州信息股票期權激勵計劃（續）

- (8) 根據股票期權激勵計劃授予的股票期權行權價格乃根據中華人民共和國上市公司股權激勵管理辦法第二十九條確定，該條規定上市公司在股權激勵計劃下授予激勵對象股票期權時，應當確定行權價格或者行權價格的確定方法。行權價格不得低於股票票面金額，且原則上不應低於下列價格較高者：
- (a) 股權激勵計劃草案公佈前一個交易日的公司股票交易均價；及
 - (b) 股權激勵計劃草案公佈前二十個交易日、六十個交易日或者一百二十個交易日的公司股票交易均價之一。
- (9) 股票期權激勵計劃的有效期限自授予期權登記完成日起至根據股票期權激勵計劃授予被授予人的所有股票期權被行使或註銷之日止，有效期不得超過三十六個月。
- (10) 在股票期權激勵計劃的行使期內，被授予以人行使其股票期權前必須滿足若干條件，包括：
- (a) DCITS未發生以下任一情形：
 - (i) 最近一個會計年度DCITS財務會計報告被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (ii) 最近一個會計年度DCITS財務報告內部控制被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (iii) 上市後最近三十六個月內出現過未按法律法規、DCITS章程、公開承諾進行利潤分配的情形；
 - (iv) 法律法規及適用的上市規則規定不得實行股權激勵的情形；及
 - (v) 中國證券監督管理委員會（「中國證監會」）或有關監管機構認定的其他情形。
 - (b) 股票期權激勵計劃之授予人未發生以下任一情形：
 - (i) 最近十二個月內被深圳證券交易所認定為不適當人選；
 - (ii) 最近十二個月內被中國證監會及其派出機構認定為不適當人選；

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(c) 神州信息股票期權激勵計劃（續）

- (iii) 最近十二個月內因重大違法違規行為被中國證監會及其派出機構行政處罰或者採取市場禁入措施；
- (iv) 具有〈中華人民共和國公司法〉規定的不得擔任DCITS董事、高級管理人員的情形；
- (v) 法律法規規定不得參與上市公司股權激勵計劃的情形；及
- (vi) 中國證監會或有關監管機構認定的其他情形。

(c) DCITS實現以下財務績效目標：

行期權	業績考核目標
第一個行權期	DCITS於二零一九年淨利潤不低於人民幣3.6億元；
第二個行權期	DCITS於二零二零年淨利潤不低於人民幣4.35億元。

註： 上述“淨利潤”是指歸屬於DCITS股東的淨利潤。

(d) 在DCITS實現相關年度財務績效目標的前提下，DCITS薪酬與考核委員會對被授予人進行的年度考核結果需為80分以上或「A」級。

如果在相關可行使期間無法滿足上述任何行權條件，DCITS將註銷根據股票期權激勵計劃授予的股票期權。如果上述行權條件已經滿足，但根據股票期權激勵計劃授予的股票期權在相關行權期屆滿後仍未行使，該等股票期權將告失效。

自採納股票期權激勵計劃後，DCITS根據股票期權激勵計劃已授出22,470,000份股票期權。

財務報表附註

截至二零一九年十二月三十一日止年度

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(c) 神州信息股票期權激勵計劃（續）

下表載列在DCITS股票期權激勵計劃下股票期權於本年度內之變動：

	購股權數目			於 二零一九年 十二月 三十一日 尚未行使	每股行使價 人民幣	授出日期	行使期
	本年度內授出	本年度內行使	本年度內失效				
DCITS董事	-	-	-	-	-	-	-
DCITS其他僱員	22,470,000	-	(200,000)	22,270,000	12.76	二零一九年 九月十七日	被授予人 可參考 期權登記 完成日 (即二零一九年 十月三十日) 分兩次行使 (附註)
於本年度末可行使 加權平均行使價 (人民幣元)	12.76	-	12.76	- 12.76			

附註：請看股票期權激勵計劃的主要條款(6)

在神州信息購股權計劃下於二零一九年所授出購股權之公允價值乃於個別授出當日採用二項式模式估算，當中已計及購股權之授出條款及條件。下表載列採用模型之數據資料：

授出於：	二零一九年
行使價（每股人民幣元）	12.76
股息率(%)	每年0.205-0.2546
預期波幅(%)	每年21.7765-25.9667
預期年期(年)	1-2
無風險利率(%)	每年1.5-2.1
加權平均股價（每股人民幣元）	12.99

預期波幅乃根據過去三年之過往資料計算，未必反映可能出現之行使情況。預期波幅反映該模型乃假設過往波幅可指示未來走勢，此假設亦未必與實際結果相符。

於計量公允價值時並無計入所授出購股權的其他特質。

二項式模式已用於估計購股權的公允價值。用於計算購股權公允價值的變量及假設基於董事的最佳估計。購股權的價值隨某些主觀假設的不同變量而變化。

於本年度根據神州信息購股權計劃授出的購股權的公允價值合共約為港幣32,330,000元，而港幣5,835,000元於年內確認為購股權開支。

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(d) DCITS限制性股票激勵計劃

DCITS的股東於二零一九年九月十六日批准採納限制性股票激勵計劃（「**限制性股票激勵計劃**」）。限制性股票激勵計劃的目的是為了進一步建立、健全DCITS長效激勵機制，吸引和留住優秀人才，充分調動DCITS及其附屬公司董事、高級管理人員和核心骨幹人員的積極性，有效地將股東利益、DCITS利益和核心團隊個人利益結合在一起，使各方共同關注DCITS的長遠發展。

限制性股票激勵計劃的激勵對象包括DCITS及其附屬公司董事、高級管理人員及核心骨幹人員，但不包括DCITS獨立董事、監事及單獨或合計持有DCITS 5%或以上股份的股東或實際控制人及其配偶、父母、子女。限制性股票激勵計劃的所有激勵對象必須在DCITS授予限制性股票時以及在限制性股票激勵計劃的有效期內與DCITS具有聘用、僱傭或勞務關係。

限制性股票激勵計劃的股票來源為DCITS向限制性股票激勵計劃激勵對象定向發行A股普通股。根據限制性股票激勵計劃，DCITS擬向限制性股票激勵計劃的激勵對象授予7,400,000股限制性股票，約佔DCITS於截至本報告日之股本總額970,381,273股的約0.76%。

若下列任一授予條件未達成的，不能向激勵對象授予限制性股票。

- (a) DCITS未發生以下任一情形：
- (i) 最近一個會計年度DCITS財務會計報告被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (ii) 最近一個會計年度DCITS財務報告內部控制被註冊會計師出具否定意見或者無法表示意見的審計報告；
 - (iii) 上市後最近三十六個月內出現過未按法律法規、DCITS章程、公開承諾進行利潤分配的情形；
 - (iv) 法律法規規定不得實行股權激勵的情形；及
 - (v) 中國證監會認定的其他情形。

財務報表附註

截至二零一九年十二月三十一日止年度

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(d) DCITS限制性股票激勵計劃（續）

(b) 限制性股票激勵計劃之激勵對象未發生以下任一情形：

- (i) 最近十二個月內被深圳證券交易所認定為不適當人選；
- (ii) 最近十二個月內被中國證監會及其派出機構認定為不適當人選；
- (iii) 最近十二個月內因重大違法違規行為被中國證監會及其派出機構行政處罰或者採取市場禁入措施；
- (iv) 具有〈中華人民共和國公司法〉規定的不得擔任DCITS董事、高級管理人員的情形；
- (v) 法律法規規定不得參與上市公司股權激勵計劃的情形；及
- (vi) 中國證監會認定的其他情形。

(c) DCITS實現以下財務績效目標：

行期權	業績考核目標
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第一個行權期	DCITS於二零一九年淨利潤不低於人民幣3.6億元；
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第二個行權期	DCITS於二零二零年淨利潤不低於人民幣4.35億元。
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註：上述“淨利潤”是指歸屬於DCITS股東的淨利潤。

(d) 在DCITS實現相關年度財務績效目標的前提下，DCITS薪酬與考核委員會對被授予人進行的年度考核結果需為80分以上或「A」級。

根據限制性股票激勵計劃，限制性股票的授予價格為每股人民幣6.38元，不低於股票票面金額，且不低於下列價格較高者：

- (a) 公告限制性股票激勵計劃草案前一個交易日DCITS股票交易均價，每股人民幣12.753元的50%，為每股人民幣6.377元；及
- (b) 公告限制性股票激勵計劃草案前一百二十個交易日DCITS股票交易均價，每股人民幣11.905元的50%，為每股人民幣5.953元。

自採納限制性股票激勵計劃後，DCITS根據限制性股票激勵計劃授出6,950,000股限制性股票予激勵對象，分別約佔DCITS於限制性股票授予日之股本總額963,431,273股及於二零一九年十二月三十一日之股本總額970,381,273股的約0.72%及約0.72%。該等限制性股票之授出價為每股人民幣6.345元（根據DCITS限制性股票激勵計劃的規定，由於DCITS派息，限制性股票的授予價格進行了相應的調整）。截至該等財務報表日期，共6,950,000股限制性股票獲歸屬於該等激勵對象。

39. 股權激勵計劃（續）

一間附屬公司股權激勵計劃（續）

(d) DCITS限制性股票激勵計劃（續）

根據DCITS限制性股票激勵計劃於二零一九年授出的限制性股票之公允價值乃於授出日期，經計及限制性股票據以授出的條款及條件後以二項式模型估計而來。下表列示模型內採用之輸入數據：

授出於：	二零一九年
股息率(%)	每年0.205-0.2546
預期波幅(%)	每年21.7765-25.9667
無風險利率(%)	每年1.5-2.1
加權平均股價（每股人民幣元）	12.99

預期波幅反映了過往波幅乃未來趨勢之說明之假設，可能與實際結果並非必然一致。

授出之限制性股票之其他特質並未計入公允價值的計量。

已採用二項式模型估計限制性股票之公允價值。計算限制性股票之公允價值時所用的變量及假設乃基於董事作出的最佳估計。限制性股票的價值隨某些主觀假設的不同變量而變化。

所有根據DCITS限制性股票激勵計劃授出的限制性股票均受制於為期兩年的歸屬期，其中50%將於各登記日期的首個週年日成為可售，50%則於第二個週年日成為可售。

於本年度根據DCITS受限制股票激勵計劃授出的受限制股份的公允價值約為港幣21,966,000元，其中港幣4,207,000元於本年度確認為購股權開支。

40. 持有重大非控股權益之部分擁有附屬公司

於二零一九年十二月三十一日，本公司間接持有神州信息之本集團股權40.14%（二零一八年：40.43%），本集團仍有權維持在神州信息之董事會提名五個非獨立董事中的三個（二零一八年：五個中的三個）。考慮到本集團參與於神州信息之營運及財務活動之權力、關鍵股東及彼等之受益股東的分布及過去的投票模式，以及關鍵股東及／或彼等之受益股東之間存在任何合約安排（如有），本公司董事認為，神州信息的持股狀況是分散的及彼等控制權組織通過本集團於神州信息股東會議之決議的實際風險較少，因而本集團有充足的投票權賦予其實際能力單方面指導神州信息相關的業務。因此，本公司董事認為本公司對神州信息擁有實質性的控制權。詳細情況包括在此等財務報表附註4。

財務報表附註

截至二零一九年十二月三十一日止年度

40. 持有重大非控股權益之部分擁有附屬公司(續)

擁有重大非控股權益之本集團附屬公司之詳情如下：

	二零一九年 港幣千元	二零一八年 港幣千元
非控股權益擁有的股權百分比：		
神州信息	59.86%	59.57%

	二零一九年 港幣千元	二零一八年 港幣千元
分攤於非控股權益之本年度溢利：		
神州信息及其附屬公司	131,634	64,271
於報告期日之非控股權益的累計餘額：		
神州信息及其附屬公司	3,450,374	3,385,402

下表列示本集團上述附屬公司之財務資料概要對本集團非控股權益屬重大。除任何集團系內各公司之抵銷前的金額披露：

	神州信息及其附屬公司	
	二零一九年 港幣千元	二零一八年 港幣千元
收入及其他收入	11,663,139	10,876,776
成本及費用總額	(11,427,746)	(10,763,160)
本年度溢利	235,393	113,616
—歸屬於神州信息及其附屬公司之股東權益	228,010	107,892
本年度全面收益(費用)總額	171,087	(64,707)
—歸屬於神州信息及其附屬公司之股東權益	163,704	(70,431)
給予非控股權益之股息支付	(22,889)	(22,100)
流動資產	8,691,961	8,679,916
非流動資產	3,354,786	3,418,984
流動負債	5,907,585	6,387,480
非流動負債	77,925	56,355
經營業務所得現金流量淨額	324,763	270,353
投資活動所得(所用)現金流量淨額	410,578	(671,798)
融資活動(所用)所得現金流量淨額	(882,872)	68,902
現金及現金等價物減少淨額	(147,531)	(332,543)

41. 與融資活動產生的負債的相關性

下表詳述本集團融資活動產生的負債變動，包括現金及非現金變動。融資活動產生的負債是指現金流量或未來現金流量將在綜合現金流量表中分類為融資活動現金流量的負債。

	非現金變動					二零一九年 十二月 三十一日 港幣千元
	二零一九年 一月一日 港幣千元	融資 現金流量 港幣千元	產生 融資成本 港幣千元	已確認 新租賃 港幣千元	匯兌調整 港幣千元	
付息銀行及其他貸款	5,623,822	(481,043)	-	-	(55,018)	5,087,761
已付利息	-	(227,506)	227,506	-	-	-
租賃負債	193,962	(106,240)	-	82,981	(7,017)	163,686
公司債券	574,844	(567,905)	-	-	-	6,939
	6,392,628	(1,382,694)	227,506	82,981	(62,035)	5,258,386

	非現金變動					二零一八年 十二月 三十一日 港幣千元
	二零一八年 一月一日 港幣千元	融資 現金流量 港幣千元	產生 融資成本 港幣千元	合併 附屬公司 (附註42(a)) 港幣千元	匯兌調整 港幣千元	
付息銀行及其他貸款	7,048,898	(1,335,866)	-	54,477	(143,687)	5,623,822
已付利息	-	(215,857)	215,857	-	-	-
公司債券	832,032	(235,212)	-	-	(21,976)	574,844
	7,880,930	(1,786,935)	215,857	54,477	(165,663)	6,198,666

42. 收購及出售附屬公司

(a) 合併附屬公司作為清償以公允價值計量且其變動計入損益的金融資產

於二零一八年六月二十八日，本集團就理財產品約港幣2,409,646,000元（相等於人民幣2,033,940,000元）與發行人達成協議（「清償協議」），據此，發行人向本集團償還約港幣651,358,000元（相等於人民幣550,000,000元）。

財務報表附註

截至二零一九年十二月三十一日止年度

42. 收購及出售附屬公司(續)

(a) 合併附屬公司作為清償以公允價值計量且其變動計入損益的金融資產(續)

作為清償協議所述清償安排清償協議的一部分，理財產品之餘下未贖回部分約港幣1,773,452,000元將由發行人透過向本集團轉讓於理財產品相關資產(「相關資產」)的全部股權結付。相關資產包括於中國成立的私營企業(「物業公司」)的股權，其主要資產為商業大樓、來自各種中國公司的應收貸款款項(「應收貸款款項」)及設立以進行相關投資的多家特殊目的公司(「特殊目的公司」)的股權。

於清償協議生效後，特殊目的公司及物業公司成為本集團的附屬公司，而通過該等清償安排合併資產及承擔負債。該等清償安排並無產生收益或虧損。

於合併特殊目的公司時，本公司董事認為，應收貸款款項乃以業務模式持有，其目的是收取合約現金流量及合約條款在特定日期產生現金流量(即單獨支付本金及利息)，因此應收貸款款項約為港幣1,294,288,000元(相等於人民幣1,092,884,000元)以按攤銷成本列賬的金融資產入賬。有關應收貸款款項的更多詳情載於附註31。

由於特殊目的公司及物業公司的主要資產為不同應收款項及商業樓宇，本公司董事認為合併特殊目的公司視同收購資產。

轉讓代價：

二零一八年
港幣千元

以公允價值計量且其變動計入損益的金融資產	1,773,452
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於收購日期確認的資產及負債如下：

港幣千元

物業、廠房及設備	286
投資物業	661,105
預付款項、按金及其他應收款項	1,319,436
現金及現金等價物	6,636
其他貸款	(54,477)
其他應付款項	(159,534)

可識別資產淨值總額	1,773,452
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現金流入淨額	
所收購現金及現金等價物	6,636

42. 收購及出售附屬公司(續)**(b) 收購附屬公司作為企業合併****(i) 收購神州土地(北京)信息技術有限公司(「神州土地」)**

於二零一九年十月，本集團與獨立第三方訂立買賣協議，以現金代價人民幣47,460,000元(等同於港幣53,154,000元)收購神州土地之全部股權。該收購已使用收購法入賬。因收購而產生的商譽金額是港幣66,834,000元。神州土地主要從事提供農業互聯網服務。該收購於二零一九年十月三十一日完成。

通過以下方式支付收購神州土地的代價：

	港幣千元
現金代價(附註)	53,154

於收購日期之購買資產及承擔負債淨值如下：

	港幣千元
物業、廠房及設備	144
存貨	2,760
應收賬款	26
預付款項、按金及其他應收款項	35
現金及現金等價物	10,567
應付賬款	(1,383)
其他應付款項及預提費用	(9,190)
應繳稅項	(120)
合約負債	(16,519)
收購可識別負債淨額總額	(13,680)
商譽	66,834
	53,154
就收購已付的現金代價	53,154
減：所收購的現金及現金等價物	10,567
收購產生的現金流出淨額	42,587

收購產生的商譽是不可抵稅。於收購日期至二零一九年十二月三十一日期間，神州土地對本集團的收入、溢利及現金流量影響並不重大。

財務報表附註

截至二零一九年十二月三十一日止年度

42. 收購及出售附屬公司 (續)

(b) 收購附屬公司作為企業合併 (續)

(ii) 收購慧安(香港)有限公司(「慧安」)

於二零一八年二月，本集團與獨立第三方訂立買賣協議，以代價港幣12,300,000元收購慧安之全部股權。該收購已使用收購法入賬。因收購而產生的商譽金額是港幣12,749,000元。慧安主要從事IT服務，為香港政府及跨國公司的大型項目提供解決方案。該收購於二零一八年四月三日完成。收購慧安目的以促進香港及「一帶一路」國家之智慧城市業務發展。

通過以下方式支付收購慧安的代價：

	港幣千元
現金代價	12,300

於收購日期之購買資產及承擔負債淨值如下：

	港幣千元
應收賬款	1,805
應付賬款	(1,469)
其他應付款項	(785)
收購可識別負債淨值	(449)
商譽	12,749
	12,300
已付現金代價及收購產生的現金流出淨額	12,300

收購產生的商譽是不可抵稅。於收購日期至二零一八年十二月三十一日期間，慧安對本集團的收入、溢利及現金流量影響並不重大。

42. 收購及出售附屬公司 (續)

(b) 收購附屬公司作為企業合併 (續)

(iii) 收購西安遠景信息技術有限公司 (「西安遠景」)

於二零一八年七月，本集團與獨立第三方訂立買賣協議，以代價港幣11,445,000元收購西安遠景之全部股權。該收購已使用收購法入賬。收購產生的商譽金額為港幣6,774,000元。西安遠景主要從事軟件開發及信息技術服務。該收購於二零一八年九月十四日完成。收購西安遠景目的以持續發展本集團的農業信息服務。

通過以下方式支付收購西安遠景的代價：

	港幣千元
現金代價	11,445

於收購日期之購買資產及承擔負債淨值如下：

	港幣千元
物業、廠房及設備	402
其他無形資產	1,427
存貨	2,781
應收賬款	60
預付款項、按金及其他應收款項	20
現金及現金等價物	1
其他應付款項及預提費用	(20)
收購可識別資產淨值	4,671
商譽	6,774
	11,445

因合併成本包括控制溢價及商譽，收購西安遠景產生的商譽是不可抵稅。於收購日期至二零一八年十二月三十一日期間，西安遠景對本年度內本集團之收入、溢利及現金流量影響並不重大。

財務報表附註

截至二零一九年十二月三十一日止年度

42. 收購及出售附屬公司(續)

(c) 部分出售附屬公司導致失去控制權

神州數碼融信雲服務(「神碼融信雲」)

於二零一八年二月，本集團與獨立第三方訂立買賣協議，以現金代價約人民幣87,500,000元(相等於港幣105,299,000元)出售非全資附屬公司神碼融信雲的35%間接股權。出售完成後，本集團於神碼融信雲的權益由80%減少至45%，而本集團自此失去對神碼融信雲的控制權。由於本集團可於神碼融信雲行使重大影響，因此神碼融信雲的保留權益作為聯營公司入賬。該出售於二零一八年四月二十四日完成。

所收取代價：

	港幣千元
保留權益的公允價值	117,333
現金代價	105,299
	222,632

失去控制權的資產及負債分析：

	港幣千元
物業、廠房及設備	19,750
其他無形資產	532
應收賬款	9,543
預付款項、按金及其他應收款項	95
存貨	2,755
現金及現金等價物	40,524
應付賬款	(5,859)
合約負債	(31,782)
預提費用及其他應付款項	(6,633)
非控股權益	(5,784)
出售資產淨值	23,141

42. 收購及出售附屬公司 (續)

- (c) 部分出售附屬公司導致失去控制權 (續)
神州數碼融信雲服務 (「神碼融信雲」) (續)
部分出售一間附屬公司之收益：

	港幣千元
代價	222,632
減：出售資產淨值	23,141
出售收益	199,491

出售產生的現金流入淨額：

	港幣千元
所收取現金代價	105,299
減：所出售之現金及現金等價物	40,524
	64,775

- (d) 收購非全資擁有附屬公司的額外權益

截至二零一九年十二月三十一日止年度，本集團收購若干非全資附屬公司額外權益，現金代價合共約港幣79,000元（二零一八年：港幣47,944,000元）。該收購產生的差額已於資本儲備列支。

- (e) 出售附屬公司

於二零一九年，本集團分別以現金代價人民幣11,000,000元（相等於港幣12,146,000元）、人民幣15,000,000元（相等於港幣16,800,000元）及人民幣700,000元（相等於港幣773,000元）出售其於非全資附屬公司江蘇智慧港城投資發展有限公司及兩間全資附屬公司智慧神州（北京）信息技術有限公司與荊門智慧荊楚信息服務有限公司的全部股權。

失去控制權的資產及負債分析：

	港幣千元
物業、廠房及設備	62
現金及現金等價物	32,569
應收賬款	5,411
其他應收款項	4,860
可收回稅項	144
應付賬款	(3,330)
預提費用及其他應付款項	(2,608)
合約負債	(3,055)
非控股權益	(5,224)
出售淨資產	28,829

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42. 收購及出售附屬公司(續)

(e) 出售附屬公司(續) 出售附屬公司收益

	港幣千元
代價	29,719
減：出售淨資產	28,829
出售收益	890
出售產生的現金流出淨額：	
	港幣千元
所收取現金代價	29,719
減：所出售之現金及現金等價物	32,569
	(2,850)

43. 或然負債

- 於截至二零一八年十二月三十一日止年度內，本集團為一間聯營公司重慶神州數碼慧聰小額貸款有限公司向一間金融機構提供發行若干資產支持證券之保證，總金額約港幣198,279,000元(二零一九年：無)。
- 於二零一八年十一月七日，中國普天信息產業集團有限公司向北京市第二中級人民法院發起訴訟，就神州信息協助深圳市生物港投資有限公司(「生物港公司」)抽逃出資為由，要求神州信息在協助生物港公司抽逃出資的人民幣25,000,000元及利息範圍內承擔連帶賠償責任。截止二零一八年十二月底，神州信息已向北京市第二中級人民法院提管轄權異議訴訟，被北京市第二中級人民法院駁回。神州信息針對駁回管轄權異議的裁定書向北京市高級人民法院提起訴訟，於二零一九年五月被北京市高級人民法院駁回。於二零一九年十月二十九日，北京市第二中級人民法院出具了(2018)京02民初344號的民事判決書：神州信息在代墊資金本息共計人民幣35,120,000元範圍內，對於生物港公司在廣東省深圳市中級人民法院(2007)深中法委執字第539號執行案項下對中國普天信息產業集團有限公司的債務經強制執行不能清償的部分(以數額不超過人民幣68,125,000元為限)承擔補充賠償責任，其他第三方被告北京新富投資有限公司在抽逃出資人民幣58,380,000元範圍內承擔補充賠償責任，昆山市申昌科技有限公司在代墊資金本息共計人民幣60,250,000元範圍內承擔補充賠償責任。神州信息已上訴，但根據上述判決計提預計負債人民幣21,382,000元。

44. 經營租賃承擔**(a) 本集團作為出租人**

本集團根據經營租賃安排出租其投資物業（附註15），所議定租約期間介乎一至十年。租約條款通常會要求租戶支付保證金，並列明會根據屆時市況定期調整租金。

於報告期末，本集團已與租戶訂立未來未貼現租賃付款額：

	二零一九年 港幣千元
一年內	259,038
第二年	115,441
第三年	56,781
第四年	34,406
第五年	27,949
第五年後	111,800

605,415

	二零一八年 港幣千元
一年內	246,682
第二年至第五年（包括首尾兩年）	354,049
第五年後	118,901

719,632

(b) 本集團作為承租人

於二零一八年十二月三十一日，本集團已就不可撤銷經營租賃的未來最低租賃付款承擔如下責任：

	二零一八年 港幣千元
一年內	177,702
第二年至第五年（包括首尾兩年）	122,909

300,611

本集團根據經營租賃安排租賃其若干辦公室物業及貨倉。所議定物業及貨倉租約期間介乎六個月至五年及租金是固定租約條款。

根據香港會計準則第17號，租賃過往被分類為經營租賃。本集團已採用經修訂追溯法首次採用香港財務報告準則第16號。根據此方法，本集團調整二零一九年一月一日的期初結餘以確認與該等租賃相關之租賃負債（請參閱附註2）。自二零一九年一月一日起，未來租賃付款則根據附註3所載政策於綜合財務狀況表確認為租賃負債，有關本集團未來租賃付款之詳情披露於附註17。

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45. 承擔

	二零一九年 港幣千元	二零一八年 港幣千元
已簽約但未於綜合財務報表中撥備：		
土地及樓宇	30,209	158,324
向多間合營企業資本注資	33,969	35,417
向多間聯營公司資本注資	23,520	6,837
以公允價值計量且其變動計入其他全面收益的金融資產資本注資	480	120,140
	88,178	320,718

46. 關連人士交易

(a) 與關連人士之交易：

除此財務報表其他部分所呈列之該等交易及結餘外，本集團與關連人士有以下重大交易：

	附註	二零一九年 港幣千元	二零一八年 港幣千元
與合營企業之交易			
向合營企業銷售之IT貨物	(i)	9,730	147
向合營企業提供之IT服務	(ii)	446	6,499
向合營企業收取之租賃收入	(iv)	1,268	3,573
向合營企業收取之貸款利息收入	(v)	9,422	20,840
與聯營公司之交易			
向聯營公司銷售之IT貨物	(i)	13,057	1,251
從聯營公司購買之IT貨物	(iii)	119	-
向聯營公司提供之IT服務	(ii)	2,412	33,699
由聯營公司提供之IT服務	(ii)	2,542	17,333
向聯營公司收取之租賃收入	(iv)	22,387	13,314
與關連公司之交易(附註(vi))			
向關連公司銷售之IT貨物	(i)	11,828	7,621
向關連公司提供之IT服務	(ii)	400,439	396,583
從關連公司購買之IT貨物	(iii)	335,952	208,569
由關連公司提供之IT服務	(ii)	46,847	44,276
向關連公司收取之租賃收入	(iv)	45,728	48,989

46. 關連人士交易 (續)

(a) 與關連人士之交易：(續)

附註：

- (i) 該等銷售乃根據本集團向其主要客戶提供之訂價及條件而進行。
- (ii) 提供IT服務之價格乃根據本集團與相關關連人士雙方協定而釐定。
- (iii) 該等購買乃參照由關連人士提供予主要客戶之訂立價格及條款根據本集團與相關關連人士雙方協定之價格進行。
- (iv) 租賃收入乃參照市場租金根據本集團與相關關連人士雙方協定而釐定。
- (v) 收取的利息收入以參考市場利率計算並計入來自金融服務業務的收入。
- (vi) 神州數碼集團股份有限公司及其附屬公司為本集團的關連公司，因郭為先生為本公司之主席及關鍵管理人員，對神州數碼集團股份有限公司有重大影響力。

(b) 與關連人士之往來交易

於截至二零一八年十二月三十一日止年度內，本集團就一間聯營公司重慶神州數碼小額貸款有限公司發行的部分資產支持證券向金融機構提供擔保，最高擔保額為人民幣174,000,000元（二零一九年：無）。於二零一八年十二月三十一日，上述擔保涉及的已發行資產支持證券的價值為約港幣198,279,000元。

(c) 與關連人士之往來結餘

- (i) 於報告期末，本集團與合營企業及聯營公司以及其他關連人士之應收賬款及應收票據之詳情載於附註30。
- (ii) 於報告期末，向合營企業提供之貸款包括在本集團之預付款項、按金及其他應收款項之詳細載於附註31。
- (iii) 於報告期末，本集團與聯營公司以及其他關連人士的應付賬款及應付票據及其他應付款項詳情分別載於附註34及35。
- (iv) 神州數碼集團股份有限公司及其附屬公司為本集團的關連公司，因郭為先生為本公司之主席及關鍵管理人員，對神州數碼集團股份有限公司有重大影響力。

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46. 關連人士交易（續）

(d) 關鍵管理人員之報酬

於本年度內，本公司關鍵管理人員（執行董事）的薪酬如下：

	二零一九年 港幣千元	二零一八年 港幣千元
短期僱員福利	3,590	5,571
離職福利	510	152
	4,100	5,723

本公司董事及主要管理人員的薪酬由薪酬委員會根據個人表現及市場趨勢釐定。

有關董事及行政總裁酬金之進一步詳情載於附註9。

47. 遞延收入及政府補貼

本年度確認於其他收入的政府補貼約為港幣86,212,000元（二零一八年：港幣101,092,000元）。已就銷售中華人民共和國（「中國」）稅務部門認可之自行開發軟件、於中國大陸開發軟件及於中國大陸特定省份進行投資的增值稅退款以及補償經營成本而收取多項政府補貼。

因尚未進行相關開支之政府補貼計入遞延收入，其中分別約港幣37,033,000元（二零一八年：港幣28,897,000元）分類為非流動負債及約港幣4,402,000元（二零一八年：港幣11,191,000元）分類為流動負債（計入其他應付款項及預提費用（附註35））。

截至二零一九年十二月三十一日止年度，遞延收入約港幣20,902,000元（二零一八年：港幣31,128,000元）已於達成該等政府補貼隨附條件後確認為其他收入。

於截至二零一九年十二月三十一日止年度確認之餘下政府補貼約港幣65,310,000元（二零一八年：港幣69,964,000元）指就概無未達成之條件或其他或然事項之政府補貼。

48. 本公司之主要附屬公司詳情

名稱	註冊成立/ 登記及業務地點	法律形式	已發行 普通股/ 註冊股本	本公司 應佔權益百分比		本公司 應佔權益百分比		主要業務
				二零一九年		二零一八年		
				直接	間接	直接	間接	
Digital China (BVI) Limited	英屬維爾京群島	不適用	5,125美元	100	-	100	-	投資控股
神州數碼有限公司	香港	不適用	港幣2元	-	100	-	100	投資控股
E-Olympic International Limited	英屬維爾京群島	不適用	1美元	-	100	-	100	持有商標
神州數碼網絡有限公司	英屬維爾京群島	不適用	10,000,000美元	-	100	-	100	投資控股
輝煌企業有限公司	英屬維爾京群島	不適用	1美元	-	100	-	100	投資控股
深圳科捷物流有限公司	中國/中國大陸	有限責任公司	人民幣 100,000,000元	-	100	-	100	提供物流服務
Talent Gain Developments Limited	英屬維爾京群島	不適用	1美元	-	100	-	100	投資控股
Power Gateway Limited	英屬維爾京群島	不適用	100美元	-	100	-	100	投資控股
神州數碼軟件有限公司	中國/中國大陸	有限責任公司	200,000,000美元	-	100	-	100	投資控股
西安神州數碼實業有限公司	中國/中國大陸	有限責任公司	人民幣 800,000,000元	-	100	-	100	科技產業園的開發及建設
神州數碼(南京)信息科技 有限公司	中國/中國大陸	有限責任公司	港幣 367,000,000元	-	100	-	100	科技產業園的開發及建設
北京神州數碼科捷技術服務 有限公司	中國/中國大陸	有限責任公司	人民幣 50,000,000元	-	100	-	100	電商供應鏈服務業務
天津神州數碼融資租賃 有限公司	中國/中國大陸	有限責任公司	30,000,000美元	-	100	-	100	融資租賃業務
鴻健投資有限公司	香港	不適用	港幣1元	-	100	-	100	投資控股
智慧神州(重慶)運營服務 有限公司	中國/中國大陸	有限責任公司	人民幣 200,000,000元	-	93.55	-	93.55	智慧城市平台運營
北京因特睿軟件有限公司	中國/中國大陸	有限責任公司	人民幣 107,307,696.6元	-	93.55	-	93.55	數據集成及管理軟件銷售

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48. 本公司之主要附屬公司詳情(續)

名稱	註冊成立/ 登記及業務地點	法律形式	已發行 普通股/ 註冊股本	本公司 應佔權益百分比		本公司 應佔權益百分比		主要業務
				二零一九年 直接	間接	二零一八年 直接	間接	
神州信息	中國/中國大陸	股份有限公司	人民幣 970,381,273元 (二零一八年: 人民幣 963,431,273元)	-	40.14*	-	40.43*	系統集成服務、軟件開發及 技術服務
神州數碼金信科技股份 有限公司	中國/中國大陸	股份有限公司	人民幣 200,000,000元	-	40.14*	-	40.43*	金融專用設備銷售
北京中農信達信息技術 有限公司	中國/中國大陸	有限責任公司	人民幣 5,000,000元	-	40.14**	-	40.43**	測繪服務軟件銷售
神州數碼集成系統有限公司	香港	不適用	港幣 531,750,000元	-	40.14**	-	40.43**	系統集成服務
南京華蘇科技有限公司 (「華蘇科技」)	中國/中國大陸	有限責任公司	人民幣 102,340,000元	-	40.10***	-	40.39***	網絡優化服務

* 神州信息為深圳上市公司，雖本集團只擁有該公司的40.14%（二零一八年：40.43%）股權，惟根據此財務報表附註4與40解釋之因素，因此該公司乃作為本集團的附屬公司。

** 該等公司為神州信息的全資擁有附屬公司，因此，鑒於本公司對該等公司之控制權，該等公司乃作為附屬公司入賬。

*** 華蘇科技為神州信息擁有99.90%之附屬公司，因此，鑒於本公司對該公司之控制權，該公司乃作為附屬公司入賬。

董事認為上表所載之本公司附屬公司對本集團本年度之業績有重大影響或佔本集團資產淨值之重大部分。董事認為倘列出其他附屬公司資料，將使篇幅過於冗長。

49. 按類別劃分之金融工具

於報告期末，各金融工具類別之賬面值如下：

二零一九年

金融資產

	二零一九年 港幣千元	二零一八年 港幣千元
按攤銷成本列賬之金融資產		
應收融資租賃款項	56,838	168,801
應收賬款及應收票據	5,362,493	4,889,158
包含於預付款項、按金及其他應收款項中之金融資產	2,082,345	1,868,638
現金及現金等價物	1,890,171	2,204,872
受限制銀行結餘	115,488	69,617
以公允價值計量且其變動計入損益的金融資產		
上市股本投資	3,325	28,292
非上市理財產品	925,766	1,258,048
以公允價值計量且其變動計入其他全面收益的金融資產		
指定以公允價值計量且變動計入其他全面收益的非上市股本投資	408,572	427,293
	10,844,998	10,914,719

金融負債

	二零一九年 港幣千元	二零一八年 港幣千元
按攤銷成本列賬之金融負債		
應付賬款及應付票劇	3,832,793	3,212,562
包含於其他應付款項及預提費用中之金融負債	1,684,542	1,214,685
付息銀行及其他貸款	5,094,700	6,198,666
	10,612,035	10,625,913

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50. 公允價值計量及金融工具之公允價值等級

公允價值等級

下表提供了在每個報告期末按公允價值計量的經常性計量的金融工具分析，根據本集團的會計政策公允價值可按照公允價值計量的程度分為等級一至等級三。

以公允價值計量的資產：

於二零一九年十二月三十一日：

	公允價值等級			總計 港幣千元
	在活動 市場的報價 (等級一) 港幣千元	重大可 觀察到的因素 (等級二) 港幣千元	重大不可 觀察到的因素 (等級三) 港幣千元	
以公允價值計量且其變動計入 損益的金融資產				
— 上市股權投資	3,325	-	-	3,325
— 理財產品	-	-	925,766	925,766
以公允價值計量且其變動計入 其他全面收益的金融資產				
— 非上市股權投資	-	-	408,572	408,572

於二零一八年十二月三十一日：

	公允價值等級			總計 港幣千元
	在活動 市場的報價 (等級一) 港幣千元	重大可 觀察到的因素 (等級二) 港幣千元	重大不可 觀察到的因素 (等級三) 港幣千元	
以公允價值計量且其變動計入 損益的金融資產				
— 上市股權投資	28,292	-	-	28,292
— 理財產品	-	-	1,258,048	1,258,048
以公允價值計量且其變動計入 其他全面收益的金融資產				
— 非上市股權投資	-	-	427,293	427,293

50. 公允價值計量及金融工具之公允價值等級(續)

公允價值等級(續)

截至二零一九年及二零一八年十二月三十一日止年度，概無公允價值層級之間之轉移。

理財產品及非上市股權投資的公允價值採用收入法確定，且重大不可觀察輸入數據包括貼現率及增長率。貼現率越低及增長率越高，公允價值越高。

本集團委聘一名外部估值專家對無法獲得市場報價的該等投資進行估值。本集團管理層每年與估值師就估值假設及估值結果進行討論，所進行估值乃用於年度財務申報。

以公允價值計量且其變動計入損益的金融資產的等級三公允價值計量與以公允價值計量且其變動計入其他全面收益的金融資產的對賬：

	理財產品 港幣千元	非上市 股權投資 港幣千元
於二零一八年一月一日	2,995,365	919,282
購買	1,347,041	22,145
轉撥至於聯營公司之權益	-	(463,699)
贖回	(1,347,194)	(26,106)
合併附屬公司之轉撥	(1,773,452)	-
公允價值變動	25,529	(772)
匯兌調整	10,759	(23,557)
於二零一八年十二月三十一日及二零一九年一月一日	1,258,048	427,293
購買	799,646	-
贖回	(1,159,421)	(7,886)
公允價值變動	26,713	(3,696)
匯兌調整	780	(7,139)
於二零一九年十二月三十一日	925,766	408,572

本公司董事認為，於綜合財務報表中按攤銷成本記錄的金融資產及金融負債的賬面值與其公允價值相若。

財務報表附註

截至二零一九年十二月三十一日止年度

51. 財務風險管理目標及政策

本集團之主要金融工具包括應收賬款及應收票據、應付賬款及應付票據、附息銀行及其他貸款及現金及現金等價物。該等金融工具的主要用途是為本集團之資本開支及營運籌集資金。本集團還有各種其他金融資產及負債，例如營運過程中直接產生之應收賬款及應收票據以及應付賬款及應付票據。金融工具的詳情已披露於相應附註。

與這些金融工具相關的風險包括市場風險（利率風險、貨幣風險）信貸風險及流動性風險。有關如何減輕這些風險的政策如下。管理層管理及監控這些風險，以確保及時有效地採取適當措施。

市場風險

市場風險指由於市場變數如利率及外匯變動而導致金融工具之公允價值或未來現金流波動所產生之風險。

利率風險

本集團面臨按浮動利率的銀行及其他貸款的現金流量利率風險。本集團亦面臨與固定銀行貸款、應收融資租賃款項及租賃負債有關的公允價值利率風險。本集團的政策是維持平衡組合，以管理現金流及公允價值利率風險。

於二零一九年十二月三十一日，本集團之附息貸款為港幣2,869,405,000元（二零一八年：港幣2,494,648,000元）乃按浮動利率計息。

本集團目前並無任何利息對沖政策。

本集團亦面臨與其銀行結餘有關的現金流量利率風險。由於本集團的銀行結餘屬於短期性質且利率收費預期不會對本集團產生重大影響，故並無呈列敏感度分析。

以下敏感度分析乃根據報告期末的利率風險釐定。假設於報告期末尚未償還的金融工具全年未償還，則編製該分析。在向主要管理人員內部報告利率風險時使用100個基點（二零一八年：100個基點）增加（減少）乃代表管理層對合理可能的利率變化的評估。

51. 財務風險管理目標及政策(續)

利率風險(續)

	基點上升 (下降)	本年度除稅前 溢利增加 (減少) 港幣千元
二零一九年十二月三十一日		
浮動利率貸款	100	(28,694)
浮動利率貸款	(100)	28,694
二零一八年十二月三十一日		
浮動利率貸款	100	(24,946)
浮動利率貸款	(100)	24,946

外幣風險

於二零一九年十二月三十一日，本集團所承擔之外幣風險主要來自以非功能貨幣計值的貨幣資產淨額約港幣660,370,000元(二零一八年：港幣797,675,000元)。

下表顯示報告期末對人民幣匯率合理可能變動的敏感度，所有其他變量與本集團除稅前溢利保持不變。1%(二零一八年：1%)是向主要管理人員內部報告外幣風險時使用的敏感度比率，代表管理層對外匯匯率合理可能變動的評估。

	人民幣匯率 上升(下降) 百分比	本年度除稅前 溢利增加 (減少) 港幣千元
二零一九年十二月三十一日		
若人民幣兌美元貶值	(1)	(6,663)
若人民幣兌美元升值	1	6,663
二零一八年十二月三十一日		
若人民幣兌美元貶值	(1)	(8,225)
若人民幣兌美元升值	1	8,225

財務報表附註

截至二零一九年十二月三十一日止年度

51. 財務風險管理目標及政策（續）

信貸風險

於二零一九年十二月三十一日，本集團因未能履行交易對手的責任及本集團提供的財務擔保而導致本集團財務虧損的最大信貸風險來自各自認可財務的賬面值。於綜合財務狀況表所述的資產及本集團於附註43所披露的有關財務擔保的或然負債金額。

本集團的信貸風險主要來自現金及現金等價物、受限制銀行結餘、應收賬款及應收票據、合約資產、應收融資租賃款項及其他應收款項。該等結餘的賬面值代表本集團就金融資產而言的最大信貸風險。

為盡量減低信貸風險，本集團管理層已委派團隊負責釐定信貸限額，信貸審批及其他監控程序，以確保採取跟進行動收回逾期債務。

就應收賬款及應收票據、合約資產及應收融資租賃款項而言，本集團已採用香港財務報告準則第9號的簡化方法計量全期預期信貸虧損的虧損撥備。本集團使用根據歷史信貸虧損經驗估計的撥備矩陣以及債務人經營所在行業的一般經濟狀況個別及集體確定預期信貸虧損。就此而言，本公司董事認為本集團的信貸風險已大幅減少。

就其他應收款項而言，本集團已評估自初始確認後信貸風險是否顯著增加。倘信貸風險大幅增加，本集團將根據全期而非12個月的預期信貸虧損計量虧損撥備。

管理層認為對合營企業的貸款信貸風險較低，因此本年度內確認的減值撥備僅限於12個月的預期信貸虧損。

流動資金及理財產品的信貸風險有限，因交易方是國際信貸評級機構指定的信用評級較高的銀行。

由於本集團僅與認可且信譽良好的第三方進行交易，因此不需要抵押品。本集團超過90%的客戶及營運位於中國大陸。信貸風險集中由行業及客戶管理。

51. 財務風險管理目標及政策（續）

信貸風險（續）

本集團於初始確認資產時考慮違約概率，以及於整個報告期內信貸風險是否持續大幅增加。為評估信貸風險是否顯著增加，本集團將資產在報告日期發生的違約風險與初始確認日期的違約風險進行比較。它考慮了可用的合理且支持性的轉發信息。特別是以下指標包含在內：

- 內部信用評級
- 業務、財務或經濟狀況的實際或預期重大不利變化，預計會導致借款人履行其義務的能力發生重大變化
- 借款人經營業績的實際或預期重大變化
- 支持第三方擔保或信用增強的義務或質量的抵押品價值發生重大變化
- 借款人其他金融工具的信貸風險顯著增加
- 借款人的預期業績及行為發生重大變化，包括本集團借款人付款狀況的變化以及借款人經營業績的變化。

為降低信貸風險，本集團已委託其營運管理委員會制定及維持本集團的信貸風險評級，以根據其違約風險程度對風險進行分類。信貸評級信息由獨立評級機構提供，如不提供，營運管理委員會使用其他公開財務信息及本集團自己的交易記錄對主要客戶及其他債務人進行評級。本集團的風險敞口及其交易方的信貸評級會不斷受到監控，而已完成交易的總值則會在獲批准的交易對手中分攤。

本集團目前的信貸風險評級框架包括以下類別：

級別	描述	識別預期信貸虧損的基礎
表現	對於違約風險較低或自初始確認後信貸風險並未顯著增加且信貸風險不大的金融資產（參見第1階段）	12個月預期信貸虧損
壞賬	對於自初始確認以來信貸風險顯著增加但不存在信用減值的金融資產（參見第2階段）	全期預期信貸虧損 —沒有信貸減值
欠款	當一項或多項事件對該資產的估計未來現金流量產生不利影響時，金融資產被評估為信貸減值（參見第3階段）	全期預期信貸虧損 —有信貸減值
撤銷	有證據表明債務人處於嚴重的財務困境，本集團並無實際復甦前景	金額已被註銷

財務報表附註

截至二零一九年十二月三十一日止年度

51. 財務風險管理目標及政策（續）

流動性風險

本集團採用經常性流動資金計劃工具監控資金短缺的風險。該工具考慮其涉及金融工具與金融資產（如應收賬款及應收票據）之到期日以及來自業務之預期營運現金流量。

本集團之目標為透過使用附息銀行貸款以及其他可取得之資金來源，維持資金延續性與靈活性之平衡。此外，本集團已取得銀行額度以供應急之用。

載列於報告期末本集團之金融負債到期日（根據已訂約惟未貼現款項計算）如下：

	二零一九年				
	按要求或 一年內 港幣千元	一至五年 港幣千元	超過五年 港幣千元	總計 港幣千元	賬面值 港幣千元
附息銀行及其他貸款	3,634,203	1,037,840	1,057,341	5,729,384	5,094,700
應付賬款及應付票據	3,832,793	-	-	3,832,793	3,832,793
包含於其他應付款項及預提費用中之 金融負債	1,684,542	-	-	1,684,542	1,684,542
	9,151,538	1,037,840	1,057,341	11,246,719	10,612,035
租賃負債	106,027	67,294	-	173,321	163,686
二零一八年					
	按要求或 一年內 港幣千元	一至五年 港幣千元	超過五年 港幣千元	總計 港幣千元	賬面值 港幣千元
附息銀行及其他貸款	3,855,821	2,153,779	860,351	6,869,951	6,198,666
應付賬款及應付票據	3,212,562	-	-	3,212,562	3,212,562
包含於其他應付款項及預提費用中之 金融負債	1,214,685	-	-	1,214,685	1,214,685
	8,283,068	2,153,779	860,351	11,297,198	10,625,913
財務擔保	198,279	-	-	198,279	-

51. 財務風險管理目標及政策（續）

流動性風險（續）

上述財務擔保合約金額是本集團於擔保交易方作出索賠時根據有關安排就全數擔保金額可能需要支付的最高金額。根據報告期末的預測，本集團認為根據該安排不會支付任何金額。然而，該估計可能會有所變動，取決於交易方根據擔保提出索賠的可能性，該擔保交易方持有的應收金融款項可能遭受信貸虧損。

如浮動利率變動與報告期末確定的利率估計不同，則上述非衍生金融負債浮動利率工具的金額可能會發生變化。

資本管理

本集團資本管理之主要目的是為了確保本集團持續經營的能力及維持穩健之資本比率以支持其業務及盡量提高股東價值。

本集團管理資本結構以及根據經濟狀況之轉變及相關資產的風險特徵作出調整。本集團可以通過調整對股東派發之股息、向股東發還資本或發行新股以保持或調整資本結構。本集團並無必須遵守的外加資本要求。於截至二零一九年及二零一八年十二月三十一日止年度內，本公司之資本管理目標、政策及程序並無轉變。

本集團運用資產負債率監控資本，該比率乃由負債淨額除以總資本加負債淨額之和計算。本集團的政策旨在盡量可能將資產負債比率維持在低水平。負債淨額包括附息銀行及其他貸款、應付賬款及應付票據、其他應付款項及預提費用、租賃負債減現金及現金等價物及受限制銀行結餘。資本為於母公司股東應佔權益。於報告期末之資產負債率如下：

	本集團	
	二零一九年 港幣千元	二零一八年 港幣千元
附息銀行及其他貸款	5,094,700	6,198,666
應付賬款及應付票據	3,832,793	3,212,562
其他應付款項及預提費用	2,046,205	1,656,352
租賃負債	163,686	-
減：現金及現金等價物	(1,890,171)	(2,204,872)
受限制銀行結餘	(115,488)	(69,617)
負債淨額	9,131,725	8,793,091
母公司股東應佔權益	8,936,423	8,850,343
總資本	8,936,423	8,850,343
總資本加負債淨額	18,068,148	17,643,434
資產負債率	51%	50%

財務報表附註

截至二零一九年十二月三十一日止年度

52. 有關本公司財務狀況表的資料

	二零一九年 港幣千元	二零一八年 港幣千元
非流動資產		
物業、廠房及設備	72	209
於附屬公司之投資	1,939,081	1,939,081
總非流動資產	1,939,153	1,939,290
流動資產		
預付款項、按金及其他應收款項	24,798	29,227
應收附屬公司款項	4,460,946	4,327,488
現金及現金等價物	4,677	4,384
	4,490,421	4,361,099
流動負債		
其他應付款項及預提費用	13,853	15,784
應付附屬公司款項	719,134	518,549
應付股息	87	-
付息銀行貸款	63,500	19,525
	796,574	553,858
流動資產淨值	3,693,847	3,807,241
總資產減流動負債	5,633,000	5,746,531
非流動負債		
付息銀行貸款	46,832	-
資產淨值	5,586,168	5,746,531
股本及儲備		
已發行股本	167,098	167,726
儲備	5,419,070	5,578,805
權益總額	5,586,168	5,746,531

52. 有關本公司財務狀況表的資料(續)

附註:

本公司之儲備摘要如下:

	股份 溢價賬 港幣千元	繳入盈餘 港幣千元	僱員 股票基金 港幣千元	以股份 支付僱員之 酬金儲備 港幣千元	其他儲備 港幣千元	保留溢利 港幣千元	總計 港幣千元
於二零一八年一月一日	4,665,095	623,689	(21,571)	62,064	-	103,770	5,433,047
本年度溢利及本年度全面收益總額	-	-	-	-	-	143,670	143,670
以股份支付之酬金	-	-	-	3,414	-	-	3,414
股份購回	-	-	-	-	(1,326)	-	(1,326)
於二零一八年十二月三十一日及二零一九年一月一日	4,665,095	623,689	(21,571)	65,478	(1,326)	247,440	5,578,805
本年度虧損及本年度全面開支總額	-	-	-	-	-	(57,743)	(57,743)
支付二零一八年末期股息	-	-	-	-	-	(51,112)	(51,112)
以股份支付之酬金	-	-	-	8,327	-	-	8,327
股份購回	(21,237)	-	-	-	1,326	-	(19,911)
僱員股票基金供款	-	-	(39,296)	-	-	-	(39,296)
於二零一九年十二月三十一日	4,643,858	623,689	(60,867)	73,805	-	138,585	5,419,070

本公司之繳入盈餘指根據為籌備本公司股份在聯交所主板上市而進行之一項公司重組而收購附屬公司之股份的公允價值高於本公司作為交換而發行之股份面值之金額。根據百慕達公司法(經修訂)及本公司之公司細則,繳入盈餘可分派予股東,惟本公司必須有能力償還到期之債務,而在該項分派後,本公司之總負債以及已發行股本及溢價乃低於其資產的可變現值。

以股份支付僱員之酬金儲備由股權激勵計劃下之已授予、尚未行使的購股權或受限制股份之公允價值構成,詳情於財務報表附註3對有關僱員福利會計政策進一步解釋。

財務報表附註

截至二零一九年十二月三十一日止年度

53. 報告期後事項

於二零二零年一月十四日，本集團與SK Chain Company Limited（「**受讓人**」）訂立買賣協議，據此，本集團同意出售而受讓人同意收購本公司間接非全資公司北京勵致維欣科技有限公司（「**北京勵致維欣**」）的全部股權，該公司進而持有神州數碼醫療科技股份有限公司（「**神州數碼醫療**」）的32,720,636股股份，佔神州數碼醫療全部已發行股本的約14.05%。根據該協議，受讓方根據買賣協議應就出售事項支付總代價為美元等值之人民幣500,000,000元（約港幣559,998,000元）。緊接出售事項完成後，本集團在神州數碼醫療已發行的全部股份將由約20.04%降至約5.99%，及神州數碼醫療不再為本公司的聯營公司，餘下之權益則以公允價值計量且其變動計入其他全面收益的金融資產列示。本集團亦將不再擁有北京勵致維欣的任何股權，而北京勵致維欣將不再為本公司的附屬公司。

新型冠狀病毒感染的肺炎疫情於二零二零年一月在全國爆發以來，本集團密切關注肺炎疫情發展情況，評估和積極應對其對本集團財務狀況、經營成果等方面的影響。本集團預計此次疫情對本集團的經營活動造成一定的暫時性影響，但也同時為公司帶來新的市場機遇，包括在智慧城市和物流電商領域。截至本報告日期尚未發現重大不利影響。本集團亦將繼續監察影響營運的其他潛在風險，並與應對可能出現的風險。

54. 比較數字

綜合現金流量表及綜合財務報表附註44(b)及50之比較數字經已重列，以與本年度綜合財務報表之呈列一致。

物業詳情

於二零一九年十二月三十一日之投資物業：

地點	用途	年期	本集團應佔權益
中國陝西省 西安市高新技術產業開發區 丈八四路20號 神州數碼西安科技園	辦公大樓	中期租約	100%
中國湖北省武漢市 東湖新技術開發區 光谷大道以東大舒東路以北 神州數碼武漢科技園	辦公大樓	中期租約	100%
中國江蘇省 南京市江寧區 麒麟街道 神州數碼南京科技園	辦公大樓	中期租約	100%
中國重慶市渝北區 洪湖西路24至26號科技創新園 神州數碼重慶科技園	辦公大樓	中期租約	100%
中國江蘇省昆山市 澱山湖鎮雙和路1號 神州數碼昆山物流園	物流及倉儲	中期租約	100%
中國遼寧省沈陽市 渾南區倉儲東一街2號 神州數碼(沈陽)電子商務產業基地	物流及倉儲	中期租約	100%
中國湖北省 武漢市東湖新技術開發區 高新四路61號 神州數碼武漢電子商務產業基地	物流及倉儲	中期租約	100%
中國山東省濟南市 高新技術開發區 孫村通信產業園科遠路1459-2號 神州數碼濟南電子商務產業園	物流及倉儲	中期租約	100%
中國北京市海澱區 上地九街 數碼科技廣場	辦公大樓	中期租約	100%
中國北京市海澱區 蘇州街16號 北京神州數碼大廈4-9層及18層	辦公大樓	中期租約	100%

物業詳情

於二零一九年十二月三十一日之持作銷售用途的竣工物業：

物業	本集團 應佔權益	地點	歸屬於本集團的 建築面積 (千平方米)	用途
神州數碼南京科技園	100%	中國江蘇省南京市江寧區 麒麟街道神州數碼科技創新園	4	辦公大樓

五年財務摘要

業績

	截至二零一九年 十二月三十一日 止年度 港幣千元	截至二零一八年 十二月三十一日 止年度 港幣千元	截至二零一七年 十二月三十一日 止年度 港幣千元	截至二零一六年 十二月三十一日 止年度 港幣千元	截至二零一五年 十二月三十一日 止年度 港幣千元
持續經營業務收入	17,727,429	15,254,499	13,246,571	12,251,359	10,630,672
持續經營業務之除稅前溢利(虧損)	546,700	281,534	(47,817)	137,713	670,879
所得稅費用	(96,524)	(61,064)	(143,584)	(148,743)	(207,371)
持續經營業務之本年度溢利(虧損)	450,176	220,470	(191,401)	(11,030)	463,508
非持續經營業務之本年度溢利	-	-	-	559,623	462,207
本年度溢利(虧損)	450,176	220,470	(191,401)	548,593	925,715
歸屬於：					
母公司股東權益	301,844	149,587	(413,006)	389,314	661,676
非控股權益	148,332	70,883	221,605	159,279	264,039
	450,176	220,470	(191,401)	548,593	925,715

資產、負債與非控股權益

	截至二零一九年 十二月三十一日 止年度 港幣千元	截至二零一八年 十二月三十一日 止年度 港幣千元	截至二零一七年 十二月三十一日 止年度 港幣千元	截至二零一六年 十二月三十一日 止年度 港幣千元	截至二零一五年 十二月三十一日 止年度 港幣千元
總資產	25,551,101	25,488,174	27,915,561	23,716,121	37,486,363
總負債	(12,987,629)	(13,091,478)	(15,120,687)	(13,244,208)	(26,192,046)
非控股權益	(3,627,049)	(3,546,353)	(3,685,089)	(3,303,326)	(2,421,750)
	8,936,423	8,850,343	9,109,785	7,168,587	8,872,567

公司資料

董事會

執行董事

郭為先生(主席兼首席執行官)

林楊先生(副主席)

非執行董事

余梓平先生

彭晶先生

獨立非執行董事

黃文宗先生

倪虹小姐

劉允博士

嚴曉燕女士

金昌衛先生

公司秘書

王自強先生

註冊辦事處

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

香港總辦事處及主要營業地點

香港灣仔告士打道77-79號

富通大廈31樓

主要往來銀行

香港上海滙豐銀行有限公司

中國銀行股份有限公司

中信銀行股份有限公司

中國工商銀行股份有限公司

華美銀行

法律顧問

香港法律：

趙不渝馬國強律師事務所

佳利(香港)律師事務所

百慕達法律：

Appleby

核數師

信永中和(香港)會計師事務所有限公司

股份過戶登記處

百慕達

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

香港

卓佳雅柏勤有限公司

香港皇后大道東183號

合和中心54樓

股票上市地點及股份代號

香港聯合交易所有限公司

股份代號：00861

台灣證券交易所股份有限公司

台灣存託憑證

股份代號：910861

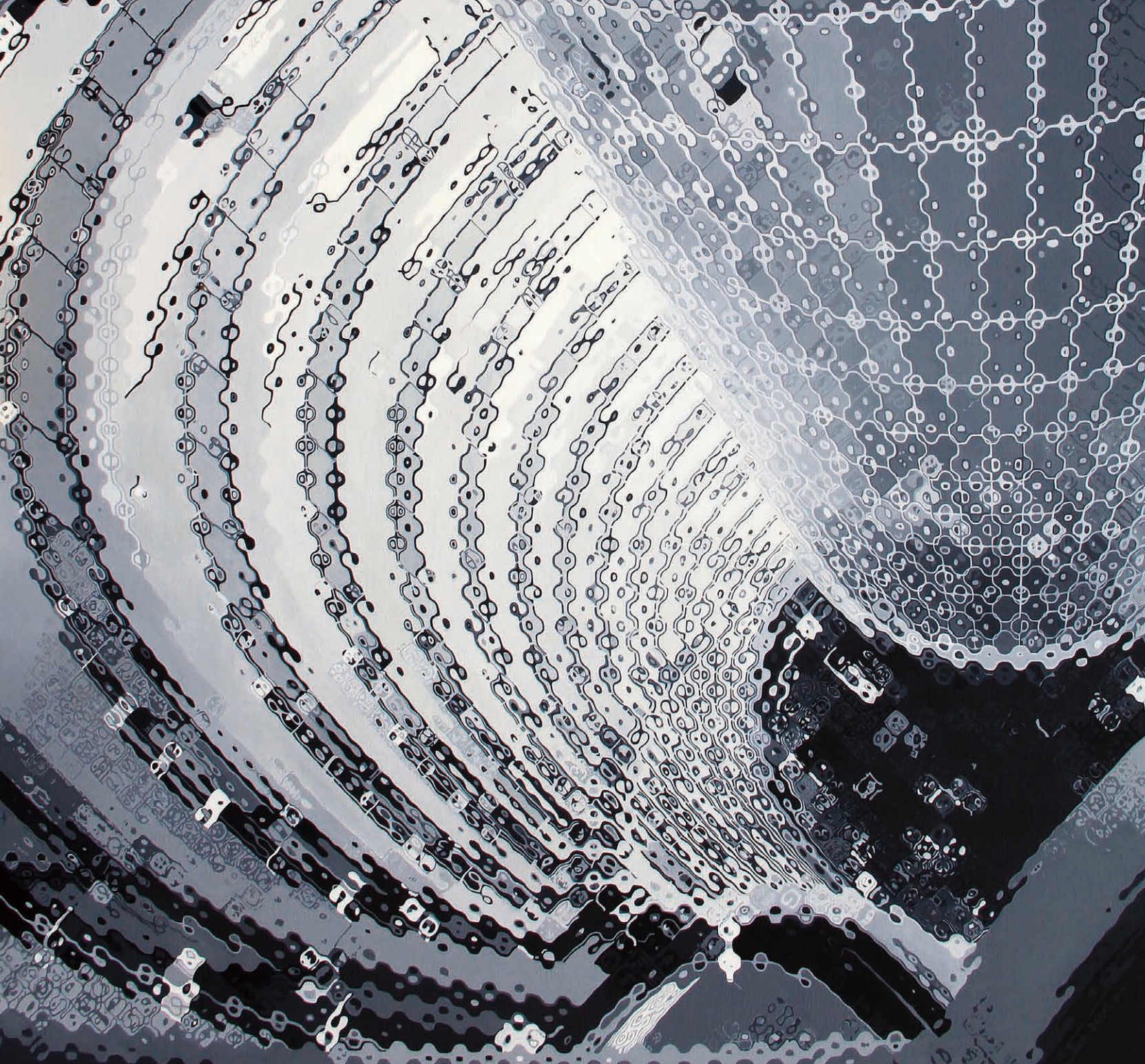
網址

www.dcholdings.com



www.dcholdings.com

附 件 五



2019年報

Annual Report

Digital China Holdings Limited

神州數碼控股有限公司

Incorporated in Bermuda with Limited Liability

於百慕達註冊成立之有限公司

Stock Code 股份代號:00861



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Company Profile

Digital China Holdings Ltd. ("DC Holdings") was founded in 2000 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2001 (Stock Code: 00861.HK).

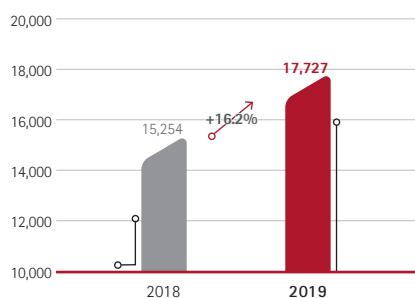
For the past 20 years, we have consistently achieved innovations and breakthroughs, living up to our corporate culture of "Responsibility, Passion and Innovation" as we continued to fulfill the mission of building a "Digital China". From a dominant distributor of IT product in China, we have completed a strategic upgrade to transform ourselves into a leading integrated IT service provider, information specialist and Sm@rt City specialist in China. Now, we are taking a future turn in transformation through digitalisation, in a bid to become a world-leading Big Data service group.

DC Holdings is a high-tech company which empowers enterprises from all walks of life by virtue of world-beating technologies. By integrating Big Data, Cloud Computing, Security Technology, Blockchain, Artificial Intelligence and the Internet of Things through Cloud-Edge collaboration Framework, it is committed to creating values for various professions. Its subsidiaries, based on cutting-edge integrated technologies and focused on homegrown "InternetWare", principally engage in the fields of government, supply chain, finance, medical treatment, manufacturing, agriculture that are undergoing digital transformation and reform and provide comprehensive solutions of whole industry chain by combining cloud services with big data operations. DC Holdings has completed its business deployment with illustrious accomplishments in core sectors such as Sm@rt City, Smart Industry Chain, Financial Technology, Smart Health, Smart Manufacturing, Smart Agriculture, Smart Maintenance and Quantum Communication.

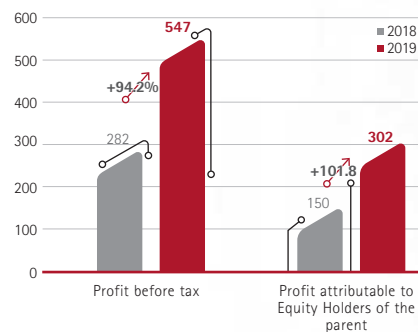
Financial Highlights

	FY2019 HK\$m	FY2018 HK\$m
For the Year		
Revenue	17,727	15,254
Profit before Tax	547	282
Profit Attributable to Equity Holders of the Parent	302	150
Earnings per Share (HK cents)	18.31	8.96
Dividend per Share (HK cents)	6.4	3.1
Operating Cash Flow	989	270
At Year-end		
Total Assets	25,551	25,488
Shareholders' Funds	8,936	8,850
Financial Ratio		
Return on Equity (%)	3.38	1.69
Interest Cover (times)	3.4	2.30
Total Interest Bearing Debts to Shareholders' Funds Ratio (times)	0.57	0.70

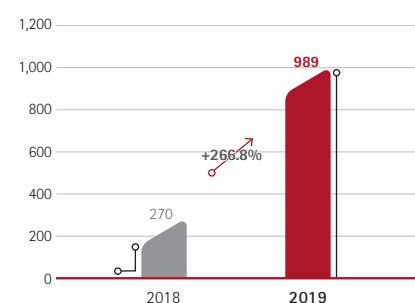
Revenue
HK\$m



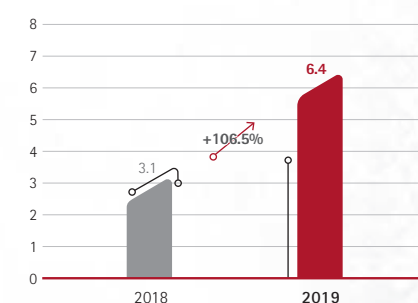
Profit
HK\$m



Operating cash flow
HK\$m



Dividend per share
HK cents



Significant Events

2019

8 January

"Resource Reflection Mechanism and Efficient Interoperability Technology in Cloud-Client-Convergence Systems" jointly developed by Internetware, a subsidiary of DC Holdings, and Peking University won the First Prize of National Technology Invention Award 2018.



12 March

DC Holdings and Changchun New District signed an agreement on the first phase of the "Digital New District" service project. According to the agreement, DC Holdings will team up with ecosystem partners to construct the first phase of the "Digital New District" project in Changchun New District, with a contractual value of approximately RMB174 million.

28 March

DC Holdings released its operating results for 2018: achieving remarkable breakthrough for 2018 results, with big data driving long-term growth.

9 May

DC Holdings entered into a strategic cooperative agreement with the Longyan Municipal People's Government.

10 May

DC Holdings entered into a strategic cooperative agreement with Yanqing District, Beijing.

21 May

"Micro Services Platform for Enterprises Sm@rtEMSP", a new generation of platform-based product internally developed by DC Holdings, was first unveiled, featuring flexible, light, cloud-based micro services middle office platform structure, with an aim to fully support the adaptable business development of financial institutions. It won the bid for important clients such as Shanghai Pudong Development Bank Co., Ltd., Industrial Bank, China Guangfa Bank.

26 June

DC Holdings, Tianjin Nankai Municipal People's Government and Tianjin University entered into a tripartite strategic cooperative agreement.

The National Institute of Finance and Development Laboratory entered into a contract with DCITS, a subsidiary of DC Holdings, to build the world's top financial technology innovation case aggregation base.

23 July

"e Sanming (e三明)", an online public services platform developed by DC Holdings, was launched and commenced operation.

DC Holdings and Tangshan Municipal Government signed a contract in relation to the "Smart Tangshan" construction project in an amount of RMB140 million.

27 August

Changchun Municipal People's Government and DC Holdings solemnly held the "Digital Interconnection of Things and Intelligent Integration (數聯萬物•智在融合)"— 2019 China Northeast Asia International Internet of Things Industry Summit in Changchun, during which DC Holdings entered into a strategic cooperative agreement with Changchun Municipal People's Government and a IoT industry strategic cooperative framework agreement with Changchun University of Science and Technology. In addition, DC Holdings, Changchun Municipal People's Government and CrucialTrak of Korea also signed a tripartite "Memorandum of Understanding Regarding Joint Promotion of IoT Industry Development Alliance between the PRC and South Korea". DC Holdings officially launched the first four in one biometric identification security technology products series in the world.



30 August

Two National Standards of "GB/T 37700-2019 Information Technology Industrial Cloud Reference Model" and "GB/T 37699-2019 Information Technology Industrial Cloud Services General Technical Requirements", compiled by iSESOL, an associate of DC Holdings, were officially approved and released.

28 October

DC Holdings entered into a memorandum of understanding regarding the development of smart industry chain, smart city, cloud services and digital transformation for enterprises in China with Samsung SDS (Beijing) Co., Ltd.

Significant Events

8 November

DCITS, a subsidiary of DC Holdings, signed a contract with MOE Key Laboratory of Mathematics, Informatics and Behavioral Semantics (LMIB), BUAA (北京航空航天大學數學·信息與行為教育部重點實驗室) to jointly build a blockchain innovation laboratory.

DCITS, a subsidiary of DC Holdings, signed a contract with Big Data Software Engineering Laboratory, Tsinghua University (清華大學大數據軟件工程實驗室) to jointly build a big data innovation laboratory.

18 December

DC Holdings entered into a strategic cooperative agreement with Qujing Municipal People's Government.

DCITS, a subsidiary of DC Holdings, officially signed a contract with Shenzhen Stock Exchange to commence cooperation concerning the "localized and automatic operation and maintenance platform" project.

"Distributed Technical Specifications on Online Trading Systems of the Financial Industry (金融行業聯機交易系統分佈式技術規範)" and "Open Bank Application System Technical Specifications (開放銀行應用系統技術規範)" prepared by DCITS, a subsidiary of DC Holdings, obtained the approval from Chinese Electronics Standardization Association (中國電子工業標準化技術協會) and was officially activated.

2020

7 January

IT Logistics, a subsidiary of DC Holdings, officially launched two types of "Supply Chain+Big Data+AIoT" new strategic products, naming "Jieyunbao (捷運寶)" and "Jieyun Express Signing (捷雲快簽)", and launched the "Jiemeng (捷盟)" Ecosystem Partnership Program.



15 January

DC Holdings disposed partial equity interest in Digital China Health (神州醫療) in an amount of RMB500 million to focus on core technologies and integration scenarios.



18 January

Grand opening was successfully held at the new headquarter of DC Holdings in Hong Kong.

Awards

8 January 2019, "Resource Reflection Mechanism and Efficient Interoperability Technology in Cloud-Client-Convergence Systems" jointly developed by Internetwork, a subsidiary of DC Holdings, and Peking University won the First Prize of National Technology Invention Award 2018.

Ministry of Science and Technology.



9 January 2019, DCITS, a subsidiary of DC Holdings, won "Top Ten Leading Enterprises of Ten-year Development Achievements of China's Information Technology Service Industry".

Chinese Electronics Standardization Association Information Technology Service Standards Sub-Association.



7 March 2019, The "Gold Storage WMS" of IT Logistics, a subsidiary of DC Holdings, won the 2018 "Annual Product Award".

The CIWEEK magazine of the Chinese Academy of Sciences & the Information Research Center of the Chinese Academy of Social Sciences.



June 2019, the "Sm@rtIDF" of DCITS, a subsidiary of DC Holdings, won the 2019 Galaxy Award for "Excellent Products Award of Big Data".

China Academy of Information and Communications Technology & China Communications Standards Association.

26 June 2019, IT Logistics, a subsidiary of DC Holdings, won the Excellent Platform Enterprise of Smart Logistics Innovation Service.

China Federation of Logistics and Purchasing.



July 2019, the Distributed Application Platform Sm@rtGalaxy of DCITS, a subsidiary of DC Holdings, won the "2019 Outstanding Software Product Awards".

China Software Industry Association.



11 July 2019, IT Logistics, a subsidiary of DC Holdings, won the 2019 Artificial Intelligence Pioneer Award and 2019 Brand of Industry Influence.

China Finance Summit.

Awards

21 September 2019, DC Holdings won the 2019 Snowball Most Valuable New Economy Company Award.

2019 Snowball Hong Kong Stock Summit Forum.



23 September 2019, DCITS, a subsidiary of DC Holdings, ranked 38th among the 2019 IDC Top 100 Global Financial Technology Companies and ranked 1st in China's List of Companies. IDC (International Data Corporation).



26 September 2019, Beijing Yanqing District was granted the "2019 China-Europe Green and Smart City Awards - Technology Innovation Award" and Tangshan City was granted the "2019 China-Europe Green and Smart City Awards - Industry Innovation Award" under DC Holdings' assistance.

The China Urban Center for Urban Development and the "Prospect and Innovation Foundation" in France.



October 2019, IT Logistics, a subsidiary of DC Holdings, won the Digital Transformation Pioneer Award.

IDC (International Data Corporation).

18 October 2019, Longyan won the "2019 IDC China Digital Transformation Award-All-round Experience Innovation Leader" and "2019 IDC Government Industry Technology Application Scenarios-Best Innovation Award", Guiyang won the "2019 IDC China Digital Transformation Award-Information and Data Transformation Leader" and "2019 IDC Government Industry Technology Application Scenarios - Best Innovation Award", Weihai won the "2019 IDC Government Industry Technology Application Scenarios - Best Innovation Award" under DC Holdings' assistance.



IDC (International Data Corporation).

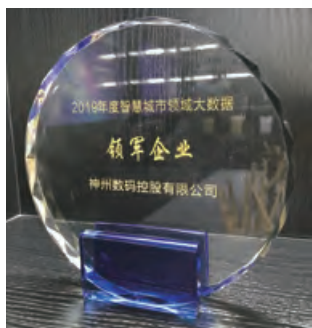
8 November 2019, DC Holdings won the Most Growing Technology Listed Company of the 2019 Most Reputable Listed Chinese Companies.

National Business Daily.



12 November 2019, iSESOL, an associate of DC Holdings, was listed on the "2019 List of Pilot Demonstration Projects for the Integrated Development of Manufacturing and the Internet".

Ministry of Industry and Information Technology.



21 November 2019, IT Logistics, a subsidiary of DC Holdings, won the "2019 Technology Leadership Award" and "2019 Smart Innovation Award".

China Finance Summit Winter Forum – Global New Business Conference.



6 December 2019, DC Holdings won the honour of "2019 China Smart City Big Data Leading Enterprise".

China Center for Information Industry Development.



19 December 2019, the multiple biometric recognition products of DC Holdings, won the "2019 Product Innovation Award".

The CIWEEK magazine of the Chinese Academy of Sciences & the Information Research Center of the Chinese Academy of Social Sciences & eNet.

9 January 2020, "Xiangxi Datacom Microservice Platform" developed by Internetware, a subsidiary of DC Holdings, won the 2019-2020 Big Data Outstanding Application Solution Award.

China Electronic Chamber of Commerce.



17 January 2020, iSESOL, an associate of DC Holdings, was listed on the "2019 List of Pilot Demonstration Projects for Industry and the Internet".

Ministry of Industry and Information Technology.

11 March 2020, Electronic Signing Cloud Platform under Jieyun Express Signing of IT Logistics, a subsidiary of DC Holdings, won the 2019 Annual Logistics Product.

The CIWEEK magazine of the Chinese Academy of Sciences & the Information Research Center of the Chinese Academy of Social Sciences & eNet Institute.



Chairman's Statement

Dear Shareholders of DC Holdings,

The rapid development of Big Data, Artificial Intelligence and the IoT technology around the world is enabling digital transformation and upgrading of various industries. DC Holdings is taking a mission to enable Big Data to empower the industries in a world of the Internet of Things and let Big Data drive industry upgrading. 2019 was a year in which DC Holdings made stunning progress as a leading Big Data service group. We have achieved remarkable growth in key industries such as Sm@rt City, Smart Industry Chain, Fintech and Smart Manufacturing significantly increasing the returns to its shareholders. The outbreak of the COVID-19 pandemic since the Spring Festival of 2020 put global economy at risk of deceleration. At the same time, the Big Data technology was widely used to help win the battle against the pandemic by providing scientific and accurate data. The value of the Big Data technology industry was undoubtedly revealed.

The big data technology of Yan Cloud DaaS, a Big Data product invested and developed by DC Holdings, won the first prize of the National Science and Technology Invention Award, affirming our consistent adherence to the independent technological innovation. The technology has surpassed western developed countries in terms of the principle-level innovation in information technology, and has achieved a world-leading position in deep mining of internet data. The amazing features of this technology are that it can intelligently generate an application program interface (API) for the given systems, build a "pipeline" of data and functions and realize real-time data flow and seamless integration of functions in the case of closed databases, missing of source codes and lack of original factory support, thereby effectively breaking information silos and achieving system interconnection and data sharing. This is a unique competitive advantage for us to penetrate into the fields of smart cities and Fintech today.

The outbreak of the COVID-19 pandemic as a public health emergency highlighted the value of the Big Data technology and Yan Cloud DaaS. The State Council issued the "Work Plan for Recent Prevention and Control of COVID-19 Infection", which clearly states that new technologies including "Big Data + Network" should be fully applied in various places to properly carry out early warning, monitoring, inspection and detection of the pandemic. In this battle, DC Holdings used Big Data and Yan Cloud DaaS, as its flagship product, to empower the digital services of local governments and various industries. Based on the Yan Cloud DaaS technology, DC Holdings has intelligently combated against the pandemic through cloud computing, Big Data, Artificial Intelligence and other advanced technologies, and successively assisted Fujian Longyan, Shandong Weihai, Jiangsu Xuzhou and Hebei Tangshan providing support to fight against the pandemic as well as work and production resumption in personnel information, materials procurement, online collaboration, etc. The system provided strong supports in comprehensive registration, full-tracking, real-time monitoring and scientific analysis of the COVID-19 infection, and helped local governments to accurately understand the spreading situation of the pandemic and improve their capability in prevention and control of the pandemic, thus realizing the goal of "early detection, early reporting, early isolation, early diagnosis and early treatment " in preventing the spread of the pandemic. In addition, DC Holdings also released a series of four-in-one biometric security technology solution. Such solution integrates the four biometric technologies on human face, iris, fingerprint and palm vein. It boasts of the 100% ultra-high accuracy based on million samples, the high-speed recognition completed within one second, the reliable anti-counterfeiting with multiple identifications, contactless security solution and other strong features. The access control solution based on this technology is suitable for hospitals, laboratories, industries, smart communities, financial institutions, schools, hotels, prisons and other multi-scenario fields. The contactless access control solution can help companies to isolate and identify their employees, thus greatly reducing the risk of cross infection.



The application of the Big Data technology is the key to the success of today's supply chain management. IT Logistics, the main operator of the smart industry chain business, has formed a complete digital logistics system based on the "supply chain + Big Data + AIoT" strategy, providing various industries with the end-to-end one-stop supply chain services, and is one of the few domestic technology-based logistics companies which can simultaneously provide the B2B/B2C integrated services. In 2019, IT Logistics achieved rapid growth in overall businesses, substantial improvement in operating efficiency and drastic increase in profit. During the "Double Eleven" period in 2019, 98% of IT Logistics' all warehouse orders nationwide were delivered within five days, creating a new industry record of delivering 3 million orders in a single warehouse. IT Logistics' sales on all e-commerce platforms during the "Double Eleven" period also encouragingly exceeded RMB3.6 billion, with a remarkable result.

The human-robot operation model and the supply chain Big Data capability of IT Logistics have received high recognition in the industry. Based on its in-depth accumulation in the technology logistics and supply chain industries, IT Logistics has packaged the core supply chain management system containing Big Data and Artificial Intelligence capability into various high-value Big Data products, including the KINGKOO DATA Big Data platform launched in the industry to empower the entire industry chain. The most difficult breakthrough in supply chain management today is planning management. The use of data and prediction of consumption trends directly affect the response speed of supply chains. The benefits generated by logistics data were particularly prominent during the "Double Eleven" period when there were massive increase in orders and in the special logistics environment with the COVID-19 outbreak. In terms of improving the supply chain efficiency for customers, IT Logistics set out to mainly provide the operation services for customers' entire supply chains, accumulate data through the self-developed system and optimize businesses and supply chains. It provided customers with timely and visualized supply chain data to improve each process performance, thereby improving the overall supply chain efficiency.

Chairman's Statement

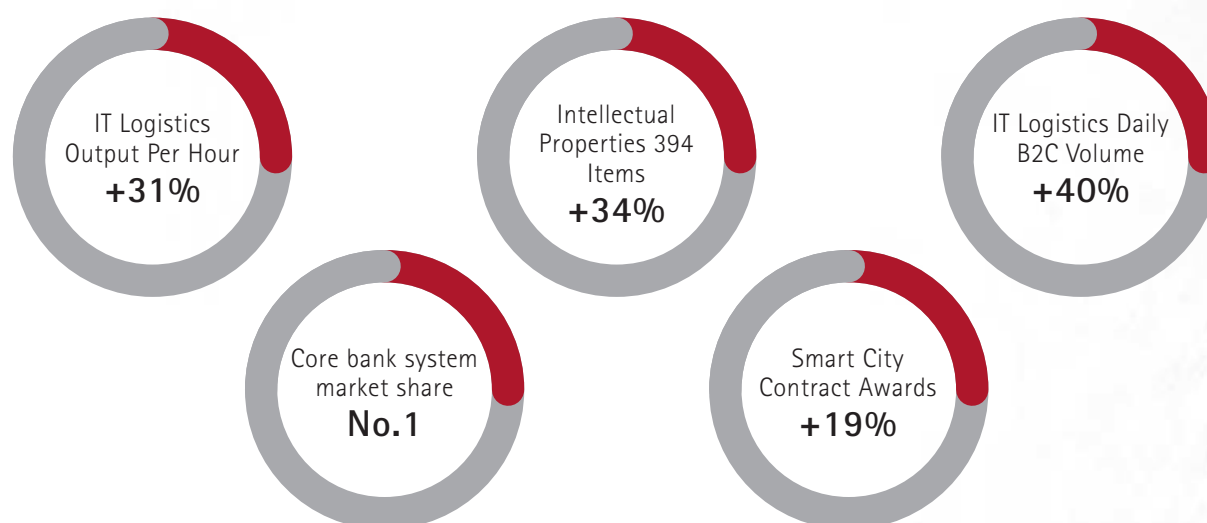
DCITS, a subsidiary of DC Holdings, is a leading integrated service provider for the entire Fintech industry chain, and once again achieved fruitful results in 2019. DCITS ranked 38th in the Top 100 Global Financial Technology Companies Rankings of "IDC FINTECH RANKINGS" in 2019. According to the IDC report, DCITS has ranked first in the core banking business and channel management solution market for seven consecutive years. Our self-developed distributed core business system was recognized by the People's Bank of China and academia: it has won the "Jinding Award of China International Finance Exhibition 2019 – Excellent Fintech Solution" issued by China Financial Computerization Corp., a company directly under the People's Bank of China, and the "Science and Technology Award of Chinese Institute of Electronics 2019" issued by Chinese Institute of Electronics.

On the backdrop of the increasingly complicated financial market environment today, the PRC industry policy for independently controlled information security will provide unprecedented market opportunities for DCITS. The People's Bank of China issued the "Fintech Development Plan (2019-2021)", and proposed that by 2021, we should promote Fintech development and achieve the internationally leading position, fully establish the Fintech application system which is safe, controllable, advanced and efficient, and construct the information infrastructure architecture which enables the coordinated development of centralized and distributed systems. The distributed system architecture is the consensus choice of financial institutions and the key to accelerate the independently controlled development. Relying on its industry experience and technological advantages accumulated in the financial field for more than three decades, DCITS has independently developed the innovative distributed application platform and the distributed core banking business system, which is helping more financial institutions to migrate to the distributed architecture and forge a solid distributed system, so as to use the industry Big Data to connect financial services with more industry scenarios and solve the financial supply and demand issues in various industries.

Imbalance and uncertainty are normally expected. The crisis itself is also a testing time for cultivating and expanding new drivers for economic growth. In the battle against the pandemic, we are also seeing a great number of new market opportunities while facing the challenge. As a result, the demand for Smart City, Smart Industry Chain and financial digital transformation will be stimulated. In the 5G era of the Internet of Things, Artificial Intelligence, Edge Computing, Blockchain and other new technologies will be increasingly applied in the Internet of Things, and the application hotspots will continue to emerge. The special environment under the pandemic will definitely accelerate integrated innovation and scaled development into a new stage. Looking forward into the future, DC Holdings will build the infrastructure for digital connections of cities and governments through its independently innovated "Software Internet" technology in the field of smart city, making government services more convenient and business processing more efficient and agile. IT Logistics will be committed to offering the product lifecycle management solutions and the end-to-end smart supply chain services. In adhering to the "people-oriented" concept, DC Holdings will endeavour to empower the intelligent development of cities and the digital transformation of industries by introducing technology industry resources and offering the Big Data operation services, thus realizing the great dream of Digital China.

Management Discussion and Analysis

In 2019, the Group achieved a remarkable growth in the key usage models within the ecosystem of big data technologies, with its overall revenue and profits rising rapidly. The "Resource Reflection Mechanism and Efficient Interoperability Technology in Cloud-Client-Convergence Systems" developed by Beijing Internetware Company Limited ("Internetware", a subsidiary of the Company) in cooperation with Peking University won the First Prize of the National Technology Invention Award in January 2019, which is an honorable acknowledgement of our big data technology. The Yan Cloud DaaS series products derived from the abovementioned technologies have been widely used in the construction of the big data infrastructure and successful in bidding for a number of high-value projects. The operating efficiency of our intelligent warehousing solutions and big data platform in the smart industry chain continued to improve and lifted our profitability significantly. During the reporting period, the Group's overall revenue was approximately HK\$17,727 million, representing an increase of approximately HK\$2,473 million or approximately 16.21% over the same period of the last financial year, of which the revenue contributed by big data services amounted to approximately HK\$78.39 million; the gross profit was approximately HK\$3,155 million, representing an increase of approximately 8.43% over the same period of the last financial year, with a gross profit margin of approximately 17.80%. The profit attributable to the shareholders of the parent company of the Group was approximately HK\$302 million, representing an increase of approximately HK\$152 million or approximately 101.78% over the same period of the last financial year.



1) SMART INDUSTRY CHAIN: REVENUE ROSE SIGNIFICANTLY BY APPROXIMATELY 42.26%, WITH ITS SEGMENT PROFIT TURNING AROUND TO A PROFIT OF MORE THAN HK\$100 MILLION

IT Logistics, the operating entity of our smart industry chain business, is a leader in the field of supply chain big data, which applies its strategy of "Supply Chain + Big Data + Artificial Intelligence Internet of Things (AIoT)" in continuous optimization of its big data applications and intelligent warehousing solutions, aiming to provide its customers with end-to-end one-stop supply chain services and help them achieve industrial chain integration. During the reporting period, our Smart Industry Chain business recorded an overall turnover of approximately HK\$5,374 million, a substantial increase of approximately 42.26% over the same period of the last financial year; the gross profit was approximately HK\$690 million and the gross profit margin was approximately 12.84%. Business growth and improving efficiency significantly boosted the earnings of IT Logistics, driving it back to profitability with a segment profit of approximately HK\$106 million, as compared with a loss of approximately HK\$6.03 million for the same period of the last financial year.

During the reporting period, IT Logistics set another new record of 3 million orders per warehouse in the industry during the Double Eleven Shopping Festival, playing a leading role among all smart warehouse logistics players. IT Logistics aggressively tapped the potentials of such industries as IT digital, communication, auto parts, fast moving consumer goods, shoes and clothing, cosmetics and home furnishing to deepen its cooperation with the core customers, as a result of which, its business with BYD, ZTE, China Mobile, Songlian, HIKVISION and other B2B customers maintained its growth momentum, while the number of newly signed online education key customers also underwent a rapid growth. Our business with

Management Discussion and Analysis

Huawei Honor series mobile phones and Dell Technologies-related business accelerated, with the revenue from the related e-commerce supply chain business rising by 96% year-on-year. IT Logistics aggressively exploited the opportunities arising from the development of the Belt and Road Initiative to rapidly expand its presence in the overseas logistics sector. During the reporting period, it successfully won the bid for ZTE's projects in Malaysia, and contracted to build warehouses in Hong Kong, Kuala Lumpur, Kuching and Kota Kinabalu, as well as a new NVG central warehouse in Jakarta, Indonesia.

In line with its core strategy of "Supply Chain + Big Data + Artificial Intelligence Internet of Things (AIoT)", IT Logistics has been continuously increasing its R&D investment for the development of the Digital China Gold Storage Logistics Software set, "KINGKOO DATA" big data products, and the Human + Robot artificial intelligence solutions based on its Cloud Service Platform. With the successful launch of the electronic signature service "Jieyun Express Signing (捷雲快簽)" and a new IoT product "Jieyunbao (捷運寶)" at the end of 2019, its service competitiveness has been improved. IT Logistics is now able to provide its customers with end-to-end one-stop supply chain service. Being the first B2B and B2C integrated intelligent sorting solution in China, the Human + Robot 3.0 model that is well suited for dual businesses scenarios and adopts key features including high density storage and Goods-to-Person format. This could significantly reduce labor and robot involvement, increasing warehouse capacity utilization by 30% and saving labor cost by 50%. The Human + Robot 3.0 has been put into operation in IT Logistics' Chongqing warehouse during the reporting period. IT Logistics combined the automated operation of warehouse robots with streamlined management, which has effectively improved the warehouse utilization and per capita efficiency, significantly improving its B2C business performance, leading to a 31% increase in the output value per hour during the reporting period as compared with the previous year.

The KINGKOO DATA big data platform integrates the demand for big data services in the supply chain, providing intelligent research and real-time visualized information for assisting decision making, helping the industry chain decision makers to make more accurate decisions based on market changes, and thereby improving the overall operating efficiency of the industry chain. At the 2019 China Finance Summit Winter Forum, IT Logistics' KINGKOO DATA Supply Chain Big Data System won two major awards – the "2019 Technology Leadership Award" and "2019 Intelligent Innovation Award".

2) **SM@RT CITY: "YAN CLOUD DAAS" PLAYED A KEY ROLE IN THE FIGHT AGAINST COVID-19 PANDEMIC IN VARIOUS PROVINCIAL REGIONS, WITH MAJOR CONTRACT AWARDS IN CHANGCHUN NEW DISTRICT AND TANGSHAN**

DC Holdings constantly engages in smart development of city and digital transformation of industries with self-developed innovative technologies, based on Sm@rt City 3.0 model. The model is designed to be a comprehensive management of industry, city and citizen, based on the unique characteristics of each city and constructs Sm@rt City top-level design by assuming the role of the "City CTO". During the reporting period, Sm@rt City recorded overall turnover of approximately HK\$327 million; the gross profit was approximately HK\$74.69 million and the segment profit was approximately HK\$11.49 million. In cooperation with Peking University (PKU), Internetware, a subsidiary of DC Holdings, has developed "Resource Reflection Mechanism and Efficient Interoperability Technology in Cloud-Client-Convergence Systems" and won the First Prize of National Technology Invention Award. Based on the abovementioned technologies, "Yan Cloud DaaS" can realize software and data integration, quickly break down the isolated information islands, rapidly recreate business process and can reduce user's project implementation cycle on average by 50%. "Yan Cloud DaaS" is highly recognized by the market and brings lots of high value projects for the Group. On March 2019, the Group entered into a service agreement with Changchun New District Management Committee for the Phase I of "Digital New District" project, pursuant to which the Group will team up with our ecosystem partners for the Phase I construction of the "Digital New District" project in Changchun New District under a contract of approximately RMB174 million. On July 2019, the Group and Tangshan Municipal Government signed a contract in relation to the "Smart Tangshan" construction project in an amount of RMB140 million. The Group will fully support the construction of Tangshan into a new Sm@rt City as the general operator of Sm@rt City and make great efforts to develop digital industry with Tangshan Municipal Government. On December 2019, the Group and the People's Government of Qujing signed a strategic corporation agreement, pursuant to which, the Group will participate in the comprehensive planning and project construction of "Digital Qujing", focusing on the applications including construction of middle office platform, citizen services platform and municipal operation and administration.

The recent outbreak of the COVID-19 Pandemic is accelerating the digitalization of municipal governance and "Yan Cloud DaaS" will play a key role in applying big data technology for pandemic prevention and control. Leveraging the "Yan Cloud DaaS" big data technology, Sm@rt City launched big data services such as "COVID-19 Pandemic Prevention and Control System", "Personal Data Registration System for Persons Involved in COVID-19 Pandemic", "Key Daily Consumer Product Prices Monitoring Platform" and "COVID-19 Pandemic Prevention and Control Information Service Platform" in various regions such as Sanming, Weihai and Longyan. Compared with the traditional top-down management model of the government, DC Holdings makes efforts to include citizens to the city governance system, safeguards the quality and efficiency of services by adding feedback mechanism and connects citizens, city and government through big data technology. With the continuously upgrading of platforms and products of "Yan Cloud DaaS" and introducing them to more cities and enterprises, the operation results of Sm@rt City is expected to experience a significant growth in future.

3) WITH A STRATEGIC FOCUS ON FINANCIAL TECHNOLOGY, DCITS IS RANKED THE FIRST IN THE CORE BANKING BUSINESS AND CHANNEL MANAGEMENT SOLUTION MARKET FOR SEVEN CONSECUTIVE YEARS

Under the framework of the big data strategy of DC Holdings, DCITS, with the focus placed on big data, empowered industry value upgrading using financial technology. In 2019, DCITS ranked the 38th of the "IDC FINTECH RANKINGS" Top 100 financial technology firm and ranked the first in the core bank system business and channel management solution market for seven consecutive years. During the reporting period, DCITS realized revenue of approximately HK\$11,504 million, representing an increase of approximately 9.33% over the same period of last financial year. Gross profit was approximately HK\$2,102 million, an increase of 8.4% year-on-year, and gross profit margin was approximately 18.27%. Segment profit was approximately HK\$301 million, an increase of 101.98% year-on-year.

According to the relevant IDC report, the core business system, as the largest sub-market in the IT solution market of the Chinese banking industry, will maintain a stable growth outlook in the next 3 to 5 years. During the reporting period, the products and solutions of DCITS maintained rapid growth in terms of the number of customers including large state-owned banks, joint-stock banks, urban commercial banks with increasing product penetration rate. The Chinese banking industry is in the process of transformation from a traditional centralized IT structure to a new structure featuring in decentralization and micro-services. Benefiting from the substantial investments in technology research and development, the new-generation distributed core application platform independently developed by DCITS has been highly recognized in the market, and the core application products have also completed its integration with various cloud environments and database environments such as Huawei, Ant Financial, JD Digits and others. The bank core system business achieved a record high in the number of project wins and contracts signed during the year. The newly added projects include those projects from 16 financial institutions including Postal Savings Bank Of China, Bank of Beijing, Bank of Tianjin, Yingkou Coastal Bank, Guangxi Beibu Gulf Bank, Rui Li (Cambodia) Bank, etc.. The corporate service buses and micro-service products of DCITS has maintained its leading position in the industry, winning bids from and entering into contracts with 19 banks including Bank of Guangzhou, Guangxi Beibu Gulf Bank, Guiyang Rural Commercial Bank, The Macau Chinese Bank Ltd., etc.. Our Internet open platform and Internet financial platform also have won bids, and entered into contracts with 13 banks including Bank of Beijing, Bank of Lanzhou, Bank of Guangzhou, Jiujiang Bank, Bank of Qinhuangdao, Bank of Ningbo and Bank of Fuxin, maintaining its leading position in the industry.

In support of the state's "new infrastructure" investment plan, in the field of quantum communication, DCITS has successfully won the bids for "Beijing-Hangzhou Trunk Route", "Wuhan-Guangzhou Trunk Route", "Guangdong-Hong Kong-Macao Greater Bay Area Trunk Route" and the quantum-secured metro network projects such as various extension along the truck routes in key cities, expanding its leading position in the field of quantum communication.

4) ISESOL'S STRONG SUPPORT FOR MANUFACTURERS TO FIGHT AGAINST THE COVID-19 PANDEMIC

iSESOL, an affiliate of the Company, is a leading industrial Internet platform operator. It has developed the iSESOL industrial Internet platform to offer the data-driven one-stop industrial services. During the reporting period, iSESOL BOX was launched as an industrial IoT terminal which, thanks to its edge computing capability, together with its collaboration capability with the edge cloud of the iSESOL industrial Internet platform, has realized the real-time interaction of data between devices and cloud platforms, helping enterprises improve their production efficiency. During the COVID-19 pandemic period, iSESOL provided various industrial apps to the manufacturers which have resumed production. In combination with iSESOL BOX, an industrial IoT terminal, it can provide enterprises with equipment operating status monitoring, remote machine checkups, and remote time-sharing leasing of equipment, remote visualization of workshop production, transparent management of the entire process of the production supply chain and other services. Users can understand the production progress, equipment status, inventory information, quality information, logistics and distribution of their workshops without leaving home. The iSESOL industrial Internet platform have covered 26 provinces and 161 cities, serving more than 3,000 corporate customers, and connecting nearly 30,000 smart devices, representing an increase of 20% as compared with the corresponding period of the previous year. The interconnection project between the processing equipment and industrial big data of iSESOL has been successfully enlisted into the "Public List of 2020 Big Data Industry Development Pilot Demonstration Projects" released by the Ministry of Industry and Information Technology. This is another special honour of iSESOL in 2020, in addition to being selected in the "List of 2019 Industrial Internet Pilot Demonstration Projects" released by the Ministry of Industry and Information Technology.

5) BUSINESS OUTLOOK: FULFILLING OUR "DIGITAL CHINA" MISSION WITH SELF-INNOVATED CORE TECHNOLOGIES TO ENHANCE SHAREHOLDERS' RETURNS

Stepping into 2020, the global economy will face with the risk of slowdown under the COVID-19 pandemic. The Chinese economy is still in a critical period of adapting to the new environment, and the benefits of the big data technology empowering various industries will become more pronounced in special times. While facing with the challenges, the Group has also seen huge market opportunities and will constantly seek breakthroughs in innovation on the backdrop of technological changes. Looking forward, the Group will adhere to its original aspirations and keep its mission in mind. Relying on its self-innovated core technologies such as "Yan Cloud DaaS", the Internet of Things ("IoT"), biometrics and security technology, and through the introduction of technology industry resources and the big data operation services empowering cities' intelligent development and industries' digital transformation, it will achieve profit growth and increase shareholders' returns while striving to realize the dream of "Digital China".

6) UPDATE ON THE SETTLEMENT PLANS REGARDING CERTAIN WEALTH MANAGEMENT FINANCIAL PRODUCTS PURCHASED BY THE GROUP (THE "WMP")

As at 31 December 2019, the outstanding unpaid principal of the WMP was approximately HK\$1,830 million (RMB1,634 million). The Group has made specific action plans on the planning for the sale of the ultimate underlying assets involved in the WMP. In accordance with the action plans, the Company will prioritize the disposal of the real estate residential projects in the ultimate underlying assets (involving principal and interest of approximately HK\$216 million (RMB193 million)).

The real estate residential projects have entered into the asset restructuring and disposal procedure. The construction works on the projects were substantially completed and the sales have been launched with good progress. The real estate projects have already commenced the delivery process. Due to the impact of the COVID-19 pandemic, the completion and acceptance procedures and the property rights certificates will be processed successively. In accordance with the relevant laws and regulations, the Group will recover the amount involved in the real estate residential projects, according to the realisation and repayment plans, totaling approximately HK\$216 million (RMB193 million).

Management Discussion and Analysis

The realisation and repayment plans of the remaining ultimate underlying assets (involving approximately HK\$1,614 million (RMB1,441 million) are still being pushed forward with positive progress. The Group will continue to pursue its execution according to the action plans. In the event of significant progress in the action plans, the Company will issue an announcement in due course.

The carrying amount of WMP, as disclosed in the financial statements of the Group in 2019, was determined with reference to the valuation report by an independent valuer. Based on the management's judgment on the assets and the disposal process of the assets, no adjustment is required to be made in 2019 to the provision for the WMP.

Capital Expenditure, Liquidity and Financial Resources

The Group mainly finances its operations with internally generated cash flows, bank borrowings and banking facilities.

The Group had total assets of approximately HK\$25,551 million at 31 December 2019 which were financed by total liabilities of approximately HK\$12,988 million, non-controlling interests of approximately HK\$3,627 million and equity attributable to equity holders of the parent of approximately HK\$8,936 million. The Group's current ratio at 31 December 2019 was 1.17 as compared to 1.22 at 31 December 2018.

During the year ended 31 December 2019, capital expenditure of approximately HK\$332 million was mainly incurred for the acquisition of properties, office equipment and IT infrastructure facilities.

As at 31 December 2019, the Group had cash and bank balances of approximately HK\$2,006 million, of which about approximately HK\$1,720 million were denominated in Renminbi.

The aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.57 at 31 December 2019 as compared to 0.70 at 31 December 2018. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately HK\$5,095 million (31 December 2018: approximately HK\$6,199 million) and equity attributable to equity holders of the parent of approximately HK\$8,936 million (31 December 2018: approximately HK\$8,850 million).

Management Discussion and Analysis

At 31 December 2019, the denomination of the interest-bearing bank and other borrowings of the Group was shown as follows:

	Denominated in United States dollars HK\$'000	Denominated in Renminbi HK\$'000	Denominated in Hong Kong dollars HK\$'000	Total HK\$'000
Current				
Interest-bearing bank borrowings, unsecured	79,733	1,156,158	150,000	1,385,891
Interest-bearing bank borrowings, secured	-	1,968,048	63,500	2,031,548
Other borrowings	-	51,520	-	51,520
	79,733	3,175,726	213,500	3,468,959
Non-current				
Interest-bearing bank borrowings, secured	-	1,571,970	46,832	1,618,802
Corporate bond	-	6,939	-	6,939
	-	1,578,909	46,832	1,625,741
Total	79,733	4,754,635	260,332	5,094,700

Certain of the Group's bank borrowings of:

1. Approximately HK\$2,274 million extended by financial institutions to certain subsidiaries of the Group were secured by mortgages over the Group's buildings, investment properties and land use rights with an aggregate carrying amount of approximately HK\$3,733 million at 31 December 2019; and
2. Approximately HK\$1,376 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 247,869,570 issued shares of DCITS, a non-wholly-owned subsidiary of the Company, directly held by a wholly-owned subsidiary of the Company, with an aggregate carrying amount of approximately HK\$4,111 million at 31 December 2019.

Included in the Group's current and non-current bank borrowings of approximately HK\$643 million and HK\$1,619 million respectively represented the long-term loans which are repayable from the year 2020 to year 2034. All of the Group's bank borrowings were charged at floating interest rates except for the loan balances with an aggregate amount of approximately HK\$2,225 million which were charged at fixed interest rates as at 31 December 2019.

Pursuant to the "Capital Contribution and Shareholders' Agreement of Shenzhou Lingyun (Beijing) Technology Co., Ltd.", upon fulfillment of the condition pertaining to an undertaking regarding business results, investors subscribing for shares with new capital contributions shall provide, according to their capital contribution ratios, loans with a total amount of RMB33 million (equivalent to approximately HK\$36.96 million) in the form of convertible bonds to Shenzhou Lingyun (Beijing) Technology Co., Ltd.* (神州靈雲(北京)科技有限公司) (a subsidiary of DCITS, which is in turn a non-wholly-owned subsidiary of the Company) ("Shenzhou Lingyun"). During the year ended 31 December 2019, the investors provided convertible bond loans in the amount of RMB1.74 million (2018: RMB14.85 million) (equivalent to approximately HK\$1.95 million (2018: approximately HK\$16.90 million)), comprising RMB nil (2018: RMB13.60 million) (equivalent to HK\$ nil (2018: approximately HK\$15.50 million) provided by DCITS and RMB1.74 million (2018: RMB1.25 million) (equivalent to approximately HK\$1.95 million (2018: approximately HK\$1.40 million) provided by the remaining investors. Subject to the fulfillment of the undertaking regarding Shenzhou Lingyun's business results for the years 2016 to 2020 in full, the investors have agreed to convert the full amount of the convertible bond loans into investments in Shenzhou Lingyun, which shall be credited, upon conversion, to Shenzhou Lingyun's capital reserve. In the event that the business result undertaking is not fulfilled, Shenzhou Lingyun shall repay the aforesaid convertible bond loans within 30 days upon receipt of notices from the investors.

The total available bank credit facilities for the Group at 31 December 2019 amounted to approximately HK\$12,546 million, of which approximately HK\$2,317 million were in long-term loan facilities, approximately HK\$3,797 million were in trade lines and approximately HK\$6,432 million were in short-term and revolving money market facilities. At 31 December 2019, the facility drawn down from the Group was approximately HK\$2,261 million in long-term loan facilities, approximately HK\$679 million in trade lines and approximately HK\$2,775 million in short-term and revolving money market facilities.

Under the normal course of business, the Group has issued performance bonds to some customers for potential claims of non-performance in order to satisfy the specific requirements of these customers. As no material claims had been made by the customers under such performance bonds in the past, the management considers that the possibility of realisation of any actual material liabilities arising from such performance bonds is remote.

Contingent Liabilities

On 7 November 2018, China Potevio Co., Ltd. filed a litigation with Beijing's Second Intermediate People's Court on the grounds that DCITS assisted Shenzhen Shengwugang Investment Co., Ltd. (深圳市生物港投資有限公司) ("Shengwugang Company") in capital withdrawal, requiring DCITS to bear joint and several liability for compensation in relation to the assistance given to Shengwugang Company for capital withdrawal of RMB25,000,000 together with interests. At the end of December 2018, DCITS filed jurisdiction objection litigation with Beijing's Second Intermediate People's Court, which has been rejected by Beijing's Second Intermediate People's Court. DCITS filed litigation with Beijing Municipal High People's Court against the ruling rejecting the jurisdiction objection, which has been rejected by Beijing Municipal High People's Court in May 2019. On 29 October 2019, Beijing Second Intermediate People's Court issued the civil judgment (2018) Jing 02 Min Chu No. 344, which stated that: DCITS shall undertake the supplementary liability for the unsettled part of the debt Shengwugang Company owned to China Potevio Co., Ltd. under Guangdong Shenzhen Intermediate People's Court (2007) Shen Zhong Fa Wei Zhi Zi No. 539 Enforcement Case after the enforcement (with the amount limited to RMB68,125,000), which is limited to the extent of the principal and interest of the advance totaling RMB35,120,000; Beijing Xinfu Investment (Group) Co., Ltd. (北京新富投資有限公司) and Kunshan Shenchang Technology Co., Ltd. (昆山市申昌科技有限公司), being other third-party defendants, shall bear their supplementary liabilities to the extent of the capital withdrawal amounting to RMB58,380,000 and the principal and interest of the advance totaling RMB60,250,000, respectively. DCITS has appealed to the court, but it is necessary to make a provision of RMB21,382,000 for the judgement above.

Management Discussion and Analysis

Capital Commitment

At 31 December 2019, the Group had the following capital commitments:

	HK\$'000
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Contracted, but not provided for, in the consolidated financial statements:	
Land and buildings	30,209
Capital contributions payable to joint ventures	33,969
Capital contributions payable to associates	23,520
Capital contributions payable to financial assets at fair value through other comprehensive income	480
	<hr/>
	88,178
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Events after reporting period

On 14 January 2020, the Group entered into a sale and purchase agreement with SK China Company Limited (the "Transferee") pursuant to which the Group has agreed to sell the entire equity interest in Beijing Lizhi Weixin Technology Co., Ltd ("BLW"), being an indirect non-wholly owned subsidiary of the Company, which in turn holds 32,720,636 shares in Digital China Health Technologies Co., Ltd* (神州數碼醫療科技股份有限公司) ("Digital China Health"), representing approximately 14.05% of the entire issued share capital of Digital China Health. Under the agreement, the total consideration for the disposal payable by the Transferee shall be the U.S. dollar equivalent of RMB500,000,000 (equivalent to approximately HK\$559,998,000). After completion of the disposal, the total issued shares of the Group in Digital China Health decreased from 20.04% to 5.99%, and Digital China Health ceased to be an associate of the Company. The related interest will be accounted for a financial asset at fair value through other comprehensive income. The Group also ceased to have any equity interest in BLW, and BLW will cease to be a subsidiary of the Company.

Since the outbreak of COVID-19 pandemic in the PRC in January 2020, the Group has closely monitored the development of such outbreak, assessed and actively responded to its impact on the financial status and operating results of the Group. The Group expects that the COVID-19 pandemic outbreak will have a temporary impact on the Group's operating activities but it will also bring new business opportunities to the Group, including in the Smart City and e-commerce areas. No material adverse impact has been noted as at the date of this report. The Group will also continue to monitor other potential risks to our operations and manage such risks as they arise.

Human Resources

At 31 December 2019, the Group had approximately 11,800 full-time employees (31 December 2018: approximately 11,000). The majority of these employees work in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. The Group has recorded a 0.23% increase in staff costs to approximately HK\$2,575 million for the year ended 31 December 2019 as compared to approximately HK\$2,569 million for the corresponding period of the last financial year. In order to attract and retain a high caliber of capable and motivated workforce, the Company offers share-based incentive schemes to staff based on the individual performance and the achievements of the Company's targets. The Group is committed to providing its staff with various in-house and external training and development programs.

Management Discussion and Analysis

Update on the use of proceeds from the Rights Issue

In September 2017, the Company completed a rights issue (the "Rights Issue") and raised funds of approximately HK\$1,335 million. The table below set out the use of net proceeds (the "Net Proceeds") from the Rights Issue:

	Un-utilised amount as at 1 January 2018 HK\$'million	Actual application as at 31 December 2018 HK\$'million	Un-utilised amount as at 31 December 2018 HK\$'million	Actual application for the year ended 31 December 2019 HK\$'million	Un-utilised amount as at 31 December 2019 HK\$'million	Expected to be utilised for the year ended 31 December 2020 HK\$'million
Intended use of the net proceeds from the Rights Issue						
Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified	728	(157)	571	(198)	373	373

Note: As at the date of this report, the Healthcare Big Data Investment is still at its preliminary discussion stage and no legally binding agreement has been entered into by the Group.

The Company does not have any intention to change the purposes of the Net Proceeds as set out in the Rights Issue prospectus dated 23 August 2017, and will gradually utilise the un-utilised amount of the Net Proceeds in accordance with the intended purposes mentioned above. As at 31 December 2019, an aggregate of HK\$962 million has been utilised from the Net Proceeds.

For further details of the Rights Issue, please refer to the announcements dated 21 July 2017, 24 August 2017 and 15 September 2017, the rights issue prospectus dated 23 August 2017 and the annual report for the year ended 31 December 2017 and 31 December 2018 of the Company.

Directors and Company Secretary

EXECUTIVE DIRECTORS



Mr. GUO Wei

Mr. GUO Wei, aged 57, is the Chairman, Chief Executive Officer and an Executive Director of the Group and is responsible for the strategic development and the overall business management of the Group. Mr. Guo had been the Vice Chairman, the President and the Chief Executive Officer of the Group since February 2001 and was appointed as the Chairman of the Board of the Company in December 2007. In June 2018, Mr. Guo was re-appointed as the Chief Executive Officer of the Group. He is also a Director of certain subsidiaries and associates of the Company. Mr. Guo obtained a Master's Degree from the Graduate School of the Chinese Academy of Science (formerly known as Graduate School of the University of Science and Technology of China) in 1988. He joined the Legend group in 1988 and was once an Executive Director and Senior Vice President. Mr. Guo was awarded such major prizes included China's Top Ten Outstanding Youths (2002), 求是傑出青年成果轉化獎 (**Practical and Outstanding Youth of Achievement**) (2002) by the China Association for Science and Technology, China's Top Ten Outstanding Youths in Technology Innovation (1998), Future Economic Leader of China (2003), and the First Annual China Young Entrepreneurs Creative Management Golden Honour (2005). He was also selected as the 50 Most Powerful Business people in China by Fortune Magazine (Chinese version) in 2011 and 2012.

Mr. Guo is currently the Chairman of Digital China Information Service Company Ltd. and the Chairman and the President and members of the Strategic Committee and the Nomination Committee of Digital China Group Co., Ltd. (formerly known as Shenzhen Shenxin Taifeng Group Co., Ltd.) (all listed on The Shenzhen Stock Exchange). In addition, he is a Director of Kosalaki Investments Limited which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Guo was a Non-executive Director of HC GROUP INC. (formerly known as HC International, Inc.) (listed on the Main Board of The Stock Exchange of Hong Kong Limited), an Independent Director of Shanghai Pudong Development Bank Co., Ltd. (listed on The Shanghai Stock Exchange), a Director of DigiWin Software Co., Ltd. (listed on the ChiNext of The Shenzhen Stock Exchange) and an Independent Non-executive Director of China Southern Airlines Company Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited, The Shanghai Stock Exchange and The New York Stock Exchange). Besides, Mr. Guo is currently a member of the 4th Advisory Committee for State Informatization and Vice Chairman of Digitalized China Industry Development Alliance. He was a Standing Committee Member of the 11th & 12th National Committee of the Chinese People's Political Consultative Conference, the Chairman of Beijing Informatization Association and the Chairman of the 6th Council of China Non-Governmental Science Technology Entrepreneurs Association, the Chairman of China Smart City Industry Technology Innovation Strategic Alliance and other social positions. He has over 32 years of experience in business strategy development and business management.

Directors and Company Secretary



Mr. LIN Yang

Mr. LIN Yang, aged 53, is the Vice Chairman and an Executive Director of the Group. He is also a Director of certain subsidiaries of the Company. Mr. Lin graduated in 1988 with a Bachelor's Degree in Computing Communications from the Xidian University and in 2005 with a Master's Degree in Business Administration from Cheung Kong Graduate School of Business. He joined the Group in February 2001 and was previously the Executive Vice President and the President of the Group and was also the Chief Executive Officer of the Group from April 2011 to June 2018. Mr. Lin was the Vice Chairman, Director and a member of the Audit Committee of Digital China Information Service Company Ltd. (listed on The Shenzhen Stock Exchange). He joined the Legend group in 1990 and has over 29 years of management experience in IT business. Mr. Lin was awarded the Lifetime Achievement Award by the IT Channel Elite Panel in 2001 and recognised as the Most Influential Figure in IT Distribution of 20 Years in 2005. In 2013, he was also selected as one of the Leaders of the Year 2012 of the China Information Industry and Top-10 Annual Icons of the Year 2012 of Zhongguancun. Besides, Mr. Lin was the Director of IT Channel Profession Council, under the MIIT (Ministry of Industry and Information Technology).

Directors and Company Secretary

NON-EXECUTIVE DIRECTORS



Mr. YU Ziping

Mr. YU Ziping, aged 48, has been a Non-executive Director of the Company since 27 December 2017. Mr. Yu currently serves as the Director and General Manager of Guangzhou Environment Energy CCI Capital Ltd. ("GEE"), the Legal Representative and Chairman of Guangzhou Wisdom City Science and Technology Development Co., Ltd. (a joint venture of the Company and GEE), a director of Guangzhou Chengtou Runze Technology Co., Ltd. and Guangzhou Chengtou Information Technology Co., Ltd., and the Legal Representative, Director and General Manager of Guangzhou Wisdom Shipping Marketing Data Services Ltd.. Since 19 January 2020, Mr. Yu act as the Chairman & General Manager of Guangzhou Smart City Investment Operation Co. Ltd.. Mr. Yu graduated from Northeastern University in 1994 with a Bachelor's Degree in Engineering and graduated from Jinan University in 2003 with MBA Degree. He obtained architect qualification in 2000.

Mr. Yu had worked at several large state-owned enterprises and multinational joint ventures. During the period, he was responsible for the formation of companies, port shipping, urban infrastructure construction and investment operation and management, as well as the development of new industries and other business. In recent years, he mainly focused on the smart city and big data business. He was the Commercial Manager of Business Development Department at Guangzhou Container Terminal Co., Ltd. from 2001 to 2003. He was the Manager of Investment Management Department, Plan Purchasing and Contract Management Department and Business Management Department at Guangzhou University City Investment & Management Co., Ltd. from 2003 to 2010. He was a member of the Investment Committee of GZ Investment Group.

Directors and Company Secretary



Mr. PENG Jing

Mr. PENG Jing, aged 33, has been a Non-executive Director of the Company since 27 December 2017. Mr. Peng serves as the Vice General Manager of Guangzhou City Investment Co., Ltd. and the Chairman of Guangzhou City Investment Micro Loan Co., Ltd.. Mr. Peng received a Bachelor's Degree in Literature from Guangzhou University in 2008 and received a Master's Degree in Business Administration from Guangdong University of Finance and Economics in 2017.

Mr. Peng has served several large listed financial institutions and state-owned conglomerates, and has had nearly 12 years' experience on financial investment and financing experience since 2008. During the period, he was responsible for bank credit, trade finance, international business and corporate financial investment. He has established several companies to invest in funds, finance lease, small loans, urban infrastructure construction and investment operation management, as well as the development of emerging industries. In recent years, he has focused on financial investment and financing, participated in the establishment of big data funds and construction funds, and participated in the relevant investment projects of the group's smart cities.

Directors and Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTORS



Mr. WONG Man Chung, Francis

Mr. WONG Man Chung, Francis, aged 55, has been an Independent Non-executive Director of the Company since 23 August 2006. He holds a Master Degree in Management conferred by Guangzhou Jinan University, the People's Republic of China. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and The Society of Chinese Accountants and Auditors, and a Certified Tax Advisor of the Taxation Institute of Hong Kong. He is a Certified Public Accountant (Practising) and has over 32 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory, corporate restructuring and liquidation, family trust and wealth management. Previously, Mr. Wong worked for KPMG, an international accounting firm, for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong has the appropriate professional qualifications, accounting and related financial management expertise as required under Rule 3.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mr. Wong is currently an Independent Non-executive Director, the Chairman of the Audit Committee and the Remuneration Committee as well as a member of the Nomination Committee of China Oriental Group Company Limited and Greenheart Group Limited (all listed on the Main Board of The Stock Exchange of Hong Kong Limited); an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of Wai Kee Holdings Limited and Integrated Waste Solutions Group Holdings Limited (all listed on the Main Board of The Stock Exchange of Hong Kong Limited); an Independent Non-executive Director and a member of the Audit Committee and the Strategy and Investment Committee of GCL-Poly Energy Holdings Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited); an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of Hilong Holding Limited and IntelliCentrics Global Holdings Ltd. (all listed on the Main Board of The Stock Exchange of Hong Kong Limited); an Independent Non-executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee of Qeeka Home (Cayman) Inc. (listed on the Main Board of The Stock Exchange of Hong Kong Limited); and an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Risk Management Committee and the Remuneration and Evaluation Committee of Shanghai Dongzheng Automotive Finance Co., Ltd. (listed on the Main Board of The Stock Exchange of Hong Kong Limited). He was an Independent Non-executive Director and the Chairman of the Audit Committee of Kunming Dianchi Water Treatment Co., Ltd. (listed on the Main Board of The Stock Exchange of Hong Kong Limited) and an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Nomination Committee of China New Higher Education Group Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited). Mr. Wong is Non-executive Chairman of Union Alpha C.P.A. Limited and a Non-executive Director of Union Alpha CAAP Certified Public Accountants Limited, both being professional accounting firms. Mr. Wong is a Founding Director and member of Francis M C Wong Charitable Foundation Limited, a charitable institution.

Directors and Company Secretary



Ms. NI Hong (Hope)

Ms. NI Hong (Hope), aged 47, has been an Independent Non-executive Director of the Company since 29 September 2010. Ms. Ni received her J.D. Degree from the University of Pennsylvania Law School and her Bachelor's Degree in Applied Economics and Business Management from Cornell University. Ms. Ni joined the Company in September 2010. Currently, Ms. Ni is an Executive Director and the Chief Investment Officer of Cogobuy Group (listed on the Main Board of The Stock Exchange of Hong Kong Limited) and an Independent Director, the Chairman of the Audit Committee and a member of the Compensation Committee of ATA Inc., a NASDAQ-listed company (NASDAQ: ATAI). Ms. Ni has been the Chairman of Inspire Capital since 2009. From August 2004 to January 2008, Ms. Ni served as the Chief Financial Officer and Director for Viewtran Group, Inc. ("**Viewtran**"), and subsequently served as its Vice Chairman until early 2009. Prior to joining Viewtran, Ms. Ni spent six years as a Practicing Attorney at Skadden, Arps, Slate, Meagher & Flom LLP in New York and Hong Kong, specializing in corporate finance. Prior to that, Ms. Ni worked at Merrill Lynch's investment banking division in New York.

Ms. Ni was an Independent Director, the Chairman of the Audit Committee and a member of the Compensation and Nomination Committee at JA Solar Holdings, Co. Ltd., a NASDAQ-listed company (NASDAQ: JASO), a Director of ATA Online (Beijing) Education Technology Co., Ltd. (delisted from the National Equities Exchange and Quotations System of China (also known as the New Third Board) on 11 October 2017) and an Independent Director at KongZhong Corporation, a formerly NASDAQ-listed company (NASDAQ: KZ).

Directors and Company Secretary



Dr. LIU Yun, John

Dr. LIU Yun, John, aged 56, has been an Independent Non-executive Director of the Company since 25 March 2014. Dr. Liu is the board member of the Board of Directors and the Chief Executive Officer of VOSS (an international bottled water brand) since 1 January 2020. Dr. Liu also the Chief Advisor of Reignwood Holdings Pte Ltd. (Singapore) since 1 August 2019. He was the Vice President and Chief Operating Officer of Wanda Internet Technology Group from March 2017 to May 2018. He was an Independent Non-Executive Director of ARM Holdings Plc. (listed on the London Stock Exchange) from December 2014 to September 2016. He was also a Senior Vice President of Greater China Field Division of Conservation International from June 2016 to September 2016. He was the Chief Business Officer of Qihoo 360 Technology Co. Ltd. from January 2014 to August 2015. Prior to that, he held senior positions in various renowned companies in the communication or networking or software arena as follows: Corporate Vice President and Head of Greater China of Google Inc. from 2008 to 2013; Chief Executive Officer, China Operations of SK Telecom Co., Ltd. from 2002 to 2007; General Manager, Greater China of FreeMarkets Inc. from 2000 to 2002; Chief Executive Officer, China Operations of SITA Communication from 1999 to 2000; General Manager, Telecommunication Group of The Lion Group from 1997 to 1999 and Country Director, Greater China of Singapore Telecommunications Limited from 1994 to 1997.

Dr. Liu graduated from Beijing Normal University with a Bachelor's Degree in Mathematics in 1983 and obtained his Ph.D in Telecommunications Network Management from Technical University of Denmark in 1997. In 2011, Dr. Liu undertook a Senior Executive Program of Harvard Business School.

Directors and Company Secretary



Ms. YAN Xiaoyan

Ms. YAN Xiaoyan, aged 68, has been an Independent Non-executive Director of the Company since 27 May 2014. Ms. Yan has served in the financial sector for about 41 years. She has taken up senior positions at The People's Bank of China and Industrial and Commercial Bank of China and served as a Director and a Vice President of Bank of Beijing (listed on The Shanghai Stock Exchange) since 1996 and appointed as the President and the Vice Chairperson since 2002 and 2010 respectively. Ms. Yan was also the President of the 6th Executive Committee of Beijing Banking Association. She was also the Chairperson of Bank of Beijing Consumer Finance Company, an Advisor to The People's Government of Beijing Municipality, the Vice President of the Listed Companies Association of Beijing, the Assistant Secretary General of the China Volunteer Service Federation and the Vice Director General and Secretary General of the China Volunteer Service Foundation. Ms. Yan is a female financial entrepreneur with outstanding acumen and leadership rarely seen in the banking sector.

Ms. Yan is a senior economist, holding a Master's Degree in Economics from Southwestern University of Finance and Economics and a Master's Degree in Management from Xiamen University. She is a tutor to graduate students and visiting professor at the Central University of Finance and Economics, a school-level part-time professor at Xi'an Jiaotong University and an instructor at the post-doctorate research station of Bank of Beijing.

Directors and Company Secretary



Mr. KING William

Mr. KING William, aged 53, was appointed as an Independent Non-executive Director of the Company with effect from 29 June 2018. Mr. King was the Managing Director of Russell Reynolds Associates, Hong Kong from October 2018 to December 2019 and a partner at Egon Zehnder International (Shanghai) Company Limited, a leading executive search firm, from January 2007 to May 2016. Prior to that, Mr. King held several leadership roles with some of the global technology companies as follows: Chief Operating Officer at eBay China from April 2005 to November 2006, General Manager of AT&T Greater China from August 2002 to April 2005, Director of Telecommunications and Media at Credit Suisse First Boston (CSFB), Hong Kong from September 2001 to April 2002, Head of Corporate Planning and Development at Hong Kong Telecom and PCCW from September 1999 to September 2001; Senior Associate at Booz Allen & Hamilton from 1995 to September 1999 and Senior Systems Consultant with IBM Corporation in the US from February 1988 to July 1993.

Mr. King received a Bachelor of Science Degree in Electrical Engineering from University of Michigan and MBA with Finance major from the Wharton School of Business at the University of Pennsylvania.

COMPANY SECRETARY



Mr. WONG Chi Keung

Mr. WONG Chi Keung, aged 53, is the Company Secretary of the Company. Mr. Wong is mainly responsible for the financial reporting and listing issues of the Group. Mr. Wong graduated from The University of Hong Kong with a Bachelor's Degree in Social Sciences and is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wong was a Non-executive Director and a member of the Remuneration Committee of HC International, Inc. (listed on the Main Board of The Stock Exchange of Hong Kong Limited). Previously, Mr. Wong worked for Ernst & Young, an international accounting firm, for 6 years. Mr. Wong has over 30 years of experience in financial management and corporate administration.

Corporate Governance Report

The Group is committed to promote the highest standards of corporate governance and to maintain sound and well-established corporate governance practices so as to enhance its transparency, accountability and corporate value to the shareholders of the Company (the "Shareholders").

The Company abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices set out in the "Corporate Governance Code and Corporate Governance Report" (the "Code") and contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

During the year ended 31 December 2019 (the "Reporting Period"), the Company has complied with the code provisions (the "Code Provision(s)") set out in the Code throughout the Reporting Period, except the following deviations from certain Code Provisions with considered reasons as given below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. GUO Wei, the Chairman of the board of directors of the Company (the "Board"), has been taking up the dual role as Chairman and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable the consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All of the Non-executive Directors of the Company were not appointed for any specific term. Since all Directors (save for the Chairman of the Board or the Managing Director) are subject to retirement by rotation at each annual general meeting in accordance with the new bye-laws of the Company (the "New Bye-Laws") and shall be eligible for re-election. The Board considers that the retirement of Directors by rotation at each annual general meeting in accordance with the New Bye-Laws has given the Shareholders the right to approve the continuation of the service of the Directors.

Code Provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the New Bye-Laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office, the Chairman of the Board or the Managing Director shall not, whilst holding such office, be subject to retirement by rotation. Therefore, Mr. GUO Wei, the Chairman of the Board, shall not be subject to retirement by rotation. Given the existing number of Directors of the Company, not less than one-third of the Directors are subject to retirement by rotation at each annual general meeting, by which each Director (other than the Chairman of the Board) will retire by rotation once every three years at the minimum.

Code Provision A.5.1 stipulates that the listed company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

The Company does not establish a nomination committee at present. The Company considers that the setting up of a nomination committee may not be necessary as the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as addition to the Board according to the New Bye-Laws, therefore, the Board has been able to assume the responsibilities of a nomination committee. The Board will identify and assess whether the candidate has the balanced composition of skills and experience appropriate for the requirements of the businesses of the Company and suitably qualified to become board members.

Code Provision D.1.4 stipulates that directors should clearly understand delegation arrangements in place. Listed company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

The Company has not entered into any written letter of appointment with its any Non-executive Directors or Independent Non-executive Directors. However, the Board recognises that (i) the relevant Directors have already been subject to the laws and regulations applicable to directors of a company listed on the Stock Exchange, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its Shareholders; (ii) all of them are well established in their professions and have held directorships in other listed companies; and (iii) the current arrangement has been adopted by the Company for years and has proved to be effective. Therefore, the Board considers that the relevant Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

BOARD OF DIRECTORS

Composition

As at the end of the Reporting Period, the Board comprised nine Directors, including two Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. To the best knowledge of the Company, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board has a coherent framework with clearly defined responsibilities and accountabilities to safeguard and enhance shareholder values and provide a robust platform to realize the strategy of the Group.

Biographical details of the Directors are set out under the heading "**Directors and Company Secretary**" on pages 22 to 31 of this annual report.

Role and Function

The Board takes responsibility for the formulation of the overall strategy and the leadership and control of the Group such as the Group's long term objectives and strategies, the approval of the Group's corporate and capital structure, financial reporting and controls, internal controls and risk management, material contracts, communication with the Shareholders, the Board membership and other appointments, remuneration of Directors and other key senior management, delegation of authority to Board committees and corporate governance matters.

During the Reporting Period, an annual general meeting and an adjourned annual general meeting were held and the Board held four regular Board meetings at approximately quarterly intervals and three ad hoc Board meetings where the Directors attended the Board meetings either in person or by means of electronic communication.

Appointments and Re-election

The Board is empowered under the New Bye-Laws to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Only the qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications, experience and their possible contribution to the Group.

Corporate Governance Report

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed five Independent Non-executive Directors, one of whom has appropriate professional qualifications or accounting or related financial management expertise.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that they are independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. GUO Wei, the Chairman of the Board, has been taking up the dual role as Chairman and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable the consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in 2001 with specific written terms of reference. The Audit Committee comprises three members and all of them are Independent Non-executive Directors. The Audit Committee is currently chaired by Mr. WONG Man Chung, Francis (who possesses the appropriate professional qualification or accounting or related financial management expertise), with Ms. NI Hong (Hope) and Ms. YAN Xiaoyan as members.

The latest Terms of Reference for Audit Committee re-adopted by the Board was effective on 21 December 2018 and is available on the websites of the Stock Exchange and the Company respectively.

The Audit Committee assists the Board in carrying out its oversight responsibilities in relation to financial reporting, risk management and internal control, and in maintaining a relationship with external auditors.

The Audit Committee is responsible for, among others, the following:

- (i) monitoring the integrity of the financial statements of the Group;
- (ii) reviewing the Group's financial controls, risk management and internal control systems;
- (iii) reviewing the Group's financial and accounting policies and practices;
- (iv) reviewing and monitoring the effectiveness of the Group's internal audit function and ensuring coordination between the internal and external auditors; and
- (v) performing the Group's corporate governance function delegated by the Board.

Corporate Governance Function

Under the Terms of Reference for Audit Committee now in place, the Audit Committee has been delegated by the Board to perform the following corporate governance function:

- (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) to review the Company's compliance with the Code and the disclosure in this report as set out under Appendix 14 of the Listing Rules.

During the Reporting Period, the Audit Committee held two meetings where the members attended either in person or by means of electronic communication.

For the Reporting Period, the Audit Committee has reviewed with the senior management and the Auditor of the Company (the "Auditor") their respective audit findings, the half-yearly and annual financial results before recommending them to the Board for consideration and approval, the accounting principles and practices adopted by the Group, legal and regulatory compliance, and discussed auditing, internal control, risk management and financial reporting matters. The Board has, through the Audit Committee, conducted regular reviews on the effectiveness of the internal control system of the Group and discussed matters related to corporate governance function during the Reporting Period.

The Audit Committee has no disagreement with the Board on the selection, appointment, resignation or dismissal of the Auditor.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 31 August 2006 with specific written terms of reference. The Remuneration Committee comprises three members and all of them are Independent Non-executive Directors. The Remuneration Committee is currently chaired by Dr. LIU Yun, John, with Mr. WONG Man Chung, Francis and Mr. KING William as members.

The latest Terms of Reference for Remuneration Committee is available on the websites of the Stock Exchange and the Company respectively.

The Remuneration Committee assists the Board to assess and making recommendations on the compensation policy and compensation packages for the Directors and senior management.

The Remuneration Committee is responsible for, among others, the following:

- (i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and
- (ii) making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, which includes benefits in kind, pension rights and compensation payments and on the remuneration of Non-executive Directors.

Corporate Governance Report

Details of the Directors' emoluments for the Reporting Period are set out in note 9 to the financial statements.

The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

DIRECTOR'S ATTENDANCE RECORDS AT MEETINGS

The attendance of each Director at the following meetings during the Reporting Period is set out below:

	Committee members		Number of meetings attended/held				Annual General Meeting
	Audit Committee	Remuneration Committee	Board Meeting		Audit Committee	Remuneration Committee	
Board members			Regular	Ad Hoc			
Executive Directors							
GUO Wei (<i>Chairman and Chief Executive Officer</i>)	-	-	4/4	3/3	N/A	N/A	2/2
LIN Yang (<i>Vice Chairman</i>)	-	-	4/4	3/3	N/A	N/A	0/2
Non-executive Directors							
YU Ziping	-	-	3/4	1/3	N/A	N/A	1/2
PENG Jing	-	-	2/4	2/3	N/A	N/A	1/2
Independent Non-executive Directors							
WONG Man Chung Francis	Chairman	Member	4/4	3/3	2/2	N/A	2/2
NI Hong (Hope)	Member	-	4/4	2/3	2/2	N/A	1/2
LIU Yun, John	-	Chairman	3/4	2/3	N/A	N/A	2/2
YAN Xiaoyan	Member	-	4/4	1/3	2/2	N/A	0/2
KING William	-	Member	4/4	2/3	N/A	N/A	0/2

DIRECTOR INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Newly appointed Directors will receive comprehensive induction on appointment to ensure understanding of the directors' responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also organises and arranges seminars for and/or provides relevant reading materials to Directors to help ensure they are apprised of the roles, functions and duties of being a director of a listed company and the development of their knowledge on the regulatory updates whenever necessary or appropriate.

During the Reporting Period and up to the date of this annual report, the Company has provided training materials for all the then Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Company has received the records of training from all those Directors.

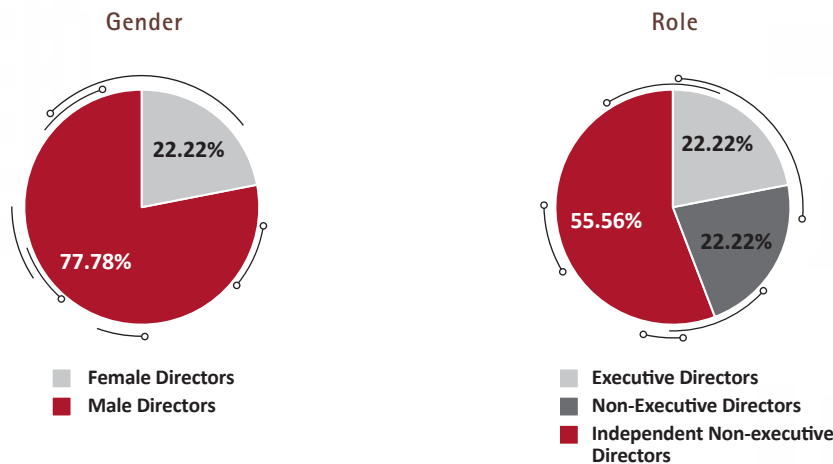
BOARD DIVERSITY POLICY

The Company is committed to promoting diversity among the Board and has adopted a board diversity policy (the "Board Diversity Policy") effective on 20 August 2013. The Board Diversity Policy outlines the Board's commitment to fostering a corporate culture that embraces diversity and, in particular, focuses on its composition.

The Company recognising and embracing the benefits of having a diverse Board values increasing diversity at Board level which is perceived to be an essential element in achieving a sustainable and balanced development of the Company. In determining the Board composition that best suits the Company, a wide spectrum of aspects, including but not limited to gender, age, ethnicity and cultural background, skills, regional and industry experience, professional experience, length of service and other qualities of directors will be considered. All Board appointments shall be made on the basis of meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the end of the Reporting Period, the diversity of the Board is shown in the following graphic illustrations. Out of the nine Directors comprising the Board, two of them are women. Two of the nine Directors are Non-executive Directors and five of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, cultural and educational background, professional expertise and skills. The Board endeavours to steer forward and ensure that the Board has a balance of skills, experience and diversity of aspects appropriate to the requirements of the Company's business.

Diversity of the Board as at the end of the Reporting Period



REMUNERATION OF AUDITOR

For the Reporting Period, remuneration to the Auditor was approximately HK\$2,550,000 for audit services and approximately HK\$150,000 for non-audit services on review relating to the financial statements of offering and issuance of Taiwan Depository Receipts.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Notions

An effective and adequate risk management and internal control system is important for ensuring the realisation of the Group's strategic objectives. The risk management and internal control system should uphold the effective conduct of business activities, guarantee the truthfulness and fairness of accounting records, ensure the Group's compliance with relevant laws, regulations and policies, and safeguard the assets and interests of the Shareholders.

Features and Effectiveness of Risk Management and Internal Control

The Board acknowledges its responsibility to establish and maintain the Group's risk management and internal control systems and to review their effectiveness, for the purpose of safeguarding the investments of Shareholders and the assets of the Group. Such systems are designed to manage, but not to remove, the risk of failure to achieve business objectives, provide reasonable (but not absolute) assurance for freedom from material misstatements or losses, and manage, but not eliminate, the risk of material errors in the objectives of the Group. Such responsibility is primarily performed by the Audit Committee, which conducts at least once annually, on behalf of the Board, reviews on whether the Group's risk management and internal control systems in respect of risk handling, financial accounting and reporting are effective on an ongoing basis, whether its operations are effective and efficient, and whether pertinent laws and regulations have been complied with and risk management functions have been fulfilled. The Audit Committee also monitors risks associated with the Group's accounting, internal audit, finance, staff qualifications and experience, operations and compliance. The Board also understands its overall responsibility for internal control, financial control and risk management, and reviews from time to time its effectiveness in this regard.

On behalf of the Board, the Audit Committee continuously reviews the risk management and internal control system. The review procedures include, but are not limited to, listening to the reports delivered by, among others, the business management teams, the Internal Audit Department, the Legal Department and the external auditors, reviewing the various work reports and key indicator information, as well as discussing material risks with the senior management team.

For the year 2019, the Board is of the opinion that the Group's risk management and internal control system was both effective and adequate. Besides, the Board believes that the Group's accounting and financial reporting functions were performed by sufficient staff who were suitably qualified and experienced and who had received proper training and been adequately developed. The Board also believes that sufficient resources were allocated to the Group's internal audit function, which was performed by sufficiently qualified and experienced staff and for which the training programmes and budget were sufficient.

RISK MANAGEMENT

1. Three-tier protection for risk management

In order to ensure the effectiveness of the risk management and internal control system, the Group has adopted a three-tier protection model and, under the supervision and guidance of the Board, established the organisational structure for risk management and internal control. The Company's actual circumstances are also taken into account regarding the annual optimisation and refinement of the structure.

- First line of protection — operations and management: Mainly composed of the Group's functional and business departments at various levels, it is responsible for the day-to-day operations and management, and for the design and execution of the relevant control measures for countering risks.
- Second line of protection — risk management: Mainly composed of the respective risk management departments of the Business Groups, it is responsible for planning and carrying out the construction of the risk management and internal control system and, in accordance with the requirements of the risk management system, for organising, directing, coordinating and implementing the collection of risk-related information, risk identification, risk assessment and measures countering material risks at the respective Business Groups. As such, the second line of protection assists the first line of protection in establishing and refining the risk management and internal control system.
- Third line of protection — independent protection: Mainly composed of the Group's Internal Audit Department, it is responsible for supervising and assessing the risk management tasks of the Group, thereby ensuring the effectiveness of the risk management and internal control system.

2. Procedures for Identifying, Assessing and Managing Material Risks

Below is an outline of the procedures employed by the Group for identifying, assessing and managing its material risks:

- **Risk identification and assessment:** Risks that may have a potential impact on the business and operations of the Group's various Business Units are identified, and a risk database is established and continuously updated; the assessment criteria that have been reviewed and approved by the management are used in the assessment of identified risks, during which the likelihood of their occurrence and their impact on the business are taken into account;
- **Risk-counteracting:** Through the comparison of risk assessment outcomes, risks are ranked by priority, and risk management strategies and internal control procedures are determined for preventing, avoiding or reducing risks;
- **Risk monitoring and reporting:** Relevant risks are monitored on an ongoing and regular basis, and appropriate internal control procedures are guaranteed to be in place; in the event of any material change, the risk management policies and internal control procedures would be amended; and the risk monitoring results are reported to the Audit Committee and the management on a regular basis.

3. Material Risks of the Group and Response Measures

During the year of 2019, the Group identified and assessed its material risks by means of the aforesaid risk management processes.

The Audit Committee assisted the Board in monitoring the Group's overall risk profile, and reviewed the changes in the nature and severity of the Group's material risks. The Audit Committee is of the opinion that the management took suitable measures for counteracting and managing the key risks such that they were maintained at levels acceptable to the Board.

With the constant changes in the scale, scope of operations and complexity of its businesses as well as in the external environment, the Group's risk profile may be subject to change. A brief account is given below of the material risks that are currently faced by the Group, of the changes in the material risks compared with the previous year and the reasons for such changes, and of the risk-counteracting measures that have been implemented.

The following table shows the top three material risk of the Group in 2019:

Rank	Risk
1	Risk relating to competition
2	Risk relating to relying on major customers
3	Risk relating to loss of talent

Corporate Governance Report

Compared to 2018, there was an increase in the level of materiality of the risk relating to relying on major customers and the risk relating to competition for the Group in 2019, while the materiality of the risk relating to loss of talent remained stable. Affected by such factors as external market volatility, changes in international relationships and advancement in new technology in 2019, especially the admission and rapid development of new competitors, the risk relating to competition has been increased. Meanwhile, the Company promoted strategic synergy development this year and signed with more major customers. The greater contractual amounts of major customers signed, increased the revenue concentration. The fluctuations in momentum of industries of major customers, the life cycle of customer's own products and the ability of customers for continuous operation will affect the growth in revenue of the Group. In addition, the risk relating to loss of talent increased as departure of certain employees resulted by ongoing internal realignment and organisational optimization.

To address and execute preventive controls over such risks, the Group has adopted, and will continue to optimize, corresponding control measures as follows :

- Relating to market competition, based on the perspectives of their respective businesses, our business units utilized the strong technology advantages of Yan Cloud DaaS, KXDATA, Human + Robot, as well as the vast market advantages of corresponding industry, to provide guarantee and support for the continuous expansion of business scale and thus enhance the overall competitiveness of the Group.
- Relating to customer management, based upon maintaining and strengthening existing customers relationship, the Group gave full play to the strategic synergy advantages, developed more potential customers and actively expanded more new customers and businesses, and simultaneously achieved multi-product lines, serialized operation, developed new channels to diversify the risk of relying on major customers.
- Relating to talent management, the Group's HR Department has established a corresponding salary distribution and assessment incentive system, implemented a distribution system combining position-pay scale and performance bonus and guided with the performance to attract and gather talents. Meanwhile, the DC Elite ("神碼匯") talent training platform project was established with an aim to promote the Company's core values, establish a sense of employee responsibility, stimulate the endogenous driving force for business development through various learning methods including propaganda for corporate culture, learning market structure and industry trend, mentor and team coaching, action learning and cognitive learning, thus further motivating outstanding employees, stimulating the vitality of the organization and guaranteeing the long-term and stable development of core talents.

Based on the findings of the review described above, the Board confirms, and the management has also confirmed to the Board, that the risk management and internal control system of the Group (in all material aspects including financial control, operational control and compliance control) is efficient and adequate, and has been in compliance with the provisions on risk management and internal control contained in the "Corporate Governance Code" through the year.

INTERNAL CONTROL

1. Internal Control System

The Group has consistently focused on the construction of its internal control system. The management of the Group is responsible for designing, implementing, and maintaining the effectiveness of, its internal control system. The Board and the Audit Committee are responsible for exercising supervision and regulation over the appropriateness and effective implementation of the internal control measures introduced by the management.

The Group's internal control system delineates the parties' management responsibilities, authorisations and approvals in relation to key actions, and lays down specific written policies and procedures regarding material business processes. The communication of such system to the staff also makes up an important component thereof. The Group's policies covering its financial, legal and operational aspects represent the management standards in relation to its various business processes, and are to be strictly implemented by each of its staff members.

The Board establishes and maintains a good internal control system through the following principal procedures:

- Establishing a reasonable and effective organization structure with clear functions, responsibilities and authority;
- Laying down stringent procedures for budget preparation and budget management; formulating business plans and financial budgets annually; rationally adjusting the organisation structure based on business planning; ensuring the effective operation of the organisation; reviewing the implementation of budgets and making reasonable adjustment based on the latest conditions;
- The Internal Audit Department — independently assessing the comprehensibility and effectiveness of the monitoring of principal business, reporting its principal findings, with recommendations, to the Audit Committee on a half-yearly basis; and
- The Auditor — for the audit of annual results, recommending ways to address some internal management areas which are correspondingly weak; the management making serious reviews, and making and submitting improvement proposals to the Audit Committee.

2. Annual assessment of internal control

During the Reporting Period, the Internal Audit Department adopted a risk benchmarking approach focused on key processes and controls and reported the findings of internal audit to the Audit Committee on a semi-annual basis. Through the Audit Committee, the Board reviewed the effectiveness of the Group's internal control system. The internal control system covers all material controls, including financial, operational and compliance controls, risk management functions and the adequacy of resources, staff qualifications and experience, training programmes and budgets in relation to the accounting and financial reporting functions of the Group. During the year of 2019, the Internal Audit Department did not identify any significant deficiency in internal control.

DISCLOSURES ON INSIDIE INFORMATION

The Company's management assesses the likely impact of any unexpected and significant event that may impact the price of the shares or their trading volume and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Board is responsible for approving and authorising the Directors to issue such announcements and/or circulars.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 74 to 79 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to maintaining an on-going dialogue with the Shareholders and the investment community.

One of the principal channels of communication with the Shareholders is the annual general meeting and all corporate communications of the Company, including but not limited to interim reports, annual reports, notices of meeting, announcements, circulars and other relevant Company's information are available on the Company's website www.dcholdings.com

The Company has adopted a Shareholders Communication Policy to handle enquiries put to the Board.

The Company believes that communicating with the Shareholders through its website is an efficient way of delivering information in a timely and convenient manner. Information on the Company's website will be continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.

SHAREHOLDERS' RIGHTS

The Company recognises the rights of Shareholders and encourages the Shareholders to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meeting. The general meeting provides an important opportunity for the Shareholders to express their view to the Board and management and to exercise the Shareholders' rights. Under the New Bye-Laws, the Shareholders have the rights to convene a special general meeting and put forward agenda items for consideration by the Shareholders. The latest New Bye-Laws has been uploaded onto the websites of the Stock Exchange and the Company respectively.

The Shareholders are encouraged to use their attendance at meetings to ask questions about or comment on the results, operations, strategy, corporate governance and/or management of the Group. The Board members, in particular, either the Chairman or members of the Board committees, appropriate management executives, external auditor and legal advisers shall be available at general meetings to answer questions from the Shareholders.

DIVIDEND POLICY

The Company has adopted a dividend policy effective on 21 December 2018, a summary of which is set out below:

1. The Board may declare and distribute dividends to the Shareholders.
2. The Company in general meetings may declare dividends in any currency, which must not exceed the amount recommended by the Board.
3. The Board may, subject to the Company's Memorandum of Association and New Bye-Laws then in effect, make recommendation to the Shareholders on the distribution of final dividends and may from time to time pay to the Shareholders interim dividends based on the financial position of the Company. Despite the aforesaid, there is no guarantee that any particular amount of dividends will be distributed for any specific periods.
4. The Company's ability to declare dividends will depend on, among others, the operating results and earnings, capital requirements, general financial condition, prevailing economic environment and other factors of the Company which the Board then consider relevant.
5. The Company's declaration and payment of dividends shall also comply with the Companies Act 1981 of Bermuda (as amended, supplemented or otherwise modified from time to time), the Memorandum of Association and New Bye-Laws of the Company as well as other applicable laws, rules and regulations in effect on the declaration and distribution of or otherwise in relation to dividends.

Environmental, Social and Governance Report

I. ABOUT THIS REPORT

The Environmental, Social and Governance Report of Digital China Holdings Limited (hereinafter referred to as this "Report"), prepared in accordance with the "Environmental, Social and Governance Reporting Guide" issued by The Stock Exchange of Hong Kong Limited in November 2018, is aimed at explaining our policies, work and deliverables achieved during the year in environmental, social and governance matters to our stakeholders. Digital China Holdings Limited (hereinafter referred to as the "Group" or "DC Holdings") identifies relevant key performance indicators and disclosures based on its strategies and market trends in accordance with the "materiality principle". These mainly include environmental protection, talent development, quality assurance, protection of customers' privacy, preservation and protection of intellectual property rights, anticorruption, and social charity. Unless otherwise stated, the details contained in this Report pertain to all subsidiaries of DC Holdings.

The Board is responsible for assessing and determining the Group's risks relating to the environment, society and governance, and for ensuring that the Group has put in place a suitable and effective risk management and internal control system with regard to these areas, and for the Group's strategies and reporting in relation to its environmental, social and governance matters. In 2019, the Group's risk management and internal control system with regard to environmental, social and governance matters was functioning effectively. The environmental, social and governance reporting team is composed of personnel from various relevant departments of the Group, and is responsible for the annual collection and organization of relevant information for the purposes of compiling and composing this Report.

II. ABOUT DC HOLDINGS

DC Holdings was founded in 2000 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2001 (Stock Code: 00861.HK). For the past 19 years, we have been living up to our mission of building "Digital China" as we persistently promoted our corporate culture of "Responsibility, Passion and Innovation", forging ahead with our reform, powering the intelligent urban development and digital industrial transformation with our independently-developed technologies to expedite the process of Digital China and providing our customers with advanced and professional information technology applications. From a dominant distributor of IT products in China, we have completed a strategic upgrade to transform ourselves into a leading integrated IT service provider, informatisation specialist and Sm@rt City specialist of the nation. Now, DC Holdings is taking a further turn in transformation through digitalisation, in a bid to become a world-leading Big Data service and operation group. DC Holdings and its subsidiaries had 11,803 employees as at 31 December 2019.

We are well aware of the increasingly fundamental role that we have been playing in the industry. That's why we take the creation of long-term value for of the community and natural environment into our sincere consideration in the process of ongoing innovation. As an employer of some of China's very best talents in advanced technologies, we must ensure safety, health and development opportunities for our employees. As a corporate citizen, we devote ourselves to helping the underprivileged and the drive for social progress in our commitment to the cause of charity.

Looking forward, DC Holdings will remain committed to its initial mission and endeavour to put the notion of "Digital China" into practice through aggressive developments in such core sectors as Sm@rt City, Smart Industry Chain, Financial Technology, Smart Manufacturing, Smart Agriculture, Smart Maintenance and Quantum Communication while seeking breakthrough in innovation in close tandem with latest industrial developments to power livelihood improvements and development of digital economy, and making unremitting efforts to achieve its goal of becoming a "Big Data Powered Unicorn Company" as well as the great rejuvenation of China.

III. INVOLVING STAKEHOLDERS

DC Holdings persists in maintaining sound communications with stakeholders through different channels to achieve mutual understanding. The views of stakeholders provide an important reference that helps us to fulfil our social responsibility diligently and implement solid corporate governance. Our ability to pursue sustainable development will be enhanced as a result.

Investors/shareholders

We communicate with our investors and shareholders primarily through the following to understand their views on the Company's development and to inform them about the future developments of the Company:

- Annual general meetings
- Annual reports, financial statements and announcements
- Our company website

Customers and the public

We communicate with our customers primarily through the following to understand how they view and rate the Company's products and services and to explain the Company's commitment in matters such as quality assurance for products and services and customer information security:

- Customer service hotline
- Customer opinion survey
- WeChat account

Staff

We communicate with our employees primarily through the following to understand their views on the Company's policies on staff benefits and work environment, to give them a better understanding of the Company's developments, and to foster harmony at work:

- Staff training
- Staff recreational and sporting activities
- Internal email system
- Intranet of the Company
- Staff performance evaluation

Community

We communicate with the communities where we operate primarily through the following to understand their views on our operations in such communities and to ensure that such operations are able to exert positive effects on the communities:

- Our company website
- WeChat account
- Media reports

IV. ENVIRONMENT

As DC Holdings, we are clearly aware of the challenges facing the natural environment to which humanity is subject. We are committed to protecting the environment by carefully implementing the relevant policies for environmental protection, and undertake to reduce the environmental impact of our business operations and comply strictly with pertinent local laws and regulations, in order to lead by example in the practice of environmental protection.

In light of DC Holdings' business nature, we are of the opinion that the Group is not involved in the discharge of hazardous or large quantity of non-hazardous waste or significant consumption of water resources, and accordingly will not have any significant adverse impact on the natural environment and natural resources. We affect the environment primarily through the consumption of power and fuel, as well as carbon emissions arising indirectly from the business trips of our staff.

To fulfil the environmental responsibilities of DC Holdings, we pledge to:

- Comply strictly with national and local environmental laws and regulations;
- Establish and improve our internal policy for environmental protection and system for environmental supervision and management;
- Protect natural resources, assess the potential environmental risk and impact of our commercial activities, and reduce the negative environmental impact of our operations in a systematic manner;
- Provide employees with training in legal and other knowledge pertaining to environmental protection;
- Keep record of and monitor greenhouse gas emissions generated in our business operations and make plans to reduce such emissions in relative terms on a year-on-year basis;
- Sort and separate wastes generated in the production and operation of the Company, reduce the generation of wastes and increase the percentage of recycling of materials (such as consumable materials used in production and packaging);
- Reduce energy consumption at venues of operation through effective measures.

In 2019, the Group continued to take aggressive steps to save energy and reduce consumption through intensive energy consumption management and effective control of its equipment and facilities on the basis of ensuring its normal operation. For example, the total energy costs of Beijing Digital China Technology Plaza for the year has reduced by RMB640,000 year-on-year, as compared to 2018, representing a decrease by approximately 5.6%. Since the implementation of energy conservation and consumption reduction initiatives from 2017 to 2019, Beijing Digital China Technology Plaza has saved RMB1.65 million in energy consumption.

Meanwhile, the Company was dedicated to enhancing its at-source management for energy conservation, and contributed to the abatement of resource consumption at the society level. The Company also encouraged its staff to adopt such IT-based workplace tools as cloud-powered video conference systems and paperless office in order to reduce unnecessary business trips or paper consumption, thereby lessening carbon emissions.

Environmental, Social and Governance Report

Below is an account of the Group's consumption profile in 2019 for power and fuel, i.e. the major forms of energy consumed by it:

(I) Power consumption

DC Holdings and its subsidiaries own or lease more than 60 offices, 99 warehouses and a large-scale data centre in Mainland China and Hong Kong, consuming 13,587 MWh of electricity during the year with a carbon emission of 12,179 tonnes, representing a year-on-year decrease of 13% and 17% respectively as compared with 2018.

In particular, the power consumption and carbon emission of IT Logistics warehouses decreased by 17% and 21% respectively in 2019 as compared to 2018, which was mainly due to their increased concern on and efforts towards energy saving by replacing the original ordinary lamps with LED energy-saving lamps. Other offices reported decreases in overall power consumption and carbon emission of 9% and 12% respectively in 2019 as compared to 2018 as a result of their energy conservation and emission reduction measures.

For details, please refer to the following table (Unit of power consumption: MWh; unit of carbon emission: tonne).

Unit/Year	2019		2018		Power Consumption	2019 vs 2018		Growth rate
	Power Consumption	Carbon emission	Power Consumption	Carbon emission		Carbon Emission		
IT Logistics warehouses	7,352	6,372	8,849	8,076	-1,497	-17%	-1,704	-21%
Other offices	6,235	5,807	6,828	6,623	-593	-9%	-816	-12%
Total	13,587	12,179	15,677	14,699	-2,090	-13%	-2,520	-17%

(II) Fuel consumption

DC Holdings owns IT Logistics truck fleet that enables us to provide quality logistics services to our customers. Some of our offices also own limousines for use by senior management. During the year, the vehicle fleet of DC Holdings consumed 60 kilolitres of gasoline and 82 kilolitres of diesel, with a carbon emission of 361 tonnes, representing a year-on-year decrease of 30 tonnes or 8% as compared with the 391 tonnes for 2018.

In particular, the IT Logistics fleet reported a higher diesel and gasoline consumption as well as an increase in carbon emission by 9% compared to 2018 due to the increase in the demand for its services. Other fleets reported a decrease of 35% in gasoline and diesel consumption and carbon emission compared to 2018 following the cancellation of executive limousine services for certain businesses.

Environmental, Social and Governance Report

For details, please refer to the following table (Unit of oil consumption: kL; unit of carbon emission: tonne).

Unit/Year	2019			2018			2019 vs 2018	
	Gasoline	Diesel	Carbon emission	Gasoline	Diesel	Carbon emission	Carbon emission	Growth rate
IT Logistics fleet	18	82	265	16	76	243	22	9%
Other fleets	42	-	96	63	2	148	-52	-35%
Total	60	82	361	79	78	391	-30	-8%

Note:

The data relating to carbon emissions is estimated by reference to the "Greenhouse Gas Protocol — Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development. The conversion factors of 2018 and 2019 for carbon emissions involved in power consumption are based on the "2016 Baseline Emission Factors for Regional Power Grids in China (Consultative Draft)" issued by the Division on Climate Change under the National Development and Reform Commission and the "2017 Baseline Emission Factors for Regional Power Grids in China under the Emission-reduction Initiative" issued by the Ministry of Ecology and Environment of the People's Republic of China. The conversion factors for carbon emissions involved in fuel consumption are based on applicable coefficients set out in the "2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories".

V. EMPLOYMENT

DC Holdings built up its mechanism for selection, utilization, cultivation and retention of talents on the basis of responsibility, passion and innovation, in an attempt to foster a performance-oriented corporate culture and values based on its professional ethics and code of conduct, and cultivate talents with professional skills, teamwork spirit and a master's vision.

Our core values – Responsibility, Passion and Innovation

(I) Responsibility

1. Lead by example and do what we promise to do: determinedly follow the Company's management rules and regulations; sincerely fulfil our duties and responsibilities, remain faithful to our commitments; complete all our tasks in time and with high quality.
2. Focus on our targets and live up to expectations: set clear and measurable targets for our work, and do not waste time; gauge our performance with results in comparison with our targets; deliver real results, and do not fake anything.
3. Ready to take responsibilities and challenges: never dodge difficulties and challenges, be responsible for the consequences; seriously review our mistakes in the work and correct them in a timely manner; adhere to principles without blind obedience, insist on doing the right things even though it may upset somebody.
4. Always give priority to the Company's interests: abide by professional ethics and keep business secrets; protect the Company's interests and reputation by all means, and follow the arrangements of the Company; never impair the Company's interests for personal gains or that of a small group.

Environmental, Social and Governance Report

(II) Passion

1. Be resolute in our belief and stick to goals: adhere to our ideal of building Digital China, make sure that our personal pursuits are consistent with that of the Company; fight hard for our ideals and goals, and never give up in front of difficulties.
2. Work with enthusiasm and have fun: be zealous in work, know how to maintain a perfect work-life balance, and feel happiness and achievement in work.
3. Pursue excellence, and never stay in the comfort zone: never stop improving our work, but strive for perfection; never be satisfied with ordinariness, always try to be better, and keep challenging and conquering higher goals.

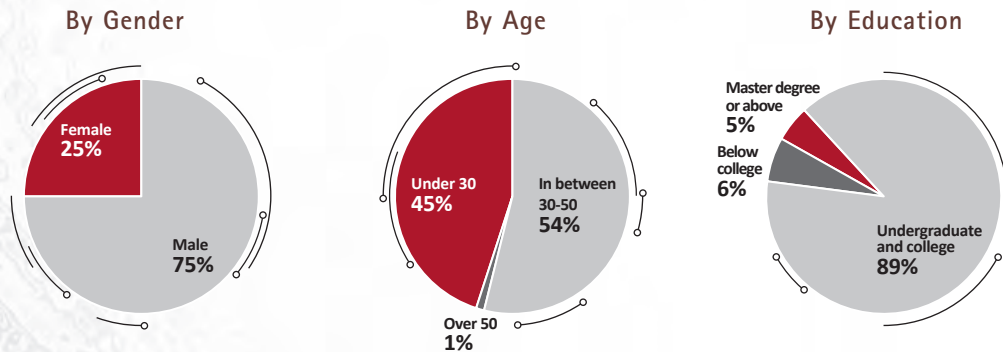
(III) Innovation

1. Keep learning and denying ourselves: have a strong desire for knowledge, learn by various means to obtain new knowledge; strive to master the knowledge and concepts related to our jobs and industries; break the limit of our past successful experience, keep denying ourselves so as to make a new breakthrough.
2. Make bold assumptions and proceed with careful verification: make bold assumptions and come up with innovative ideas; do not rush into conclusion with new ideas, proceed with careful verification and steady implementation.
3. Keep practicing to create value: put innovative ideas into implementation through continuous hard work and practice, no longer staying on the verbal or paper, but strive to create real value for the Company.

Staff Overview

Talent is the key force that drives our business development. In the past year, in order to recruit excellent talents, the Company continued to expand and optimize its talent supply channels, aiming to "attract" and "gather" talents; we introduced a comprehensive assessment mechanism to recruit only the best while appreciating the diversity of our employees. We sincerely welcome talents of different nationalities, races, genders and religious beliefs to join us.

As of the end of 2019, DC Holdings had 11,803 employees, the principal composition of which is as follows:



As at the end of 2019, the total number of employees of DC Holdings was 11,803, with an increase of approximately 6% from 11,133 at the end of 2018, among which, 4,489 were recruited in 2019, an increase of approximately 35% from 3,325 in 2018; 3,819 people left DC Holdings in 2019, a decrease of approximately 15% compared to 4,482 in 2018.

Environmental, Social and Governance Report

- *Staff activities*



Figure: Kickoff meeting of DC Holdings in FY2019

"Time stops for no one, and the seasons keep changing", as we have big farewell to the past year. In January 2019, I Do Believe – Launch of DC Holdings 2019 was held in Beijing Kuangou Conference Centre, with more than 200 people from all the business segments of DC Holdings attending the meeting. The meeting summarized and reviewed the work of DC Holdings for the past year, deeply delved into the existing problems, clearly pointed us in the direction of our work in 2019, sufficiently encouraged our people to take future challenges with extraordinary determination and was remarkable. In the end, the attendees of the meeting joined together to play a game called the "Great Solitaire", which brought the atmosphere to the climax, with everyone in the room indulging themselves in the game, jumping and screaming with joys and happiness.

We have established comprehensive communication channels for our employees, which enabled two-way communication between the Company and our employees. Through such channels, we clarified the meaning of the Company's goals to our employees, listened and responded to their needs, aiming to enhance their dedication to their jobs.

Environmental, Social and Governance Report



Figure: Staff meeting and communication

In 2019, we decided to hold staff meetings quarterly, through which the management can share their views with our employees and explain to them the Company's development strategies and business ecology. Our employees took an active part in the communication and expressed their concerns about the Company's future development, and accepted staff meeting as a good way to understand the Company's strategy and business status. The Company also followed up and gave feedback on the questions and suggestions raised by our employees, such as expanding the ways of holding the meetings and establishing a key talent pool. Through staff meetings, the Company can more directly communicate with its employees and allow them to better understand the Company's core values and development objectives, and make them consider whether their positioning and direction are consistent with the Company's strategic goals.



Figure: 18th Anniversary of DC Holdings

18 represents youth, energy and innovation, as well as responsibility, gratitude and expectation.

Eighteen years ago, Mr. GUO Wei led a group of passionate people of DC Holdings onto a great journey and ploughed its way through numerous hardships and obstacles towards the goal of building "Digital China". DC Holdings ushered in the glorious moment of its eighteenth birthday. On 31 May 2019, which was an early summer afternoon lit up by the enthusiasm of our people, to celebrate the 18th anniversary of the listing of DC Holdings, a unique "Coming-of-Age Ceremony" in a style that blended the beauty of technology and arts was held at the Beijing Digital China Technology Plaza. All the employees of DC Holdings from all over the country participated in the celebration by means of interactive live broadcast at eight major venues and 33 viewing sites to enjoy the beautiful moment together!

Environmental, Social and Governance Report



Figure: Annual Meeting of Management

In 2019, the Power of Thinking – the First Annual Meeting of Management of DC Holdings was held in the lecture hall of the Digital China Technology Plaza, with more than 300 managers and employees attending the conference, during which they explored for brilliant ideas through discussion of papers, and listened to the suggestions of our employees through such channels as the youth forum, time management forum and middle office platform construction forum, aiming to collecting great ideas from our staff. In the future, we will continue to hold the annual meeting of management, with new topics constantly added, so that the attendees can reach a consensus through discussion and summarization. This is the ideological consciousness formed after in-depth thinking and full communication, and only the actions taken under such consciousness will be creative. Only when we fall in love with our cause and have developed a strong sense of participation can we become the contributors to and the masters of our Company. Facing the unknown future, we need the wisdom of our young people and the wisdom of our managers to identify problems, focus on problems, and solve problems. This is the direction that the annual meeting of management should take.



Figure: Annual Meeting of Technology

In November 2019, the "Digital China 2019 – Annual Meeting of Technology" co-sponsored by DC Holdings, DCITS and Digital China Group was held in the Beijing Digital China Technology Plaza, with more than 400 technical experts, scholars and IT elites from China's reputed enterprises, universities and research institutes gathering together to attend the Three Major Forums, the Four Great Salons, and the Grand Technology Market which were all opened at the same time! The Annual Meeting of Technology signified the technology-oriented development direction of the Company in its strategic transformation. The Grand Technology Market was full of enthusiastic technical experts involved in passionate communication and discussion with the lecturers with their minds colliding with the sparks of brilliant ideas. Various interactive activities such as "Looking for Learning Fanatics", "Collecting Stamps for Gifts" and "Top 3 Most Popular Exhibition Areas" have made the meeting of technology interesting and attractive.

Environmental, Social and Governance Report

To retain the outstanding talents for sustainable development of the Company, we have established a corresponding remuneration distribution, assessment and incentive system, which comes with a performance-oriented remuneration allocation system featuring the combination of position-based salary and performance-based bonus, aiming to attract and retain talents. In addition, the Company has set up a number of awards such as the "Outstanding Contribution Award", "Innovation Award", "Teamwork Award" and "Master Award" etc., and held an awarding ceremony with light show to pay tribute to the teams and individuals who received awards for their outstanding effort and excellent performance.



Figure: Awarding Ceremony

DC Holdings enters into employment contracts with its staff in strict compliance with the requirements of the Labour Law and other pertinent laws and regulations, and makes contributions to social insurance funds, including pension, medical, unemployment, work injury and maternity funds, and the housing provident fund for the benefit of its employees in accordance with the requirements of the national policies. The Company also purchases supplementary commercial insurance and life insurance for its employees, and provides them with free medical examination benefits every year in addition to a variety of trainings and team building activities to boost the cohesion and engagement of its employees from a number of aspects.

VI. SAFETY AND HEALTH

The day-to-day operations of DC Holdings largely involve computer applications and desk work conducted in the office. While such activities do not involve significant risks against occupational safety and health, we are nevertheless committed to the protection of the occupational health and safety of employees, and have formulated an occupational health and safety policy with a high level of operability, with a view to giving effective protection to staff health and safety. Only by enhancing and safeguarding the occupational health and safety of employees can we effectively increase our production efficiency and achieve mutual success for both the Company and the staff.

We comply strictly with the laws and regulations pertaining to occupational health and safety at the place of business. At our work premises, requisite health and safety guides are provided to all staff, while regulations and measures for the administration of contingencies in occupational health and safety have also been formulated. Employees are provided with clean washroom facilities, drinking water, clean facilities for food preparation and storage and clean tableware. In 2017, the Company installed new ventilation and air purification systems to ensure the air quality in the office and protect the health of its employees. Our administration department is responsible for organising daytime and night-time security, maintenance of firefighting equipment and first-aid kits, and fire drills in relation to Digital China Technology Plaza. In 2018, the Company carried out a full-scale upgrade and refurbishment of the fitness centre in the building. Improvements were made to the facilities with the addition of rowing machines, spin bikes sets, foosball and other fitness facilities, which are open to all employees of the Company free of charge. These facilities have been provided to encourage staff to pay attention to their health and fitness amidst hard work and dedication. In 2019, in order to maximally ensure the safety and quality of our employees' drinking water and protect them from secondary pollution, we changed the bottled pure water in the office to nano-filtered drinking water from the leading suppliers in China. In 2018 and 2019, the Company's lobby was transformed into an art exhibition hall, with the artworks updated every two months on average. Selected paintings were hung in the office area so that our employees can enjoy them during their rest time, helping them edifying sentiment and relaxing the mood.

VII. DEVELOPMENT AND TRAINING

In 2019, we further increased the investment in staff training, with the learning time of our employees exceeding 140,000 hours and the number of participants exceeding 12,000. The training programs covered marketing, leadership development, IT technology, new employee induction, compliance risk control, laws and regulations, and finance, etc. The average training time per employee in 2019 was about 11 hours.

The Company conducts a check on its talent pool regularly to reveal the advantages of its existing talents, while listening to the needs of the key talents, so as to provide them with corresponding training and development opportunities according to their needs.



In 2019, the Company established the DC Elite (神碼匯), which aimed to build up a highly-potential talent pool for the Company while promoting our corporate culture, enhancing cross-departmental collaboration, and playing an important role in preparing key talents for the development of our holding business.



Figure: Group Discussion within DC Elite (神碼匯)

Environmental, Social and Governance Report

As an enterprise that always strives for innovation, DC Holdings ensures that adequate resources are set aside each year for staff training. Our training system has been designed to match our employees' career development paths within the Company. Our training courses are intended to enhance the competence of employees for the jobs they undertake at different stages of their career, aiming to achieve a win-win result in terms of the career development of our employees and the business development of the Company. Induction training for new employees focuses on the current business status, strategic objectives, history and culture of the Company, while trainees also learn to appreciate the importance of teamwork. The business departments design and organise specific business training according to their needs. The online learning centre provides general training that effectively helps employees to enhance their competence and efficiency in work and improve their professional aptitude. In addition, the Company sponsors selected staff to enrol in training for specialised skills, management skills or examinations for professional qualifications provided by external training organisations.



Figure: DC Holdings' Creation Centre

VIII. QUALITY ASSURANCE

DC Holdings provides customers with integrated IT services and software development, Sm@rt City platform construction and operation services, as well as total supply chain solutions and services, mainly on the basis of IT solutions. In each of our business segments, we have formulated a specific system to ensure that our service standards exceed customers' expectations.

Regarding the IT services delivery, DCITS has, in line with its customer-oriented service philosophy, built a service support regime from the customers' business point of view and an end-to-end quality management regime on the basis of the ISO9001 quality management system and the ISO20000 service management regime through a combination of the ITSS information technology service standards and its experience over the years, utilising the ITIL and PMBOK knowledge regimes. In addition, DCITS has established the Service Management Department, an independent supervisory body, to carry out the responsibilities of constructing the quality system, managing the delivery process, exercising control over the process, and managing customer satisfaction. It strives to reflect customers' opinions and expose issues in internal delivery management in a timely and accurate manner, comprehensively analyse the deficiencies in the implementation of designed regimes for service and product delivery, and drive improvements in processes and capabilities in a vigorous manner, thereby offering support and protection for the development of core corporate competitiveness.

Environmental, Social and Governance Report

Through the exploration of various methods and management innovation over the years, DCITS's quality management has also gradually shifted away from a single, result-oriented reasoning model, towards the construction of an enquiry-based tracking mechanism coupled with an issue management approach that features quantitative benchmarking and professional quality audit. This represents a shift of focus towards the management of the delivery process, and the move from defensive quality improvement to an aggressive approach centred on service experience. The Company has established an event and project health model, which serves to assess the project delivery quality, and single the problems out of the massive data; it can also quantify the review and evaluation standards for project service quality and facilitate the implementation of a red and yellow card mechanism, establish the service quality standards in consideration of the project complexity, and help achieve cost effectiveness and enable quantitative assessment by level.

The TOP payment system, an internally developed integrated support platform for the support and maintenance service regime and delivery process management, embodies the practice and experience of DCITS in the IT service sector over the years as well as various industry standards and theories. Its functions include providing full-cycle management over the entire delivery business process and support process, and translating the pledge to customers into quantifiable benchmarks for the full cycle of IT services from project start-up to project completion. Process control points and result indicators are established to facilitate real-time monitoring of the operational status and to achieve quality control throughout the process.

In order to adapt to the rapid expansion in scale of the services business and ensure the stable enhancement of service quality, and in a bid to realise its objectives of "quick response, scientific coordination, commands for decision-making, and effective protection", DCITS designed and developed the SOC master command centre platform — a Big Data decision-making platform with a high level of visibility — with the support of vast data from the TOP payment system. Integrating various technology tools and information resources, the SOC command centre is composed of such functions as service desk, resources deployment, tactical command, data collection and presentation, and discussions for decision-making. The platform can perform highly-visible internal functions relating to tactical command, while demonstrating corporate image in various areas externally for the enhancement of brand image.

DCITS is also committed to the development of China's information service industry. It is one of the earliest participants in the ITSS standard formulation project of the Ministry of Industry and Information Technology ("MIIT"), contributing the results of its innovative business ventures to the formulation of industry standards. On the other hand, we have also leveraged advanced concepts of the standards to enhance our internal system optimisation and capacity development. DCITS has been designated by the MIIT as a corporate member of the highest grade in the "National IT Service Standard Work Group" and has served as the first executive president of the branch ITSS association with full involvement in the formulation, pilot test, and promotion of the National IT Service Standards.

In connection with software delivery, DCITS has forged an implementation team with profound understanding of industry requirements, mastery of latest IT application technologies and superb project management abilities on the back of extensive hands-on experience in informatisation construction gained over more than 30 years, providing assurance for the building and normal operation of information systems. Currently, DCITS is supported by 60 consultants for fintech applications and over 3,600 software R&D/delivery personnel (76% of them being R&D personnel with over 3 years' experience in industry application) based variously in more than 10 locations including Beijing, Shanghai, Guangzhou and Shenzhen. In addition, the specialised testing centres of DCITS are supported by hundreds of core test operators.

The quality of R&D processes and project delivery is a matter of high priority for DCITS, which is characterised by a strong awareness and ability for internal control and management. The Company operates a sophisticated PMBOK-based project delivery management system, a CMMI Level-5 and ISO9000 quality management system, testing management system regulations and configuration management system regulations, among others. At the same time, we are also supported by a comprehensive tooling system for project management and engineering process which effectively ensures the outcomes of project control and quality management measures.

Environmental, Social and Governance Report

In connection with the construction and operation of Sm@rt City platforms, DC Holdings has undergone the initial stage of the informatisation of cities featuring primarily contract-based project solutions as one of the earliest operators of the Sm@rt City business in China, and therefore has developed a formidable ability in cross-sector data integration and processing, opulent resources for potential customers and a well-recognised brand name. We own a sophisticated regime of proprietary intellectual property rights and products in relation to Big Data centres for municipal and government affairs, municipal operation and administration centres, integrated citizen services, smart environmental services, smart fire service and smart education, as well as extensive experience in a wide array of project cases gained from participation in the development of smart applications in more than 100 cities across the nation.

The Sm@rt City business is based on the principle of customer-oriented service. On top of the ISO9001 quality management system, ISO20000 service management system and ISO27001 information security management system and CMMI5 certification system, a service support system from the perspective of customers' businesses and a quality management system underlying the entire delivery process have been developed. Through methodical investigations and management innovations conducted over the years, we have consistently identified inherent values and gradually improved and enhanced quality management in terms of breadth and depth, thereby increasing stickiness with business and customers.

In terms of quality management, we have been focused on the design and ongoing optimisation of benchmark management, satisfaction management and ability management, forming quality management systems at the organisation level and the project level to provide quantitative measurement of quality. The entire delivery process is under end-to-end control through the "Project Management Centre (DC-PMC)" system to ensure complete traceability of the process.

In connection with supply-chain solutions and service delivery, IT Logistics, a subsidiary of DC Holdings, provides clients with supply chain-related integrated services covering management, storage and transportation based on its proprietary Digital China Gold Storage logistics software. Clients can track their goods in transit via the website of IT Logistics (<http://www.itl.cn/>) or, through the 400 service hotlines, make enquiries and file complaints with IT Logistics personnel on a real-time basis. In the event that a complaint is received by the hotline staff, it would be resolved within 48 hours by a supervisory staff member of IT Logistics who shall closely track the matter. To ensure the quality of its services, IT Logistics provides training to its staff in relation to the handling of complaints and responses to customer enquiries. Approximately 80% of IT Logistics' transportation services are provided by outsourced truck fleets. To ensure the service quality of these outsourced fleets, such as safe and timely deliveries, IT Logistics maintains close liaison with the fleet operators and evaluates drivers' performance on a regular basis.

IX. PROTECTION OF CUSTOMER PRIVACY

Private customer information required to be kept confidential is involved in the course of operation of DC Holdings, including the private information of both individual customers and corporate customers.

As of now, the subsidiaries of DC Holdings have operated Sm@rt City platforms in numerous cities. Local citizens will provide personal information such as names, identity card numbers and social security numbers to our subsidiaries for verification purposes when they open user accounts. Moreover, IT Logistics and e-commerce websites of the Smart Industry Chain business of DC Holdings also receive personal information provided by the customers when they place orders, such as the names, contact methods and delivery addresses of the recipients.

At the same time, in the course of its business cooperation with corporate clients, DC Holdings would also request such clients to provide information such as corporate financial information, information relating to business development, bank account, business licence details and the identifications of legal representatives or guarantors.

The aforesaid private information of customers is only accessible by staff members duly authorized by the Company, who have signed a confidentiality agreement with DC Holdings obliging them to maintain and protect the confidentiality of customer information. We pledge to all customers of the Company that we will respect and protect the privacy of customer information. We have adopted exacting standards for information security and confidentiality to protect the privacy of customer information, and have taken measures to ensure strict compliance with such standards by our employees.

X. MAINTAINING AND PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Innovation represents a core competitiveness in the business development of DC Holdings and one of its underlying values. Proprietary intellectual property rights are not only important tools and investment capital that enhance our business capabilities and income and from which our future core products are derived: they are also a powerful driver in the standardisation process of core national industries such as smart city and smart logistics.

As at December 2019, DC Holdings owned 551 software copyrights and product technology patents featuring proprietary intellectual property rights. We will continue to advance the management of intellectual property rights by optimising online protection to facilitate continuous efficient operation, with a special focus on trials in the capitalisation and commercialisation of intellectual property rights in search of new business growth niches for DC Holdings. We will continue to actively encourage innovation and increase our effort in the R&D and design of proprietary intellectual property rights. Efforts to protect intellectual property rights will be strengthened and infringements will be rigorously dealt with. We will seek to increase the influence and value of our proprietary intellectual property rights and actively participate in the formulation of national standards for relevant industries to make positive contributions to the development of high and new technologies in China.

XI. ANTI-CORRUPTION

DC Holdings believes that the fairness, honesty and integrity represent some of the most important business assets of the Company. It is our policy that employees are prohibited from soliciting gains from customers, contractors, suppliers or other business associates of the Company. All employees receive anticorruption training in the form of a lecture. Educational materials and case studies are also available on our intranet.

The Company has incorporated the management of integrity risk into its business processes, continuously refining its risk prevention and control mechanism. Through the rationalisation and screening of risk points, it has strengthened supervisory and control measures to reduce the chances and possibilities for corruption or malpractice that may be made available by its systems and processes. Besides, in the course of routine audits such as those in relation to processes and business results, the Company's internal audit function identifies the presence of any malpractice or corruption by examining the reasonableness and compliance of business processes.

Business associates or employees of the Company may report corruption of DC Holdings staff via dcaudit@dcholdings.com on a named or anonymous basis. The Audit Department will conduct investigations on the reported matters, while the information of the whistle-blower will be kept strictly confidential. An employee who is confirmed to have received kickbacks or other gains in any form is subject to summary dismissal. In case of serious infringements, legal liability would be upheld against such employee.

XII. COMMUNITY INVOLVEMENT

As a member of the community, DC Holdings is closely associated with social developments. Our sustainable development is only possible if there is harmony and order in the social environment. In this connection, the Digital China Charity Foundation has been set up by the Company and its staff since the listing of DC Holdings. Our donations in cash or in kind to post-quake disaster relief, education funds and poverty aid during the past 19 years amount to RMB17,870,200, underlining the positive energy of our corporate culture and our commitment to social responsibility. In 2019, the Digital China Charity Foundation was mainly involved in the following community welfare campaigns:

Aid for the underprivileged

The CPC members and staff of DC Holdings have been making strong endeavours to help underprivileged members of the society with compassion. Our actions in relating to aid for the underprivileged in 2019 included the following:

Care for Tai Yang Village

Located in Zhaoquanying Town of Shunyi District in Beijing, Tai Yang Village is a non-profit-making institution officially registered with relevant government authorities. Ms. Zhang Shuqin, founder of "Tai Yang Village", has been entrusted by prison inmates to take care of their minor children. As the free basic childcare services and the protection of basic rights offered to these children are supported by public donations, certain CPC members and staff of DC Holdings have been actively involved in this charity initiative since 2008 to protect these innocent children and foster social harmony in a proactive move to assume their share of social responsibility, caring for these children and sending daily items and learning kits to them to improve life at Tai Yang Village.



Above: DC Holdings' Caring for Tai Yang Village Tour in 2019

Report of the Directors

The Directors of the Company have pleasure in presenting their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 48 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2019 and the Group's financial position at that date are set out in the financial statements on pages 80 to 204 of this annual report.

The board of directors recommends the payment of a final dividend of 6.4 HK Cents per ordinary share for the year ended 31 December 2019.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2019 is set out in the section headed "Management Discussion and Analysis" on pages 13 to 21 of this annual report. Description of the risks and uncertainties facing the Company can be found throughout this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 207 of this annual report. The five-year financial summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year ended 31 December 2019 are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year ended 31 December 2019 are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements, together with the reasons therefore, in the share capital of the Company during the year ended 31 December 2019 are set out in note 37 to the financial statements.

Report of the Directors

DISTRIBUTABLE RESERVES

At 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Act of Bermuda, amounted to HK\$762,274,000. In addition, the Company's share premium account, in the amount of HK\$4,643,858,000, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the new bye-laws of the Company ("**New Bye-Laws**") or the laws of Bermuda although there are no restrictions against such rights under the laws of Bermuda.

PERMITTED INDEMNITY PROVISION

As permitted by the New Bye-Laws, every Director shall be indemnified out of the Company's assets against any liability incurred by the Director, to the extent permitted by Bermuda law. Such permitted indemnity provision has been in force throughout the financial year and is currently in force at the time of approval of this report. The Company has arranged appropriate directors' and officers' liability coverage for the directors and officers of the Group.

DIRECTORS

The Directors of the Company during the year ended 31 December 2019 and up to the date of this report were:

Executive Directors

Mr. GUO Wei (*Chairman and Chief Executive Officer*)

Mr. LIN Yang (*Vice Chairman*)

Non-executive Directors

Mr. YU Ziping

Mr. PENG Jing

Independent Non-executive Directors

Mr. WONG Man Chung, Francis

Ms. NI Hong (Hope)

Dr. LIU Yun, John

Ms. YAN Xiaoyan

Mr. KING William

In accordance with Bye-Law 99 of the New Bye-Laws, Mr. LIN Yang, Mr. YU Ziping and Mr. PENG Jing will retire from office by rotation. All of the retiring directors are eligible for re-election at the forthcoming annual general meeting of the Company.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors required to be disclosed under Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rule(s)") are set out below:

Name of Director	Details of Changes
Mr. WONG Man Chung, Francis	<ul style="list-style-type: none"> Appointed as the Independent Non-executive Director, chairman of the audit committee, a member of the risk management committee and a member of the remuneration and evaluation committee of Shanghai Dongzheng Automotive Finance Co., Ltd. (listed on the Main Board of the Stock Exchange) with effect from 24 February 2020 Appointed as the Independent Non-executive Director, chairman of the audit committee and a member of the remuneration committee of IntelliCentrics Global Holdings Ltd. (listed on the Main Board of the Stock Exchange) with effect from 23 January 2020 Resigned as the Independent Non-executive Director, chairman of the audit committee and a member of the nomination committee of China New Higher Education Group Limited (listed on the Main Board of the Stock Exchange) with effect from 6 December 2019
Dr. LIU Yun, John	<ul style="list-style-type: none"> Appointed as the Board Member and Chief Executive Officer of VOSS (an international bottled water brand) with effect from 1 January 2020
Mr. KING William	<ul style="list-style-type: none"> Resigned as Managing Director of Russell Reynolds Associates, Hong Kong with effect from December 2019

DIRECTORS' SERVICE AGREEMENTS

Each of the Executive Directors of the Company entered into a service agreement with the Company which shall continue in force unless and until terminated by (i) either the Company or the Director serving on each other of not less than three months' notice; or (ii) his retirement as a Director without being re-elected as a Director by the shareholders of the Company ("Shareholder(s)") in an annual general meeting in accordance with the New Bye-Laws; or (iii) in the event of the Director's default under the terms of the said service agreement.

Save as disclosed above, none of the Directors of the Company proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation (other than the statutory compensation).

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 December 2019 or at any time during the year ended 31 December 2019.

SHARE OPTION SCHEMES

The Company operates two share option schemes. One of the share option schemes was adopted on 18 July 2002 (the "2002 Share Option Scheme") and the other share option scheme was adopted on 15 August 2011 (the "2011 Share Option Scheme"), each with life span of ten years. The 2002 Share Option Scheme was expired on 18 July 2012. Following 18 July 2012, no further share options can be granted under the 2002 Share Option Scheme and the share options granted under the 2002 Share Option Scheme are exercisable pursuant to the terms of the 2002 Share Option Scheme.

Details of the 2002 Share Option Scheme and the 2011 Share Option Scheme as well as movements in the share options during the year ended 31 December 2019 are set out in note 39(a) to the financial statements.

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "RSA Scheme") on 28 March 2011 for the purpose of rewarding and motivating, among others, Directors (including executive and non-executive) and employees of the Company and its subsidiaries with the shares of the Company. Details of the RSA Scheme are set out in note 39(b) to the financial statements.

EQUITY INCENTIVE SCHEMES OF DIGITAL CHINA INFORMATION SERVICE COMPANY LTD. SHARE OPTION INCENTIVE SCHEME OF DIGITAL CHINA INFORMATION SERVICE COMPANY LTD.

The shareholders of the Company and Digital China Information Service Company Ltd. ("DCITS") approved the adoption of a share option incentive scheme (the "Share Option Incentive Scheme") on 10 September 2019 and 16 September 2019 respectively. The major terms of the Share Option Incentive Scheme are as follows:

- (1) The purpose of the Share Option Incentive Scheme is to further promote the establishment and improvement of DCITS's long term incentive mechanism, attract and retain high caliber talents, encourage the initiative of directors, senior management and key employees of DCITS and its subsidiaries, so as to effectively align the interest of shareholders, DCITS and individual interests of core management, and cause all parties to focus on the long-term development of DCITS.
- (2) The incentive participants of the Share Option Incentive Scheme comprise the directors, senior management and key employees of DCITS and its subsidiaries, but shall exclude the independent directors and supervisors of DCITS, as well as shareholders, individually or in aggregate, holding 5% or more of the shares in DCITS or the de facto controllers and their spouses, parents or children. All incentive participants of the Share Option Incentive Scheme must have employment, labour or service relationships with DCITS within the validity period of the Share Option Incentive Scheme.

- (3) According to the Share Option Incentive Scheme:
- (a) the total number of underlying shares involved in all effective incentive schemes of DCITS shall not in aggregate exceed 10% of the total share capital of DCITS as at the time when the Share Option Incentive Scheme was submitted to the shareholders' meeting of DCITS for approval;
 - (b) the total number of shares of DCITS which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Incentive Scheme and any other scheme of DCITS shall not in any event exceed 30% of the total A ordinary shares in issue of DCITS from time to time; and
 - (c) the total number of shares of DCITS issued pursuant to all effective equity incentive schemes of DCITS to any incentive participant shall not in aggregate exceed 1% of the total shares in issue of DCITS.
- (4) The underlying shares of the Share Option Incentive Scheme shall be the A ordinary shares to be issued by DCITS to the participants of the Share Option Incentive Scheme. According to the Share Option Incentive Scheme, DCITS intends to grant 22,600,000 share options to the incentive participants of the Share Option Incentive Scheme, representing approximately 2.33% of the total share capital of DCITS of 970,381,273 shares as at the date of this report.
- (5) The minimum period for which share options granted under the Share Option Incentive Scheme must be held before they can be exercised is 12 months from the completion date of registration of the grant of share options pursuant to the Share Option Incentive Scheme ("**Option Registration Date**").
- (6) Subject to the fulfillment of the conditions for exercising the share options under the Share Option Incentive Scheme, grantees may exercise their share options within 24 months after the expiry of 12 months from the Option Registration Date in two tranches as follows:

Tranche	Exercise period	Percentage of share option exercisable
First tranche	From the first trading day after the expiry of 12 months from the Option Registration Date to the last trading day within 24 months from the Option Registration Date	50%
Second tranche	From the first trading day after the expiry of 24 months from the Option Registration Date to the last trading day within 36 months from the Option Registration Date	50%

- (7) The exercise price of the share options to be granted under the Share Option Incentive Scheme shall be RMB12.76 per share, not less than the par value of the stock and shall not be lower than the higher of:
- (a) the average trading price of DCITS shares on the last trading day before the announcement of the draft Share Option Incentive Scheme, being RMB12.753 per share; and
 - (b) the average trading price of DCITS shares for the last 120 trading days before the announcement of the draft Share Option Incentive Scheme, being RMB11.905 per share.

Report of the Directors

- (8) The exercise price of the share options granted under the Share Option Incentive Scheme is determined in accordance with Article 29 of the Administrative Measures for the Equity Incentives of Listed Companies of the PRC (中華人民共和國上市公司股權激勵管理辦法), which provides that a listed company, when granting stock options to incentive recipients under an equity incentive plan, shall determine the exercise price or the method for determining the exercise price. The exercise price shall be no less than the par value of the stock, and in principle, shall not be lower than the higher of the following prices:
- (a) the average trading price of the company stock in the trading day prior to the publication of the equity incentive plan draft; and
 - (b) the average trading price of the company stock in any one of the following periods: 20 trading days, 60 trading days and 120 trading days prior to the publication of the equity incentive plan draft.
- (9) The effective term of the Share Option Incentive Scheme shall commence from the Option Registration Date to the date on which all share options granted to grantees under the Share Option Incentive Scheme have been exercised or cancelled, provided that the term shall not exceed 36 months.
- (10) During the exercise period of the Share Option Incentive Scheme, a number of conditions must be satisfied before the grantees can exercise their share options, including:
- (a) None of the following events having occurred on the part of DCITS:
 - (i) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the accountants' report of DCITS for its latest financial year;
 - (ii) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to internal control for the latest financial year;
 - (iii) failure to conduct profit distribution in accordance with the laws and regulations, the articles of association of DCITS and public undertakings during the most recent 36 months after the listing;
 - (iv) prohibition from implementation of an equity incentive scheme by laws and regulations or applicable Listing Rules; and
 - (v) any other circumstances as determined by the China Securities Regulatory Commission ("CSRC") or relevant regulatory authorities.
 - (b) None of the following events having occurred on the part of the grantee of the Share Option Incentive Scheme:
 - (i) being identified as an ineligible personnel by the Shenzhen Stock Exchange in the last 12 months;
 - (ii) being identified as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (iii) imposition of administrative penalties or measures prohibiting the grantee from entering into the market by the CSRC and its resident agencies in the last 12 months due to material non-compliance of laws or regulations;
 - (iv) being prohibited from acting as a director or senior management personnel of DCITS under the Company Law of the PRC (中華人民共和國公司法);

- (v) being prohibited from participating in an equity incentive scheme of a listed company under relevant laws and regulations; and
 - (vi) any other circumstances as determined by the CSRC or relevant regulatory authorities.
- (c) DCITS achieving the following financial performance targets:

Tranche	Financial performance targets
First Tranche	the net profit of DCITS for the year of 2019 being not less than RMB360 million
Second Tranche	the net profit of DCITS for the year of 2020 being not less than RMB435 million

Note: The above net profit refers to the net profit attributable to DCITS shareholders.

- (d) Subject to DCITS achieving the relevant annual financial performance targets, the results of the annual assessment to be conducted by the remuneration and appraisal committee of DCITS against the grantee being 80 points or above or graded at "A".

In the event that any of the above exercise conditions cannot be fulfilled within the relevant exercise period, share options granted under the Share Option Incentive Scheme shall be cancelled by DCITS. In the event that the above exercise conditions have been fulfilled but share options granted under the Share Option Incentive Scheme have not been exercised upon expiry of the relevant exercise period, such share options shall be cancelled by DCITS.

Since the adoption of the Share Option Incentive Scheme, DCITS granted 22,470,000 share options under the Share Option Incentive Scheme.

The following table shows the movements in the share options under DCITS Share Option Incentive Scheme during the year:

	Number of the share options				Exercise price per share RMB	Date of grant	Exercisable period
	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding as at 31/12/2019			
DCITS director	-	-	-	-	-	-	-
DCITS other employees	22,470,000	-	(200,000)	22,270,000	12.76	17/9/2019	Grantees may exercise their share options with reference to the Option Registration Date (i.e. 30/10/2019) in two tranches. <i>(Note)</i>

Note: Please refer to note (6) of the major terms of the Share Option Incentive Scheme

RESTRICTED SHARE INCENTIVE SCHEME OF DCITS

The shareholders of DCITS approved the adoption of a restricted share incentive scheme (the "Restricted Share Incentive Scheme") on 16 September 2019. The purpose of the Restricted Share Incentive Scheme is to further promote the establishment and improvement of DCITS's long term incentive mechanism, attract and retain high caliber talents, encourage the initiative of directors, senior management and key employees of DCITS and its subsidiaries, so as to effectively align the interest of shareholders, DCITS and individual interests of core management, and cause all parties to focus on the long-term development of DCITS.

The incentive participants of the Restricted Share Incentive Scheme comprise the directors, senior management and key employees of DCITS and its subsidiaries, but shall exclude the independent directors and supervisors of DCITS, as well as shareholders, individually or in aggregate, holding 5% or more of the shares in DCITS or the de facto controllers and their spouses, parents or children. All incentive participants of the Restricted Share Incentive Scheme must have employment, labour or service relationships with DCITS within the validity period of the Restricted Share Incentive Scheme.

The underlying shares of the Restricted Share Incentive Scheme shall be the A ordinary shares to be issued by DCITS to the participants of the Restricted Share Incentive Scheme. According to the Restricted Share Incentive Scheme, DCITS intends to grant 7,400,000 restricted shares to the incentive participants of the Restricted Share Incentive Scheme, representing approximately 0.76% of the total share capital of DCITS of 970,381,273 shares as at the date of this report.

No restricted shares can be granted to the incentive participants if any one of the conditions cannot be satisfied.

- (a) None of the following events having occurred on the part of DCITS:
- (i) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the accountants' report of DCITS for its latest financial year;
 - (ii) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to internal control for the latest financial year;
 - (iii) failure to conduct profit distribution in accordance with the laws and regulations, the articles of association of DCITS and public undertakings during the most recent 36 months after the listing;
 - (iv) prohibition from implementation of an equity incentive scheme by laws and regulations; and
 - (v) any other circumstances as determined by the CSRC.
- (b) None of the following events having occurred on the part of the grantee of the Restricted Share Incentive Scheme:
- (i) being identified as an ineligible personnel by the Shenzhen Stock Exchange in the last 12 months;
 - (ii) being identified as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (iii) imposition of administrative penalties or measures prohibiting the grantee from entering into the market by the CSRC and its resident agencies in the last 12 months due to material non-compliance of laws or regulations;
 - (iv) being prohibited from acting as a director or senior management personnel of DCITS under the Company Law of the PRC (中華人民共和國公司法);
 - (v) being prohibited from participating in an equity incentive scheme of a listed company under relevant laws and regulations; and
 - (vi) any other circumstances as determined by the CSRC

- (c) DCITS achieving the following financial performance targets:

Tranche	Financial performance targets
First Tranche	the net profit of DCITS for the year of 2019 being not less than RMB360 million
Second Tranche	the net profit of DCITS for the year of 2020 being not less than RMB435 million

Note: The above net profit refers to the net profit attributable to DCITS shareholders.

- (d) Subject to DCITS achieving the relevant annual financial performance targets, the results of the annual assessment to be conducted by the remuneration and appraisal committee of DCITS against the grantee being 80 points or above or graded as "A".

The grant price of the restricted shares to be granted under the Restricted Share Incentive Scheme shall be RMB6.38 per share, not less than the par value of the stock and shall not be lower than the higher of:

- (a) RMB6.377 per share, being 50% of the average trading price of DCITS shares on the last trading day before the announcement of the draft Restricted Share Incentive Scheme (i.e. RMB12.753 per share); and
- (b) RMB5.953 per share, being 50% of the average trading price of DCITS shares for the last 120 trading days before the announcement of the draft Restricted Share Incentive Scheme (i.e. RMB11.905 per share).

Since the adoption of the Restricted Share Incentive Scheme, 6,950,000 restricted shares (representing approximately 0.72% of the total share capital of DCITS of 963,431,273 shares as at the date of grant and approximately 0.72% of the total share capital of DCITS of 970,381,273 share as at 31 December 2019) have been granted by DCITS under the Restricted Share Incentive Scheme to the incentive participants. The grant price of such restricted shares was RMB6.345 (According to the provisions of the Restricted Share Incentive Scheme, the grant price of the restricted shares was adjusted due to DCITS's dividends). As at the date of this report, totally 6,950,000 restricted shares were vested to the incentive participants.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Schemes", "Restricted Share Award Scheme", "Share Option Incentive Scheme of Digital China Information Service Company Ltd." and "Restricted Share Incentive Scheme of DCITS" of this report, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Schemes" and "Restricted Share Award Scheme" of this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

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

At 31 December 2019, the interests and short positions of each Director and chief executive of the Company and their associates in the shares of the Company ("Share(s)"), underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" adopted by the Company (the "Model Code") were as follows:

Name of Directors	Capacity	Personal interests	Corporate interests	Number of outstanding share options	Total (Note 1)	Approximate percentage of aggregate interests (%) (Note 4)
GUO Wei	Beneficial owner and interests of a controlled corporation	94,328,707	86,767,857 (Note 2)	13,116,974 (Note 3)	194,213,538	11.58
LIN Yang	Beneficial owner	3,571,734	-	13,116,974 (Note 3)	16,688,708	0.99

Notes:

- All of the interests disclosed herein represent long position in the Shares.
- These 86,767,857 Shares were beneficially held by Kosalaki Investments Limited ("KIL"), of which Mr. GUO Wei is the controlling shareholder and also a director of KIL, therefore, Mr. GUO Wei was deemed to be interested in such Shares in which KIL was interested.
- On 25 January 2017, these share options were granted to Mr. GUO Wei and Mr. LIN Yang. These share options are exercisable from 25 January 2017 to 24 January 2025 at an exercise price of HK\$6.394 per Share for subscription of ordinary shares of the Company.
- The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 352 of the SFO.

Save as disclosed above, at 31 December 2019, none of the Directors and chief executive of the Company or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2019, to the best knowledge of the Directors, the following persons or corporations, not being a Director or chief executive of the Company, had the following interests and short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of aggregate interests (%) (Note 6)
Kosalaki Investments Limited (Note 2)	Beneficial owner	86,767,857	5.17
Dragon City International Investment Limited	Beneficial owner	187,578,500 (Note 3)	11.23
Yip Chi Yu (Note 3)	Interests of a controlled corporation/ Interest of spouse	187,578,500/2,325	11.23
Huang Shaokang (Note 3)	Beneficial owner/ Interest of spouse	2,325/187,578,500	11.23
Guangzhou City Infrastructure Investment Group Limited* (廣州市城市建設投資集團有限公司) ("GZ Infrastructure")	Interests of controlled corporations	434,474,928 (Note 4(a))	26.00
Guangzhou City Investment Co., Ltd.* (廣州市城投投資有限公司) ("GZ Investment")	Interests of a controlled corporation	419,356,928 (Note 4(b))	25.00
Guangzhou City Investment Jiapeng Industry Investment Fund Management Co., Ltd.* (廣州城投佳朋產業投資基金管理有限公司) ("GZ Jiapeng")	Interests of a controlled corporation	387,735,000 (Note 4(c))	23.12
Guangzhou City Investment Jiazi Investment Partnership (Limited Partnership)* (廣州城投甲子投資合夥企業(有限合夥)) ("GZ Jiazi")	Beneficial owner	387,735,000 (Note 4(c))	23.12
Guangzhou Radio Group Co., Ltd.* (廣州無線電集團有限公司) ("Guangzhou Radio Group")	Interests of a controlled corporation	301,068,250 (Note 5)	18.02
GRG Banking Equipment Co., Ltd.* (廣州廣電運通金融電子股份有限公司) ("GRG Banking Corp")	Beneficial owner	301,068,250 (Note 5)	18.02

Notes:

- All of the interests disclosed herein represent long position in the Shares.
- KIL is controlled by Mr. GUO Wei who is a director of the Company and KIL.
- The interest includes (i) 133,361,633 Shares held directly by Dragon City International Investment Limited ("Dragon City"), which is controlled by Ms. YIP Chi Yu; (ii) 54,216,867 underlying Shares held directly by Dragon City in respect of an unlisted equity derivative instrument; and (iii) 2,325 shares held directly by Mr. HUANG Shaokang, a spouse of Ms. YIP Chi Yu.

* For identification purpose only

Report of the Directors

4.
 - (a) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Infrastructure on 6 September 2019, GZ Infrastructure was interested in 434,474,928 Shares in aggregate, of which, 396,962,000 Shares were held by GZ Jiazi and 37,512,928 shares were held by Suitong Hong Kong Company Limited* (穗通(香港)有限公司) ("Suitong HK"). GZ Jiazi is owned as to 99.96% by GZ Investment and 0.04% by GZ Jiapeng, which is in turn wholly-owned by GZ Investment. Suitong HK is also wholly-owned by GZ Investment. GZ Investment is wholly-owned by GZ Infrastructure, who was deemed to be interested in 434,474,928 Shares.
 - (b) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Investment on 10 April 2018, GZ Investment was interested in 419,356,928 Shares in aggregate, of which, 387,735,000 Shares were held by GZ Jiazi and 31,621,928 Shares were held by Suitong HK.
 - (c) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Jiapeng on 10 April 2018, GZ Jiapeng was interested in 387,735,000 Shares.
5. These 301,068,250 Shares were beneficially held by GRG Banking Equipment Co., Ltd.* (廣州廣電運通金融電子股份有限公司) (listed on The Shenzhen Stock Exchange), in which Guangzhou Radio Group Co., Ltd.* (廣州無線電集團有限公司) is a 52.52% controlling shareholder.
6. The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 336 of the SFO.

Save as disclosed above, at 31 December 2019, the Company had not been notified by any persons and corporations who had interests or short positions in Shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

DONATIONS

During the year ended 31 December 2019, the Group made donation of HK\$2,208,000 (for the year ended 31 December 2018: HK\$6,791,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of revenue attributable to the Group's five largest customers was less than 30% (for the year ended 31 December 2018: less than 30%) of the Group's total revenue for the year ended 31 December 2019.

The aggregate percentage of purchases attributable to the Group's five largest suppliers was approximately 45% (for the year ended 31 December 2018: approximately 43%) of the Group's total purchases and the percentage of purchases attributable to the Group's largest supplier was approximately 14% (for the year ended 31 December 2018: approximately 20%) for the year ended 31 December 2019.

During the year ended 31 December 2019, none of the Directors, any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest major customers or five largest suppliers.

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

During the year ended 31 December 2019, the Company purchased an aggregate of 5,911,000 ordinary shares, represented 0.35% of the total shares of in issue. The purchase was effected by the Directors pursuant to the mandate from shareholders received at the 2018 annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group. All of the repurchased shares had been cancelled.

Details of those transactions are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid (including transaction costs) HK\$'000
		Highest	Lowest	
		HK\$	HK\$	
January 2019	5,911,000	3.60	3.37	20,539

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

AUDITOR

In the year 2018, Ernst & Young resigned as the auditor of the Company and SHINEWING (HK) CPA Limited were appointed as the auditor of the Company on 21 December 2018 to fill the casual vacancy following the resignation of Ernst & Young. Please refer to the Company's announcement of 21 December 2018 for more details regarding the change of auditor.

The consolidated financial statements of the Group for the year ended 31 December 2018 and for the year ended 31 December 2019 were audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year ended 31 December 2019 and up to the date of this report as required under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 53 to the financial statements.

ON BEHALF OF THE BOARD
GUO Wei
Chairman

Hong Kong, 25 April 2020

Independent Auditor's Report

TO THE SHAREHOLDERS OF DIGITAL CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Digital China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 80 to 204, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

IMPAIRMENT ASSESSMENT OF GOODWILL

Refer to note 18 to the consolidated financial statements and the accounting policies on page 94.

The key audit matter

As at 31 December 2019, the carrying amount of the Group's goodwill was approximately HK\$1,887,695,000. During the year ended 31 December 2019, an impairment of goodwill approximately HK\$201,787,000 was recognised.

The management assessed goodwill for impairment by comparing the carrying amount of cash-generating units ("CGUs") to which goodwill has been allocated with the recoverable amount determined by assessing the value in use. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate.

We have identified the impairment assessment of goodwill as a key audit matter because of its significance to the consolidated financial statements and the selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

We performed the following audit procedures on the impairment assessment of goodwill:

- evaluated management's impairment assessment on the reasonableness of the selection of valuation model, adoption of key assumptions and input data;
- evaluated the appropriateness of the assumptions, including the revenue growth rates and gross margin, against latest market expectation;
- evaluated the appropriateness of the discount rate employed in the calculation of value in use by reviewing its basis of calculation and comparing its input data to market sources; and
- performed sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in revenue growth rate, gross margin and discount rate employed.

ESTIMATE OF EXPECTED CREDIT LOSSES ("ECL") OF ACCOUNTS AND BILLS RECEIVABLES

Refer to note 30 to the consolidated financial statements and the accounting policies on pages 106 to 112.

The key audit matter

As at 31 December 2019, the carrying amount of the Group's accounts and bills receivables was approximately HK\$5,362,493,000, net of loss allowance of approximately HK\$750,029,000.

The Group has adopted ECL model to estimate the loss allowance of accounts and bills receivables. Management performed periodic assessment on the sufficiency of loss allowance based on provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL.

The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as probability of default and forward looking information.

We have identified the estimate of ECL of accounts and bills receivables as a key audit matter because of its significance to the consolidated financial statements and the corresponding uncertainty inherent in such estimates.

How the matter was addressed in our audit

We performed the following audit procedures on assessing the loss allowance of accounts and bills receivables:

- evaluated the key internal controls which govern credit control, debt collection and estimation of ECL;
- assessed, on a sample basis, whether items in the ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices;
- evaluated techniques and methodology in the ECL model against the requirement of HKFRS 9;
- reviewed and assessed the application of the Group's policy for calculating the ECL; and
- assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance.

Independent Auditor's Report

REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

Refer to note 6 to the consolidated financial statements and the accounting policies on page 119.

The key audit matter

The Group's revenue from sales of goods is recognised at the point when the control of the goods is transferred to the customers while revenue from system integration and software development and technical services are recognised over time with reference to the progress towards complete satisfaction of a performance obligation. During the year, the Group recognised revenue over time and at a point in time amounted to approximately HK\$8,281,555,000 and HK\$9,053,238,000 respectively.

When revenue is recognised over time, significant management judgement is involved in the measurement of progress using input method based on the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

We have identified revenue recognition from contracts with customers as a key audit matter because it is quantitatively significant to the consolidated financial statements as a whole, combined with significant management's judgement involved in determining the appropriate point to recognise revenue from the above types of revenues.

How our audit addressed the key audit matter

We performed the following audit procedures on the revenue recognition from contracts with customers using input method:

- evaluated the key internal controls over revenue recognition;
- assessed the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting a sample of representative contracts with customers;
- selected a sample of incomplete contracts as at year end and assessed the reasonableness of budgeted contract costs and inspected supporting documents such as purchase orders of equipment and contracts with subcontractors;
- selected a sample of completed contracts during the year and checked the historical reliability of the budgeted contract costs; and
- re-performed on a sample basis the calculation of revenue recognised during the year based on the input method.

VALUATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Refer to notes 23 and 24 to the consolidated financial statements and the accounting policies on pages 106 to 112.

The key audit matter

As at 31 December 2019, the carrying amounts of the Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were approximately HK\$929,091,000 and HK\$408,572,000 respectively.

During the year, the Group recognised fair value loss on financial assets at fair value through profit or loss of approximately HK\$3,263,000 and fair value loss on financial assets at fair value through other comprehensive income of approximately HK\$3,696,000.

The Group engaged independent valuers to perform valuation of these investments where quoted market prices are not available.

We have identified the valuation of these financial assets as a key audit matter because the carrying amounts of these financial assets are significant to the consolidated financial statements and significant management's judgements were involved in the choice of valuation methods and inputs in the fair value measurement of these financial assets.

How the matter was addressed in our audit

We performed the following audit procedures on the valuation of financial assets at fair value through profit or loss and at fair value through other comprehensive income for which quoted market prices are not available:

- assessed the competence, capability and objectivity of the relevant independent valuers;
- assessed the appropriateness of the valuation methodologies performed by management;
- involved our valuation specialist to evaluate and assess the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuations performed by the relevant independent valuers; and
- tested, on a sample basis, the accuracy and relevance of input data used by the relevant independent valuers.

VALUATION OF INVESTMENT PROPERTIES

Refer to note 15 to the consolidated financial statements and the accounting policies on pages 104 to 105.

The key audit matter

As at 31 December 2019, the fair value of the investment properties was approximately HK\$4,598,840,000, with a net fair value gain of approximately HK\$32,532,000 recognised in the consolidated statement of profit or loss for the year ended 31 December 2019.

The Group had engaged independent valuers as management's experts to perform valuations of these investment properties at the end of the reporting period.

We have identified valuation of investment properties as a key audit matter because the carrying amounts of these investment properties are significant to the consolidated financial statements and significant management's judgements were involved in the choice of valuation methods and inputs in the fair value measurement of these investment properties.

How the matter was addressed in our audit

We performed the following audit procedures on the valuation of investment properties:

- assessed the competence, capabilities and objectivity of the independent valuers;
- obtained an understanding of the valuation process and techniques adopted by the independent valuers to assess if they are consistent with the industry norms;
- obtained the valuation reports and involved our valuation specialist to evaluate and assessing the reasonableness of the significant unobservable inputs and the accuracy of the source data used by the management and the independent valuers by comparing them, on a sampling basis, to where relevant, existing tenancy profiles, publicly available information of similar comparable properties; and
- tested, on a sample basis, the arithmetical accuracy of calculations.

Independent Auditor's Report

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 OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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, solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Independent Auditor's Report

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- * Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide 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 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 Lau Kai Wong.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lau Kai Wong

Practising Certificate Number: P06623

Hong Kong

25 April 2020

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	6	17,727,429	15,254,499
Cost of sales and services		(14,572,646)	(12,345,061)
Gross profit		3,154,783	2,909,438
Other income and gains	6	187,720	431,006
Gain on deemed partial disposal of equity interests in associates	21	143,311	293,083
Gain on partial disposal of equity interests in associates	21	223,739	-
Selling and distribution expenses		(1,315,401)	(1,387,062)
Administrative expenses		(527,781)	(526,840)
Other expenses, net		(810,709)	(1,080,065)
Finance costs	8	(227,506)	(215,857)
Impairment of goodwill	18	(201,787)	(220,695)
Share of (loss) profit of associates		(55,895)	60,559
Share of (loss) profit of joint ventures		(23,774)	17,967
Profit before tax	7	546,700	281,534
Income tax expense	11	(96,524)	(61,064)
Profit for the year		450,176	220,470
Attributable to:			
Equity holders of the parent		301,844	149,587
Non-controlling interests		148,332	70,883
		450,176	220,470
Earnings per share attributable to equity holders of the parent	13		
Basic (HK cents)		18.31	8.96
Diluted (HK cents)		18.31	8.96

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2019

	<i>NOTES</i>	2019 HK\$'000	2018 HK\$'000
Profit for the year		450,176	220,470
Other comprehensive (loss) income			
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of financial statements of foreign operations		(197,450)	(454,286)
Share of other comprehensive income of associates		11,269	42,887
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(186,181)	(411,399)
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Net fair value changes on financial assets measured at fair value through other comprehensive income		(3,696)	(772)
Gain on property revaluation	15	20,597	2,993
Income tax effect	26	(10,814)	(748)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		6,087	1,473
Other comprehensive loss for the year, net of tax		(180,094)	(409,926)
Total comprehensive income (loss) for the year		270,082	(189,456)
Attributable to:			
Equity holders of the parent		184,948	(124,240)
Non-controlling interests		85,134	(65,216)
		270,082	(189,456)

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment	14	1,027,562	1,017,356
Right-of-use assets	17	233,656	–
Investment properties	15	4,598,840	4,712,932
Prepaid land premiums	16	–	65,035
Goodwill	18	1,887,695	2,057,937
Other intangible assets	19	157,765	161,520
Interests in joint ventures	20	185,890	197,662
Interests in associates	21	3,150,086	3,427,004
Financial assets at fair value through other comprehensive income	23	408,572	427,293
Finance lease receivables	25	2,310	6,204
Other receivables	31	908,780	924,635
Deferred tax assets	26	173,125	175,710
		12,734,281	13,173,288
Current assets			
Inventories	27	1,848,844	1,052,773
Properties under development	28	–	250,501
Completed properties held for sale	29	24,722	23,093
Accounts and bills receivables	30	5,362,493	4,889,158
Prepayments, deposits and other receivables	31	1,499,292	1,224,466
Contract assets	32a	527,073	1,151,469
Financial assets at fair value through profit or loss	24	929,091	1,286,340
Finance lease receivables	25	54,528	162,597
Restricted bank balances	33	115,488	69,617
Cash and cash equivalents	33	1,890,171	2,204,872
		12,251,702	12,314,886
Assets classified as held for sale	22	565,118	–
		12,816,820	12,314,886
Current liabilities			
Accounts and bills payables	34	3,832,793	3,212,562
Other payables and accruals	35	2,046,205	1,656,352
Lease liabilities	17	103,070	–
Contract liabilities	32b	1,396,496	1,612,372
Tax payables		66,455	43,625
Interest-bearing bank and other borrowings	36	3,468,959	3,592,314
		10,913,978	10,117,225
Net current assets		1,902,842	2,197,661
Total assets less current liabilities		14,637,123	15,370,949

Consolidated Statement of Financial Position

At 31 December 2019

	<i>NOTES</i>	2019 HK\$'000	2018 HK\$'000
Non-current liabilities			
Interest-bearing bank and other borrowings	36	1,625,741	2,606,352
Deferred tax liabilities	26	350,261	339,004
Deferred income	47	37,033	28,897
Lease liabilities	17	60,616	-
		2,073,651	2,974,253
Net assets			
		12,563,472	12,396,696
Capital and reserves			
Share capital	37	167,098	167,726
Reserves	38	8,769,325	8,682,617
		8,936,423	8,850,343
Equity attributable to equity holders of the parent		8,936,423	8,850,343
Non-controlling interests		3,627,049	3,546,353
		12,563,472	12,396,696
Total equity			
		12,563,472	12,396,696

The consolidated financial statements on pages 80 to 204 were approved and authorised for issue by the board of directors of the Company on 25 April 2020 and are signed on its behalf by:

GUO Wei
Director

LIN Yang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the parent													
	Issued capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Employee share trust HK\$'000	Employee share-based compensation reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2018	167,726	4,665,095	1,929,976	(21,571)	51,503	480,072	5,459	-	393,297	104,462	1,238,356	9,014,375	3,644,047	12,658,422
Profit for the year	-	-	-	-	-	-	-	-	-	-	149,587	149,587	70,883	220,470
Changes in fair value on financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	16,984	-	-	-	-	16,984	(17,756)	(772)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	-	(320,970)	-	(320,970)	(133,316)	(454,286)
Share of other comprehensive income of associates	-	-	5,021	-	-	-	20,635	-	-	3,595	-	29,251	13,636	42,887
Gain on property revaluation, net of tax	-	-	-	-	-	908	-	-	-	-	-	908	1,337	2,245
Total comprehensive income (loss) for the year	-	-	5,021	-	-	908	37,619	-	-	(317,375)	149,587	(124,240)	(65,216)	(189,456)
Share-based compensation	-	-	-	-	3,414	-	-	-	-	-	-	3,414	-	3,414
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	14,654	14,654
Capital reduction by a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(11,019)	(11,019)
Shares buy back (note 37)	-	-	-	-	-	-	-	(1,326)	-	-	-	(1,326)	-	(1,326)
Acquisition of additional interests in non-wholly owned subsidiaries (note 42(d))	-	-	(41,880)	-	-	-	-	-	-	-	-	(41,880)	(6,064)	(47,944)
Disposal of subsidiaries (note 42(e))	-	-	-	-	-	-	-	-	-	-	-	-	(5,784)	(5,784)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(24,265)	(24,265)
Transfer to reserve funds	-	-	-	-	-	-	-	-	33,578	-	(33,578)	-	-	-
At 31 December 2018	167,726	4,665,095	1,893,117	(21,571)	54,917	480,980	43,078	(1,326)	426,875	(212,913)	1,354,365	8,850,343	3,546,353	12,396,696

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the parent													Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Employee share trust HK\$'000	Employee share-based compensation reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2019	167,726	4,665,095	1,893,117	(21,571)	54,917	480,980	43,078	(1,326)	426,875	(212,913)	1,354,365	8,850,343	3,546,353	12,396,696
Profit for the year	-	-	-	-	-	-	-	-	-	-	301,844	301,844	148,332	450,176
Changes in fair value on financial assets measured at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(4,197)	-	-	-	-	(4,197)	(5,164)	(9,361)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	(139,233)	-	(139,233)	(139,233)	(58,217)	(197,450)
Share of other comprehensive income of associates	-	-	-	-	-	-	6,854	-	4,232	-	-	11,086	183	11,269
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(3,229)	-	-	-	3,229	-	-	-
Gain on property revaluation, net of tax	-	-	-	-	-	15,448	-	-	-	-	-	15,448	-	15,448
Total comprehensive income (loss) for the year	-	-	-	-	-	15,448	(572)	-	-	(135,001)	305,073	184,948	85,134	270,082
Share-based compensation	-	-	-	-	12,111	-	-	-	-	-	-	12,111	6,258	18,369
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	20,959	20,959
Capital reduction by a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,495)	(3,495)
Contribution to employee share trust	-	-	-	(39,296)	-	-	-	-	-	-	-	(39,296)	-	(39,296)
Shares buy back (note 27)	(628)	(21,237)	-	-	-	-	-	1,326	-	-	-	(20,539)	-	(20,539)
Acquisition of additional interests in non-wholly owned subsidiaries (note 42(a))	-	-	(32)	-	-	-	-	-	-	-	-	(32)	(47)	(79)
Disposal of subsidiaries (note 42(e))	-	-	-	-	-	-	-	-	-	-	-	-	(5,224)	(5,224)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(22,889)	(22,889)
Transfer to reserve funds	-	-	-	-	-	-	-	-	49,682	-	(49,682)	-	-	-
Final 2018 dividend paid (note 12)	-	-	-	-	-	-	-	-	-	-	(51,112)	(51,112)	-	(51,112)
At 31 December 2019	167,098	4,643,858	1,893,085	(60,867)	67,028	496,428	42,506	-	476,557	(347,914)	1,558,644	8,936,423	3,627,049	12,563,472

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 HK\$'000	2018 HK\$'000
OPERATING ACTIVITIES		
Profit before tax:	546,700	281,534
Adjustments for:		
Finance costs	227,506	215,857
Share of profits and losses of joint ventures and associates	79,669	(78,526)
Interest on bank deposits	(10,284)	(16,786)
Income from wealth management financial products	(32,209)	(25,529)
Deferred income recognised	(20,902)	(31,128)
Dividends income from financial assets at fair value through profit or loss	(475)	-
Dividends income from financial assets at fair value through other comprehensive income	(232)	(3,840)
Impairment of goodwill	201,787	220,695
Impairment of accounts and bills receivables, other receivables and contract assets	94,635	272,000
(Reversal of impairment) impairment of finance lease receivables	(6,829)	12,740
Impairment of properties under development	12,394	-
Impairment of interests in joint ventures	-	10,156
Impairment of interests in associates	2,286	-
Loss on disposal of items of property, plant and equipment	4,022	24,575
Loss on write-off of other intangible assets	4,882	-
Fair value gains on investment properties, net	(32,532)	(50,141)
Fair value loss on financial assets at fair value through profit or loss	3,263	5,838
Gain on disposal of equity interests in joint ventures	-	(4,158)
Gain on disposal of equity interests in associates	(9,619)	(7,880)
Gain on disposal of financial assets at fair value through profit or loss	(4,371)	(10,244)
Gain on disposal/partial disposal of interest in subsidiaries	(890)	(199,917)
Gain on partial disposal of equity interests in associates	(223,739)	-
Gain on deemed partial disposal of the equity interests in associates	(143,311)	(293,083)
Depreciation of property, plant and equipment	135,754	149,186
Depreciation of right-of-use assets	108,278	-
Amortisation of prepaid land premiums	-	1,727
Amortisation of other intangible assets	47,050	49,340
Provisions for and write-off of obsolete inventories	87,554	125,630
Share-based compensation	18,369	3,414
	1,088,756	651,460
(Increase) decrease in inventories	(884,300)	43,033
Decrease in completed properties held for sale	-	21,954
(Increase) decrease in accounts and bills receivables	(569,711)	79,926
Increase in prepayments, deposits and other receivables	(66,798)	(39,782)
Decrease in finance lease receivables	118,792	262,684
Increase in accounts and bills payables	622,178	7,191
Increase (decrease) in other payables and accruals and deferred income	412,310	(303,877)
Decrease (increase) in contract assets	624,396	(119,896)
Decrease in contract liabilities	(229,339)	(115,336)
(Increase) decrease in restricted bank balances	(45,871)	38,372
Effect of foreign exchange rate changes, net	(29,849)	(85,230)
	1,040,564	440,499
Cash generated from operations	1,040,564	440,499
Interest received	19,594	18,312
Hong Kong profits tax paid	(263)	147
Mainland China income tax paid	(70,666)	(189,254)
	989,229	269,704
NET CASH FROM OPERATING ACTIVITIES	989,229	269,704

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 HK\$'000	2018 HK\$'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(199,135)	(100,193)
Proceeds from disposal of property, plant and equipment	6,968	1,095
Additions to other intangible assets	(50,164)	(35,400)
Acquisition of subsidiaries	(42,587)	(32,258)
Disposal of subsidiaries	(2,850)	56,496
Proceeds from disposal of investment in joint ventures	–	13,972
Proceeds from disposal of investment in associates	115,049	46,933
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,886	26,106
Proceeds from disposal of financial assets at fair value through profit or loss	1,190,212	795,090
Proceeds from the redemption of financial assets at fair value through profit or loss	–	651,358
Dividend income from financial assets at fair value through profit or loss	475	–
Dividend income from financial assets at fair value through other comprehensive income	232	3,840
Dividends received from joint ventures	–	5,137
Dividends received from associates	31,571	8,685
Investments in joint ventures	(23,981)	(4,737)
Investments in associates	(41,486)	–
Investments in financial assets at fair value through other comprehensive income	–	(22,145)
Investments in financial assets at fair value through profit or loss	(799,646)	(1,371,741)
NET CASH FROM INVESTING ACTIVITIES	192,544	42,238
FINANCING ACTIVITIES		
Shares buy-back	(20,539)	(1,326)
New bank borrowings	3,630,668	4,506,145
Repayment of bank borrowings	(4,111,711)	(5,842,011)
Repayment of lease liabilities	(106,240)	–
Proceeds from issue of corporate bonds	1,949	1,430
Repayment of corporate bonds	(569,854)	(236,642)
Interest paid	(227,506)	(215,857)
Dividends paid	(51,112)	–
Dividends paid to non-controlling shareholders	(22,889)	(24,265)
Purchase of shares under the restricted share award scheme	(39,296)	–
Payments to acquire additional interests in non-wholly-owned subsidiaries	(79)	(47,944)
Contribution from non-controlling shareholders of subsidiaries	20,959	4,169
Capital reduction by a non-controlling shareholder of a subsidiary	(3,495)	(11,019)
NET CASH USED IN FINANCING ACTIVITIES	(1,499,145)	(1,867,320)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(317,372)	(1,555,378)
Cash and cash equivalents at beginning of year	2,204,872	3,784,296
Effect of foreign exchange rate changes, net	2,671	(24,046)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	1,890,171	2,204,872
Analysis of components of cash and cash Equivalents		
Bank balances and cash	1,885,691	2,159,291
Non-pledged time deposits	4,480	45,581
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of the cash flows	1,890,171	2,204,872

Notes to Financial Statements

For the year ended 31 December 2019

1. GENERAL

Digital China Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to this annual report.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- provision of information technology ("IT") services, including systems integration, software development and technical services, etc.
- provision of supply chain services, including e-commerce supply chain services and logistics services, etc.
- provision of all-encompassing Sm@rt City services, including internet based integrated IT platform construction and operation and institutional financial services, including micro-credit loan, leasing, factoring, etc.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"). Other than the Group's subsidiaries operated in the People's Republic of China (the "PRC") whose functional currencies are Renminbi ("RMB"), the functional currencies of the Company and other subsidiaries are HK\$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 16

HK(IFRIC) – Int 23

Amendments to HKFRS 9

Amendments to HKAS 19

Amendments to HKAS 28

Amendments to HKFRSs

Leases

Uncertainty over Income Tax Treatments

Prepayment Features with Negative Compensation

Plan Amendment, Curtailment or Settlement

Long-term Interests in Associates and Joint Venture

Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 January 2019 was ranged from 4.46% to 6.18%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	<i>Notes</i>	Carry amount Previously reported at 31 December 2018 HK\$'000	Impact on adoption of HKFRS 16 HK\$'000	Carrying amount as restated at 1 January 2019 HK\$'000
Right-of-use assets	(a)&(b)	–	270,506	270,506
Prepaid land premiums	(b)	65,035	(65,035)	–
Prepayment, deposits and other receivables				
– current	(b)	1,224,466	(11,509)	1,212,957
Lease liabilities – current	(a)	–	97,779	97,779
Lease liabilities – non-current	(a)	–	96,183	96,183

Notes:

(a) As at 1 January 2019, right-of-use assets relating to operating leases under HKAS 17 were measured at an amount equal to the lease liability and adjusted by prepaid rental as explained in (b).

(b) Prepaid land premiums of HK\$69,230,000 (note 16) which represent the upfront payments for leasehold lands in the PRC, of which HK\$4,195,000 was included in prepayment, deposits and other receivables, and the prepaid rental of HK\$7,314,000 as at 31 December 2018 were reclassified to right-of-use assets.

Notes to Financial Statements

For the year ended 31 December 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

Impacts on adoption of HKFRS 16 Leases (Continued)

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected. The adoption of HKFRS 16 has resulted in a change in presentation of cash flows within the consolidated statement of cash flows.

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	HK\$'000
Operating lease commitment as at 31 December 2018	300,611
Less: Short-term leases and other leases ended on or before 31 December 2019	(93,067)
	207,544
Discounted using the incremental borrowing rate at 1 January 2019	(13,582)
Lease liabilities recognised as at 1 January 2019	193,962
Analysed as	
Current portion	97,779
Non-current portion	96,183
	193,962

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- reliance on assessments on whether leases are onerous by applying HKAS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

Impacts on adoption of HKFRS 16 Leases (Continued)

Practical expedients applied (Continued)

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

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

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The directors of the Company anticipate that, except as described below, the application of the new and amendments HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial instruments that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; (iv) any additional facts and circumstances that indicate that the Group has the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meeting; or (v) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the equity holders of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

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

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill relating to an associate or a joint venture that included in the carrying amount of the investment is set out in "interests in associates and joint ventures" below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill and is included in the carrying amount of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

After application of the equity method, including recognising the associate's or joint venture's losses (if any), the Group determines whether there is an objective evidence that the net investment in the associate or joint venture is impaired. Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate or a joint venture upon the Group losing significant influence over the associate or joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at its fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of the retained interest and any proceeds from disposing of a part interest in the associate or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

If an investment in financial asset measured at fair value through other comprehensive income ("FVTOCI") becomes an associate, the carrying amount of the investment at the date the Group obtained significant influence is restored to its original cost of acquisition with any cumulative fair value change recognised in investment revaluation reserve being reversed.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale (Continued)

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with the applicable standard unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets and disposal groups classified as held for sale, except for investment properties that are measured at fair value model under HKAS 40, are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

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

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

The Group recognised revenue from the following major sources:

- System integration
- Software development and technical services business
- Logistics services
- E-commerce supply chain services
- Sales of properties

Revenue from system integration is recognised over time, except for contracts comprised sales of goods and provision of services in which the performance obligations are separately identifiable. Revenue from sales of goods is recognised at the point when the control of the goods is transferred to the customers while revenue from provision of services is recognised over time.

Revenue from software development and technical services business is recognised over time.

The Group recognised revenue over time by measuring the progress towards complete satisfaction of a performance obligation in accordance with output or input method.

Output method is applied to recognise revenue on the basis of direct measurements of the value of goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method is applied to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract. In some circumstances when the outcome of a performance obligation could not be reasonably measured, the Group shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Revenue from logistics services is recognised at the point when the services are provided to the customers.

Revenue from e-commerce supply chain services include provision of supply chain services and sales of goods, which is recognised at the point when the services are provided to the customers or when the control of the goods is transferred to the customers, generally on delivery of goods to customers.

Revenue from sales of properties is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from property sales is generally recognised when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Leasing

(Accounting policy applicable on or after 1 January 2019)

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

(Accounting policy applicable on or after 1 January 2019) (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Except for the right-of-use assets classified as investment properties and measured under fair value model, right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment property". The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents, if any, that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

(Accounting policy applicable on or after 1 January 2019) (Continued)

The Group as lessee (Continued)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties and certain equipment. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term except for investment properties under fair value model.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases, measured using the interest rate implicit in the respective leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

(Accounting policy applicable prior to 1 January 2019)

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid land premiums in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective from 1 January 2019, any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the general principles above.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative expenses (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as buildings and included in property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms or 2% to 5%, whichever is shorter
Leasehold improvements	Over the lease terms or 20% to 33%, whichever is shorter
Fixtures and office equipment	10% to 33%
Motor vehicles	10% to 20%

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purpose. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Upon application of HKFRS 16 on 1 January 2019, investment properties include leased properties recognised by the Group as right-of-use assets and leased out under operating lease.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

If an item of property, plant and equipment and right-of-use assets becomes an investment property when there is a change in use, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. The asset revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Systems software

Purchased systems software is stated at cost less accumulated amortisation and any accumulated impairment losses, and is amortised on the straight-line basis over its estimated useful life of five years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value is estimated by the directors of the Company based on the prevailing market prices, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors of the Company based on the prevailing market prices, on an individual property basis.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (note 6).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments designated as at FVTOCI (Continued)

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other income and gains' line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income and gains" and "Other expenses" line items. Fair value is determined in the manner described in note 50.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, finance lease receivables, contract assets as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts and bills receivables, contract assets and finance lease receivables. The ECL on these financial assets are estimated using a provision matrix or individually based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts and bills receivables, when the amounts are over 30 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases (on or after 1 January 2019) or HKAS 17 Leases (prior to 1 January 2019).

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to Financial Statements

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share based payment transactions

Share options and share awards granted to employees

The fair value of services received determined by reference to the fair value of equity instruments granted at the date of grant is expensed on a straight line basis over the vesting period with a corresponding increase in equity (employee share-based compensation reserve).

Service and non-market performance conditions are not taken into account when determining the grant date fair value of equity instruments, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an equity instrument, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of the equity instrument and lead to an immediate expensing of an equity instrument unless there are also service and/or performance conditions.

At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to ultimately vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share-based compensation reserve.

When share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will continue to be held in employee share-based compensation reserve.

For RSA Scheme (as explained in note 39(b)), the considerations paid (including any related transaction costs) by the Company to purchase shares of the Company are deducted from equity as an employee share trust. The administrator of the employee share trust purchases the Company's shares in the open market as award shares to employees. Upon vesting of the award shares, the corresponding amount in the employee share trust will be transferred to the employee share-based compensation reserve.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (defined contribution scheme) operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets (including right-of-use assets) (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories/properties under development/completed properties for sale and value in use of goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the parent of the Group.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distributions of dividends. No deferred tax liability on undistributed earnings had been provided at 31 December 2019 (2018: nil).

Ownerships of investment properties

As at 31 December 2019, the Group has not yet obtained the real estate ownership certificates for certain of the Group's investment properties with a net carrying amount of approximately HK\$138,130,000 (2018: HK\$261,491,000) from the relevant government authorities. In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as these properties are erected on lands in which the Group had obtained the relevant title certificates, the Group had paid the full construction consideration and the probability of being evicted on the ground of an absence of formal title is remote.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties, except for those classified as held for sale in accordance with HKFRS 5, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties of rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax ("EIT") and land appreciation tax ("LAT").

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies (Continued)

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Digital China Information Service Company Ltd. (神州數碼信息服務股份有限公司) ("DCITS") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of DCITS with a 40.14% (2018: 40.43%) equity interest. Although the Group does not own a majority of the equity interests in DCITS, taking into account the Group's power to participate in the operational and financial activities of DCITS, distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, and the existence of any contractual arrangement among the shareholders and/or their beneficial shareholders, if any, the directors of the Company are of the view that the equity holdings in DCITS are dispersed in a way that other shareholders have not organised and the practical risk to organise their holdings to outvote the Group in the shareholders' meetings of DCITS is remote so that the Group's voting rights are sufficient to give it the practical ability to direct the relevant activities of DCITS unilaterally. Therefore, the directors of the Company are of the view that the Company has de facto control over DCITS.

Significant influence over associates

The Group considers DigiWin Software Co. Ltd ("DWS") and Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited ("Jingu"), in which the Group has 10.02% and 9.71% (2018: 10.98% and 9.71%) equity interest respectively, are associates of the Group over which the Group has significant influence even though it owns less than 20% of voting rights.

By virtue of its contractual right, the Group holds more than 20% of the voting power of DWS of which 17.66% was held through DCITS while 3.84% was held through its wholly-owned subsidiary in 2018. In 2019, the Group's voting power in DWS decreased to 19.26% (15.44% was held through DCITS while 3.82% was held through its wholly-owned subsidiary). The Group considers that it has the ability to exercise significant influence on DWS even though it owns less than 20% of the ownership interest and voting power of DWS taking into account 1) the Group is the single largest shareholder of DWS and such ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; and 2) the representation on the board of directors of DWS.

For Jingu, the Group considers that it has the ability to exercise significant influence even though it owns less than 20% of the ownership interest and voting power taking into account 1) the Group is one of the largest shareholders and such ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation on the board of directors; 3) right to participate in the policy-making process, including dividends and other distribution; and 4) the representative of the Group is a member of significant committees of the associate. There are no changes in the Group's representation and composition of the board of directors of Jingu during 2019 and 2018.

Key sources of estimation uncertainty

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

Recognition of share-based compensation expense

The Group operates share-based incentive schemes as detailed in note 39 for the purpose of providing incentives and rewards to employees. The fair values of these equity instruments were valued by an independent valuer using the binomial model. These valuations require the Company to make estimates about certain key inputs, including the dividend yield, expected volatility, risk-free interest rate and expected life of options, and hence they are subject to uncertainty.

Besides, the grant of these equity instruments is conditional upon the satisfaction of specified vesting conditions, including service periods and performance conditions linked to financial performance measure. Judgement is required to take into account the vesting conditions and adjust the number of the equity instruments included in the measurement of share-based compensation expense.

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For the year ended 31 December 2019

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Recognition of share-based compensation expense (Continued)

The cumulative expense recognised for share-based incentive schemes at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and an appropriate discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2019, the carrying amount of goodwill is approximately HK\$1,887,695,000 (2018: HK\$2,057,937,000). An impairment loss of approximately HK\$201,787,000 was recognised during the year ended 31 December 2019 (2018: HK\$220,695,000). Details of the accumulated impairment and recoverable amount calculations are disclosed in note 18.

Fair value of financial assets measured at FVTPL and FVTOCI

As described in note 50, the directors of the Company use their judgements in selecting appropriate valuation techniques for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted equity instruments includes some assumptions not supported by observable market prices or rates. As at 31 December 2019, the carrying amount of the unlisted equity instruments classified as FVTOCI was approximately HK\$408,572,000 (2018: HK\$427,293,000). As at 31 December 2019, the carrying amount of the unlisted investments classified as financial assets at FVTPL was approximately HK\$925,766,000 (2018: HK\$1,258,048,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

Estimated useful lives of property, plant and equipment and intangible assets

At the end of each reporting period, the directors of the Company review the estimated useful lives of property, plant and equipment and intangible assets with finite useful life. The carrying amounts of property, plant and equipment and intangible assets with finite useful life as at 31 December 2019 is HK\$1,027,562,000 (2018: HK\$1,017,356,000) and HK\$157,765,000 (2018: HK\$161,520,000) respectively.

Revaluation of investment properties

As disclosed in note 15, investment properties, including completed investment properties and investment properties under construction, are revalued at the end of the reporting period on an open market, existing use basis by independent professional valuers. These valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, information about current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used. At 31 December 2019, the carrying amount of investment properties measured at fair value was approximately HK\$4,598,840,000 (2018: HK\$4,712,932,000). The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in note 15.

At 31 December 2018, investment properties under construction are measured based on estimates prepared by independent real estate valuation experts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Expected credit losses of accounts and bills receivables and other receivables

The impairment provisions for accounts and bills receivables and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

During the year ended 31 December 2019, impairment loss of accounts and bills receivables of approximately HK\$90,722,000 (2018: HK\$155,151,000) was recognised in the consolidated statement of profit or loss for the year. The carrying amount of accounts and bills receivables was approximately HK\$5,362,493,000 (2018: HK\$4,889,158,000), net of loss allowance of approximately HK\$750,029,000 (2018: HK\$677,948,000).

During the year ended 31 December 2019, impairment loss of other receivables of approximately HK\$3,645,000 (2018: HK\$116,849,000) was recognised in the consolidated statement of profit or loss for the year. The carrying amount of deposits and other receivables was approximately HK\$2,006,082,000 (2018: HK\$1,719,017,000), net of loss allowance of approximately HK\$133,045,000 (2018: HK\$131,571,000).

Revenue recognition

When the Group recognises revenue over time using the input method, based on the actual direct costs incurred to satisfy the performance obligation relative to the total expected costs incurred to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue require estimations from management based on understanding of the performance of the contract and quotations from suppliers and subcontractors, and the Group's historical experience. Due to the nature of the activity undertaken in the service contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a provision for onerous contract may arise.

For system integration and software development and technical services business, the Group either creates and enhances an asset that the customers controls or its customers simultaneously receives and consumes the benefits provided as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time.

Provision for obsolete inventories

Management reviews the ageing analysis of inventories of the Group and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sales. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories. If the market conditions were to change, resulting in a change in provision for obsolete items, the difference will be recorded in the period it is identified. During the year ended 31 December 2019, provisions for and write-off of obsolete inventories of approximately HK\$87,554,000 (2018: HK\$125,630,000) was recognised in the consolidated statement of profit or loss. As at 31 December 2019, the carrying amount of inventories was approximately HK\$1,848,844,000 (2018: HK\$1,052,773,000).

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For the year ended 31 December 2019

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment assessment of interests in associates and joint ventures

At the end of the reporting period, the directors of the Company review the carrying amounts of its interests in associates and joint ventures of approximately HK\$3,150,086,000 (2018: HK\$3,427,004,000) and HK\$185,890,000 (2018: HK\$197,662,000) respectively, and identified if there is any indication that those assets may suffer an impairment loss. If an objective evidence of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of impairment loss. The estimates of the recoverable amounts of the assets require the use of assumptions such as cash flow projections and discount rates. Based on the estimated recoverable amounts, impairment loss of associates of HK\$2,286,000 (2018: joint ventures of HK\$10,156,000) has been recognised in the consolidated profit or loss.

Deferred tax

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Certain entities of the Group were recognised as "High New Technology Enterprises" in Mainland China and entitled to a preferential corporate income tax rate of 15% for a three-year period. Digital China Information System (Yangzhou) Limited is recognised as "小型微利企業" and entitled to a preferential corporate income tax rate of 20% during the year ended 31 December 2019. The tax regulations call for a renewal process after the expiry. For the measurement of deferred tax assets and liabilities, judgement is required to determine whether these entities will continue to meet the criteria of "High New Technology Enterprises" and estimate the tax rates expected to be applied.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and amounts of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2019 were approximately HK\$173,125,000 (2018: HK\$175,710,000) and HK\$350,261,000 (2018: HK\$339,004,000), respectively. The amount of unrecognised tax losses and certain deductible temporary differences at 31 December 2019 was approximately HK\$1,446,350,000 (2018: HK\$1,490,961,000) in aggregate. Further details are given in note 26.

EIT

The Group is subject to EIT in various regions. As a result of the fact that certain matters relating to the EIT have not been confirmed by the local tax bureaus, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for EIT. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the EIT and tax provisions in the period in which the differences realise.

LAT

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related provision in the period in which the differences realise.

5. SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment information of the four continuing business groups are summarised as follows:

- (a) The "DCITS" segment: Digital China Information Service Company Ltd. (神州數碼信息服務股份有限公司) ("DCITS") mainly engaged in system integration and software development and technical service business, with core bank systems and enterprise service buses as its key products, provides services for customers in the banking industry such as system development, maintenance, industry cloud services and infrastructure development, and also provides technical services, application software development and industry cloud construction and operation services for key industries including government, enterprises and agriculture.
- (b) The "Smart Industry Chain Business" segment: "IT Logistics" is China's leading industrial chain service brand, which is committed to providing customers with one-stop end-to-end services through the strategy of Warehouse + Big Data + Artificial Intelligence, and through the big data of the supply chain to coordinate the upstream and downstream enterprises, enhance the overall efficiency in the industry chain and create a new form of Smart Industry Chain under the overall ecosystem of the entire industry chain. The Group generated revenue from logistics business and e-commerce supply chain services business in this segment.
- (c) "Sm@rt City Business" segment: "Sm@rt City Business", which is based on the big data deep application, and builds a comprehensive urban-level big data platform for the city to solve medical, transportation, energy supply and social security issues by engaged in system integration, software development and technical services business.
- (d) "Other Business" segment: including property investment, sales of properties and "Smart Finance Business" which rely on its various financial licenses, integrates resources of financial institutions such as banking, insurance, securities and trusts, provision of financial services, such as micro-credit loan, leasing, factoring, etc. to internal and external customers; and assets operations, other innovative businesses and incubation and strategic investments.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results are evaluated based on the reportable segment profit, which is a measure of adjusted profit (loss) before tax. The segment results is measured consistently with the Group's profit before tax except that certain interest income, certain finance costs, unallocated corporate income and gains and unallocated corporate expenses are excluded from such measurement. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments excluding certain deferred tax assets, certain cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.
- all liabilities are allocated to operating segments excluding certain tax payables, certain interest-bearing bank and other borrowings, certain deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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For the year ended 31 December 2019

5. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue, results and assets, liabilities and certain other information for the Group's operating and reportable segments for the years ended 31 December 2019 and 2018.

	DCITS		Smart Industry Chain Business		Sm@rt City Business		Other Business		Elimination		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue:												
External	11,503,811	10,522,367	5,373,826	3,777,386	242,917	320,770	606,875	633,976	-	-	17,727,429	15,254,499
Inter-segment	1,768	23,137	8,485	15,418	83,776	4,448	27,609	22,423	(121,638)	(65,426)	-	-
	11,505,579	10,545,504	5,382,311	3,792,804	326,693	325,218	634,484	656,399	(121,638)	(65,426)	17,727,429	15,254,499
Segment gross profit	2,101,791	1,938,841	689,845	551,082	74,689	128,511	288,458	291,004			3,154,783	2,909,438
Segment results	301,344	149,192	105,635	(6,031)	11,492	2,503	391,369	427,017			809,840	572,681
Unallocated												
Interest income											2,994	5,396
Income and gains											4,956	1,065
Unallocated expenses											(143,191)	(172,295)
Profit from operating activities											674,599	406,847
Finance costs											(127,899)	(125,313)
Profit before tax											546,700	281,534
Assets and liabilities												
Segment assets	12,046,747	12,319,680	1,848,396	1,512,138	478,885	469,079	10,492,425	10,567,331			24,866,453	24,868,228
Unallocated assets											684,648	619,946
Total assets											25,551,101	25,488,174
Segment liabilities	5,985,510	6,474,140	1,762,663	1,358,863	171,375	105,559	544,097	390,581			8,463,645	8,329,143
Unallocated liabilities											4,523,984	4,762,335
Total liabilities											12,987,629	13,091,478

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For the year ended 31 December 2019

5. SEGMENT INFORMATION (CONTINUED)

	DCITS		Smart Industry Chain Business		Sm@rt City Business		Other Business		Unallocated		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Other segment information:												
Depreciation of property, plant and equipment	67,346	84,994	41,989	37,842	3,402	6,583	18,798	17,816	4,219	1,951	135,754	149,186
Depreciation of right-of-use asset	4,248	-	91,246	-	578	-	12,206	-	-	-	108,278	-
Amortisation of prepaid land premiums	-	758	-	-	-	-	-	969	-	-	-	1,727
Amortisation of other intangible assets	47,050	49,340	-	-	-	-	-	-	-	-	47,050	49,340
Capital expenditure*	57,738	58,142	92,530	65,545	13,915	575	5,174	703,498	163,067	4,781	332,424	832,541
Impairment of (reversal of impairment of) accounts and bills receivables, other receivables and contract assets	93,587	183,400	6,774	8,853	23,643	14,707	(29,369)	63,893	-	1,147	94,635	272,000
Provision for and write-off of (reversal of provision for) obsolete inventories	86,072	120,353	1,640	5,277	-	-	(158)	-	-	-	87,554	125,630
Share of (loss) profit of associates	18,791	(5,938)	-	-	(1,822)	3,856	(72,864)	62,641	-	-	(55,895)	60,559
Share of (loss) profit of joint ventures	3,199	2,115	-	-	(227)	1,050	(26,746)	14,802	-	-	(23,774)	17,967
Government grants	62,120	78,537	11,948	11,431	8,648	9,573	1,916	1,551	1,580	-	86,212	101,092
Gain on deemed partial disposal of equity interests in associates	-	34,940	-	-	-	-	143,311	258,143	-	-	143,311	293,083
Gain on partial disposal of equity interests in associates	46,526	-	-	-	-	-	177,213	-	-	-	223,739	-
Gain on disposal of financial assets at fair value through profit or loss	4,371	15	-	-	-	-	-	10,229	-	-	4,371	10,244
Gain on disposal/partial disposal of interest in subsidiaries	-	199,689	-	-	890	-	-	-	-	228	890	199,917
Gain on disposal of the equity interests in associates	-	-	-	-	9,183	988	436	6,892	-	-	9,619	7,880
Impairment of goodwill (Reverse of impairment)	201,787	220,695	-	-	-	-	-	-	-	-	201,787	220,695
Impairment of finance lease receivables	-	-	-	-	-	-	(6,829)	12,740	-	-	(6,829)	12,740
Interests in associates	528,076	575,901	-	-	101,897	105,200	2,520,113	2,745,903	-	-	3,150,086	3,427,004
Interests in joint ventures	8,695	5,639	-	-	26,795	27,391	150,400	164,632	-	-	185,890	197,662
Interest on bank deposits	7,290	11,390	-	-	-	-	-	-	2,994	5,396	10,284	16,786
Finance costs	91,755	90,544	6,545	-	45	-	1,262	-	127,899	125,313	227,506	215,857
Income tax expenses [†]	65,951	35,576	-	-	-	-	-	-	30,573	25,488	96,524	61,064

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, prepaid land premiums, investment properties and other intangible assets (including assets from the consolidation/acquisition of subsidiaries of approximately HK\$144,000 (2018: HK\$710,514,000)).

† Income tax expenses are regularly provided to the CODM but not included in the measure of segment profit or loss.

Geographical information

Since over 90% of the Group's revenue from external customers is generated in Mainland China (based on location of customers) and over 90% of the non-current assets of the Group (except for investments in associates) are located in Mainland China (based on location of assets), no geographic information is presented.

Information about major customers

During the years ended 31 December 2019 and 2018, there was no revenue derived from transactions with a single external customer which individually contributed over 10% of the Group's revenue for the respective year.

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For the year ended 31 December 2019

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents revenue arising on the sale of goods after allowances for returns and trade discounts; provision of services, net of value-added tax and government surcharges; and rental income received and receivable from investment properties for the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2019 HK\$'000	2018 HK\$'000
Revenue from contracts with customers		
Disaggregated by major products or services lines:		
System integration business	5,442,136	5,755,094
Software development and technical service business	6,303,043	5,068,932
Logistics business	2,477,882	2,245,846
E-commerce supply chain services business	2,895,944	1,531,541
Others	215,788	223,819
Total revenue from contracts with customers	17,334,793	14,825,232
Revenue from other sources		
Rental income for investment properties under operating lease	348,736	308,897
Financial services business	43,900	120,370
Total revenue from other sources	392,636	429,267
Total revenue	17,727,429	15,254,499
Other income		
Government grants (<i>note a</i>)	86,212	101,092
Interest on bank deposits	10,284	16,786
Income from wealth management financial products	32,209	25,529
Dividends income from financial assets at fair value through other comprehensive income	232	3,840
Dividend income from financial assets at fair value through profit or loss	475	-
Others	10,462	7,852
	139,874	155,099

Notes to Financial Statements

For the year ended 31 December 2019

6. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Gains			
Fair value gains on investment properties	15	32,532	50,141
Gain on disposal of the equity interests in joint ventures	20	–	4,158
Gain on disposal of the equity interests in associates	21	9,619	7,880
Gain on disposal/partial disposal of the equity interests in subsidiaries (<i>note b</i>)		890	199,917
Gain on disposal of financial assets at fair value through profit or loss, net	24	4,371	10,244
Others		434	3,567
		47,846	275,907
Total other income and gains		187,720	431,006

Note a: Details of the government grants received by the Group are set out in note 47.

Note b: Included in the balance was gain on disposal of certain insignificant subsidiaries of approximately HK\$890,000 (2018: HK\$426,000). For further details, please refer to note 42.

Disaggregation of revenue by timing of recognition

	2019 HK\$'000	2018 HK\$'000
Timing of revenue recognition		
At a point in time	9,053,238	7,767,916
Over time	8,281,555	7,057,316
Total revenue from contracts with customers	17,334,793	14,825,232

Transaction price allocated to the remaining performance obligations

As at 31 December 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$5,157,000,000 which is expected to recognise within 3 years.

Notes to Financial Statements

For the year ended 31 December 2019

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging (crediting):

	2019 HK\$'000	2018 HK\$'000
Amount of inventories recognised as an expense	8,194,050	7,140,468
Auditor's remuneration	2,700	3,600
Depreciation of property, plant and equipment	135,754	149,186
Depreciation of right-of-use assets	108,278	-
Amortisation of prepaid land premiums	-	1,727
Research and development costs*	538,048	585,958
Amortisation of other intangible assets*	47,050	49,340
Minimum lease payments under operating leases in respect of rented land and buildings	-	295,935
Provisions for and write-off of obsolete inventories*	87,554	125,630
Impairment of accounts and bills receivables, other receivables and contract assets*	94,635	272,000
(Reversal of impairment) impairment of finance lease receivables*	(6,829)	12,740
Impairment of interests in joint ventures*	-	10,156
Impairment of interests in associates*	2,286	-
Impairment of properties under development*	12,394	-
Loss on disposal of property, plant and equipment	4,022	24,575
Loss on write-off of other intangible assets	4,882	-
Fair value loss on financial assets at fair value through profit or loss*	3,263	5,838
Foreign exchange differences, net*	11,926	36,654
Employee benefit expense (including directors' and chief executives' remuneration (note 9)):		
Salaries and allowances	2,015,157	2,006,885
Share-based compensation	18,369	3,414
Pension scheme contributions**	285,769	210,584
Other benefits	255,535	348,144
	2,574,830	2,569,027
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties***	31,949	33,391

* The net amount of these income or expenses are included in "Other expenses, net" in the consolidated statement of profit or loss.

** At 31 December 2019 and 2018, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years.

*** During the year ended 31 December 2019, the Group recognised rental income of approximately HK\$348,736,000 (2018: HK\$308,897,000).

Notes to Financial Statements

For the year ended 31 December 2019

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 HK\$'000	2018 HK\$'000
Interest on bank and other borrowings	177,663	165,623
Interest on corporate bonds	19,068	32,783
Interest on discounted bills	20,541	17,451
Interest on lease liabilities	10,234	-
	227,506	215,857

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 HK\$'000	Group 2018 HK\$'000
Fees	1,200	1,200
Other emoluments:		
Salaries and allowances	3,590	5,571
Pension scheme contributions	510	152
	4,100	5,723
	5,300	6,923

Notes to Financial Statements

For the year ended 31 December 2019

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2019 HK\$'000	2018 HK\$'000
Mr. WONG Man Chung, Francis	300	300
Ms. NI Hong, Hope	300	300
Dr. LIU Yun, John	300	300
Ms. YAN Xiaoyan (note)	-	-
Mr. LAI Daniel, BBS, JP ¹	-	150
Mr. King William	300	150
	1,200	1,200

¹ Resigned on 11 June 2018

Note: Ms. YAN Xiaoyan waived her entitlements to director's fee during the term of her tenure. The amount of director's fee being waived during the year was HK\$300,000 (2018: HK\$300,000).

Saved as disclosed above, there were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

(b) Executive directors, non-executive directors and the chief executives

	Fees HK\$'000	Salaries and allowances HK\$'000	Performance related bonus HK\$'000	Share- based compensation HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<i>(Note 39)</i>						
2019						
Executive directors:						
Mr. GUO Wei	-	-	-	-	-	-
Mr. LIN Yang	-	3,590	-	-	510	4,100
	-	3,590	-	-	510	4,100
Non-executive directors:						
Mr. YU Ziping	-	-	-	-	-	-
Mr. PENG Jing	-	-	-	-	-	-
	-	-	-	-	-	-
	-	3,590	-	-	510	4,100

Notes to Financial Statements

For the year ended 31 December 2019

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executives (Continued)

	Fees HK\$'000	Salaries and allowances HK\$'000	Performance related bonus HK\$'000	Share- based compensation HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
				(Note 39)		
2018						
Executive directors:						
Mr. GUO Wei	-	1,643	-	-	87	1,730
Mr. LIN Yang	-	3,928	-	-	65	3,993
	-	5,571	-	-	152	5,723
Non-executive directors:						
Mr. YU Ziping	-	-	-	-	-	-
Mr. PENG Jing	-	-	-	-	-	-
	-	-	-	-	-	-
	-	5,571	-	-	152	5,723

Mr. GUO Wei was re-appointed as the chief executive of the Company in June 2018 (Prior to re-appointment: Mr. LIN Yang) and their emoluments disclosed above include those for services rendered by them as the Chief Executive.

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2018: one) was director of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments of the remaining four (2018: four) individuals were as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries and allowances	8,224	6,551
Performance related bonuses	4,289	-
Share-based compensation (note 39)	1,654	2,277
Pension scheme contributions	331	262
	14,498	9,090

Notes to Financial Statements

For the year ended 31 December 2019

10. EMPLOYEES' EMOLUMENTS (CONTINUED)

Their emoluments were within the following bands:

	Number of employees	
	2019	2018
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	2	2
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$5,000,001 to HK\$5,500,000	1	–
	4	4

11. INCOME TAX EXPENSE

	2019 HK\$'000	2018 HK\$'000
Current – PRC		
EIT		
Charge for the year	96,845	80,791
Over provision in prior years	(6,393)	(4,223)
LAT	187	8,628
	90,639	85,196
Current – Hong Kong		
Charge for the year	–	52
Under (over) provision in prior years	17	(200)
	17	(148)
Deferred tax (note 26)	5,868	(23,984)
Total tax charge for the year	96,524	61,064

- (a) PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. In general, the Group's subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% except for certain subsidiaries which are entitled to preferential tax rates.
- (b) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

Notes to Financial Statements

For the year ended 31 December 2019

11. INCOME TAX EXPENSE (CONTINUED)

- (c) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 December 2019 and 2018, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits.
- (d) The share of tax charge attributable to joint ventures of approximately HK\$665,000 (2018: HK\$9,935,000) and the share of tax charge attributable to associates of approximately HK\$39,050,000 (2018: HK\$33,963,000) are included in "Share of (loss) profit of joint ventures" and "Share of (loss) profit of associates", respectively, in the consolidated statement of profit or loss.

The tax charge for the year can be reconciled to the profit before tax per consolidated statement of profit or loss as follows:

	2019 HK\$'000	2018 HK\$'000
Profit before tax	546,700	281,534
Tax at the applicable tax rate	136,675	70,384
Income tax on concessionary rates	(59,383)	(50,384)
Adjustments in respect of current tax of previous periods	(6,376)	(4,423)
Profits and losses attributable to joint ventures and associates	19,917	(19,632)
Tax effect of unused tax losses not recognised	71,894	104,570
Tax effect of deductible temporary differences not recognised	14,893	47,595
Super-deduction of research and development expenses	(61,535)	(39,840)
Income not subject to tax	(514)	(73,071)
Expenses not deductible to tax	61,792	39,505
Tax losses utilised from previous periods	(81,026)	(22,268)
LAT	187	8,628
Tax charge at the Group's effective rate	96,524	61,064

12. DIVIDENDS

	2019 HK\$'000	2018 HK\$'000
Final dividends	105,202	51,112

Subsequent to the end of the reporting period, the directors of the Company recommend the payment of a final dividend of HK6.4 cents per ordinary share for the year ended 31 December 2019 to the shareholders of the Company and is subject to the approval of the shareholders in the forthcoming annual general meeting. The final dividend proposed after the reporting period has not been recognised as liabilities in the consolidated financial statements.

Notes to Financial Statements

For the year ended 31 December 2019

13. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share is based on the profit for the year attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue less shares held under the restricted share award scheme ("RSA Scheme") of 1,648,397,272 (2018: 1,669,145,464) during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue less shares held under the RSA scheme during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares related to the Group's share-based incentive schemes into ordinary shares. The diluted earnings per share for the year ended 31 December 2019 and 2018 are the same as the basic earnings per share. The calculation of diluted earnings per share had not taken into account the outstanding share options as the exercise prices of those share options are higher than the average market price for the shares.

The calculations of basic and diluted earnings per share are based on the following data:

	2019 HK\$'000	2018 HK\$'000
Profit for the year attributable to equity holders of the parent, used in the basic and diluted earnings per share calculation	301,844	149,587

	Number of shares	
	2019	2018
Shares		
Weighted average number of shares in issue less shares held under the RSA Scheme during the year, used in the basic and diluted earnings per share calculation	1,648,397,272	1,669,145,464

The diluted earnings per share for the year ended 31 December 2019 and 2018 are the same as the basic earnings per share. The calculation of diluted earnings per share had not taken into account the outstanding share options as the exercise prices of those share options are higher than the average market price for the shares.

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For the year ended 31 December 2019

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 31 December 2018 and at 1 January 2019:						
Cost	731,707	187,195	625,782	13,739	4,543	1,562,966
Accumulated depreciation	(79,576)	(122,339)	(332,688)	(11,007)	-	(545,610)
Net carrying amount	652,131	64,856	293,094	2,732	4,543	1,017,356
At 1 January 2019,						
net of accumulated depreciation	652,131	64,856	293,094	2,732	4,543	1,017,356
Additions	161,485	11,714	23,387	943	1,606	199,135
Disposals	-	(2,284)	(7,789)	(552)	(365)	(10,990)
Acquisition of subsidiaries (<i>note 42(b)(i)</i>)	-	-	93	51	-	144
Disposal of subsidiaries (<i>note 42(e)</i>)	-	(5)	(57)	-	-	(62)
Surplus on revaluation upon transfer to investment properties	20,597	-	-	-	-	20,597
Transfers	123	-	-	-	(123)	-
Transfer to investment properties (<i>note 15</i>)	(41,099)	-	-	-	-	(41,099)
Transfer to properties under development (<i>note 28</i>)	-	-	-	-	(253)	(253)
Transfer to assets held for sale (<i>note 22</i>)	-	-	-	-	(4,477)	(4,477)
Depreciation provided during the year	(17,291)	(29,102)	(87,933)	(1,428)	-	(135,754)
Exchange realignment	(12,199)	(862)	(3,909)	18	(83)	(17,035)
At 31 December 2019,						
net of accumulated depreciation	763,747	44,317	216,886	1,764	848	1,027,562
At 31 December 2019:						
Cost	855,042	189,407	565,833	11,734	848	1,622,864
Accumulated depreciation	(91,295)	(145,090)	(348,947)	(9,970)	-	(595,302)
Net carrying amount	763,747	44,317	216,886	1,764	848	1,027,562

Notes to Financial Statements

For the year ended 31 December 2019

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 31 December 2017 and at 1 January 2018:						
Cost	779,438	174,011	729,887	16,774	4,737	1,704,847
Accumulated depreciation	(66,941)	(105,810)	(352,401)	(12,535)	-	(537,687)
Net carrying amount	712,497	68,201	377,486	4,239	4,737	1,167,160
At 1 January 2018,						
net of accumulated depreciation	712,497	68,201	377,486	4,239	4,737	1,167,160
Additions	-	25,991	71,443	332	2,427	100,193
Disposals	-	(480)	(24,497)	(693)	-	(25,670)
Acquisition/consolidation of subsidiaries	-	-	1,373	-	-	1,373
Disposal of a subsidiary	-	(1,187)	(18,563)	-	-	(19,750)
Surplus on revaluation upon the transfer to investment properties	2,993	-	-	-	-	2,993
Transfers	-	2,404	-	-	(2,404)	-
Transfer to investment properties (note 15)	(19,372)	-	-	-	-	(19,372)
Depreciation provided during the year	(17,920)	(27,566)	(102,667)	(1,033)	-	(149,186)
Exchange realignment	(26,067)	(2,507)	(11,481)	(113)	(217)	(40,385)
At 31 December 2018,	652,131	64,856	293,094	2,732	4,543	1,017,356
At 31 December 2018:						
net of accumulated depreciation	652,131	64,856	293,094	2,732	4,543	1,017,356
At 31 December 2018:						
Cost	731,707	187,195	625,782	13,739	4,543	1,562,966
Accumulated depreciation	(79,576)	(122,339)	(332,688)	(11,007)	-	(545,610)
Net carrying amount	652,131	64,856	293,094	2,732	4,543	1,017,356

At 31 December 2019, the Group's property, plant and equipment with net carrying amount of approximately HK\$136,226,000 (2018: HK\$163,936,000) were pledged to secure certain bank loans of the Group (note 36).

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For the year ended 31 December 2019

15. INVESTMENT PROPERTIES

The movements in the Group's investment properties and the reconciliation of level 3 fair value measurement on a recurring basis are as follows:

	2019			2018		
	Completed Investment properties	Investment properties under construction	Total	Completed investment properties	Investment properties under construction	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value						
As at 1 January	4,600,892	112,040	4,712,932	3,926,135	176,192	4,102,327
Acquisition/consolidation of subsidiaries	-	-	-	707,517	-	707,517
Transfer from owner-occupied properties or right-of-use assets	42,795	-	42,795	19,372	-	19,372
Transfer to assets classified as held for sale (note 22)	-	(108,170)	(108,170)	-	-	-
Net gain from a fair value adjustment recognised in profit or loss	34,716	(2,184)	32,532	107,600	(57,459)	50,141
Exchange realignment	(79,563)	(1,686)	(81,249)	(159,732)	(6,693)	(166,425)
As at 31 December	4,598,840	-	4,598,840	4,600,892	112,040	4,712,932

The Group's investment properties are situated in Mainland China and are held under medium term operating leases to earn rentals or for capital appreciation.

The directors of the Company have determined that the investment properties consist of one class of asset, commercial properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2019 and of the date of transfer based on valuations performed by Savills Valuation and Professional Services Limited, APAC Asset Valuation and Consulting Limited and Valuelink Asset Appraisal (Beijing) Co., Ltd., independent professionally qualified valuers not connected to the Group on an open market, existing use basis. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 44(a).

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For the year ended 31 December 2019

15. INVESTMENT PROPERTIES (CONTINUED)

At 31 December 2019, the Group has not yet obtained the real estate ownership certificates for the Group's investment properties with a net carrying amount of approximately HK\$138,130,000 (2018: HK\$261,491,000) from the relevant government authorities. The directors of the Company consider that the relevant real estate ownership certificates will be obtained in the near future.

At 31 December 2019, the Group's investment properties with a carrying value of HK\$3,576,944,000 (2018: HK\$3,625,262,000) were pledged to secure certain bank loans of the Group (note 36).

During the year ended 31 December 2019, certain owner-occupied properties of HK\$41,099,000 (2018: HK\$19,372,000) and related right-of-use assets of HK\$1,696,000 (2018: nil) at aggregate fair value of HK\$42,795,000 (2018: HK\$19,372,000) are leased to tenants under operating leases and thus transferred to investment properties. The basis of fair value measurement at date of transfer is described above. A surplus on revaluation upon the transfer of HK\$20,597,000 (2018: HK\$2,993,000) is recognised in other comprehensive income and accumulated in assets revaluation reserve.

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the inputs to fair value measurements is observable is as follows:

	(Level 1) HK\$'000	(Level 2) HK\$'000	(Level 3) HK\$'000	Fair value 2019 Total HK\$'000
Recurring fair value measurement for:				
Commercial properties	-	-	4,598,840	4,598,840
Fair value 2018				
	(Level 1) HK\$'000	(Level 2) HK\$'000	(Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Commercial properties	-	-	4,712,932	4,712,932

There were no transfers between levels of fair value hierarchy during the years ended 31 December 2019 and 2018.

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For the year ended 31 December 2019

15. INVESTMENT PROPERTIES (CONTINUED)

The following table gives information about how the fair values of the investment properties as at 31 December 2019 and 2018 are determined (in particular, the valuation techniques and inputs used):

	Valuation techniques and key inputs	Significant unobservable inputs	Range or weighted average	
			2019	2018
Completed investment properties – Commercial properties	Discounted cash flow method – by taking into account the current rents and the reversionary potential of the tenancies	Estimated rental value (per s.q.m. and per month) (HK\$)	From 19 to 330	From 19 to 335
		Long term vacancy rate	From 5% to 15%	From 5% to 15%
		Discount rate	From 6% to 8%	From 6% to 8%
Investment properties under construction – Commercial properties	2018: Market comparison approach – by reference to recent selling price of comparable properties and adjusted to reflect the time, size and location of the property	Discount on time, size and location of the properties	N/A	From 3% to 15%

The Group has determined that the highest and best use of the commercial properties at the measurement date would be to convert those properties for residential purposes. For strategic reasons, the properties are not being used in this manner. There have been no other changes from the valuation technique used in the prior year.

For completed properties, significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

For investment properties under construction as at 31 December 2018, significant increase (decrease) in adjusted market price would result in a significant increase (decrease) in fair value.

During the year ended 31 December 2018, investment properties with fair value of approximately HK\$46,412,000 were acquired from the acquisition of a subsidiary, which before the acquisition is a joint venture of the Company, in July 2018 that were accounted for as an acquisition of assets. Certain investment properties with fair value of approximately HK\$661,105,000 were acquired through the consolidation of subsidiaries as detailed in note 42(a).

Notes to Financial Statements

For the year ended 31 December 2019

16. PREPAID LAND PREMIUMS

	2019 HK\$'000	2018 HK\$'000
Carrying amount at 1 January	69,230	73,635
Effect of changes in accounting policy	(69,230)	N/A
Amortisation during the year	–	(1,727)
Exchange realignment	–	(2,678)
Carrying amount at 31 December	–	69,230
Current portion included in prepayments, deposits and other receivables	–	(4,195)
Non-current portion	–	65,035

As at 31 December 2018, the Group's prepaid land premiums with a carrying value of approximately HK\$28,587,000 were pledged to secure certain bank loans of the Group (note 36).

Upon adoption of HKFRS 16 on 1 January 2019, the carrying amount of prepaid land premiums of HK\$69,230,000 was reclassified to right-of-use assets.

17. LEASES

(i) Right-of-use assets

	Land HK\$'000	Building HK\$'000	Total HK\$'000
At 1 January 2019	69,230	201,276	270,506
Additions	–	82,981	82,981
Transfer to investment properties	(1,696)	–	(1,696)
Transfer to assets held for sale	(5,866)	–	(5,866)
Depreciation	(1,675)	(106,603)	(108,278)
Exchange realignment	(1,168)	(2,823)	(3,991)
At 31 December 2019	58,825	174,831	233,656

As at 31 December 2019, right-of-use assets of HK\$58,825,000 represent land use rights located in the PRC.

As at 31 December 2019, the Group's land use rights with a carrying value of approximately HK\$19,785,000 were pledged to secure certain bank loans of the Group (note 36).

The Group has lease arrangements for buildings (office properties and warehouses). The lease terms generally ranged from two to five years at fixed rates.

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For the year ended 31 December 2019

17. LEASES (CONTINUED)

(ii) Lease liabilities

	31 December 2019 HK\$'000	1 January 2019 HK\$'000
Non-current	60,616	96,183
Current	103,070	97,779
	163,686	193,962
Amounts payable under lease liabilities		31 December 2019 HK\$'000
Within one year		103,070
After one year but within two years		40,842
After two years but within five years		19,774
		163,686
Less: Amount due for settlement within 12 months (shown under current liabilities)		(103,070)
Amount due for settlement after 12 months		60,616

During the year ended 31 December 2019, the Group entered into a number of new lease agreements for building and recognised lease liability of HK\$82,981,000.

(iii) Amounts recognised in profit or loss

	Year ended 31 December 2019 HK\$'000
Expense relating to short-term leases	100,549
Depreciation	108,278
Interests	10,234

(iv) Others

At 31 December 2019, the Group did not have committed lease agreements that were not yet commenced.

During the year ended 31 December 2019, the total cash outflows for leases amounted to HK\$217,023,000.

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For the year ended 31 December 2019

18. GOODWILL

The amount of goodwill capitalised as an asset, arising from the acquisition of subsidiaries, was as follows:

	2019 HK\$'000	2018 HK\$'000
At 1 January:		
Cost	2,278,632	2,346,218
Accumulated impairment	(220,695)	-
Net carrying amount	2,057,937	2,346,218
Cost at 1 January, net of accumulated impairment	2,057,937	2,346,218
Acquisition of subsidiaries (<i>note 42(b)</i>)	66,834	19,523
Impairment loss	(201,787)	(220,695)
Exchange realignment	(35,289)	(87,109)
Cost at 31 December, net of accumulated impairment	1,887,695	2,057,937
At 31 December:		
Cost	2,306,392	2,278,632
Accumulated impairment	(418,697)	(220,695)
Net carrying amount	1,887,695	2,057,937

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2019 HK\$'000	2018 HK\$'000
Industry application software and solutions	-	-
Rural information services	723,531	941,463
Mobile network optimisation and big data services for communications	977,059	994,105
Data integration and management software sales	79,382	80,767
Agricultural internet of things services	22,203	22,590
Technical services	18,686	19,012
Agricultural internet services	66,834	-
Total	1,887,695	2,057,937

18. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Industry application software and solutions CGU;
- Rural information services CGU;
- Mobile network optimisation and big data services for communications CGU;
- Data integration and management software sales CGU;
- Agricultural internet of things services CGU;
- Technical services CGU; and
- Agricultural internet services CGU.

Industry application software and solutions CGU

The goodwill of Industry application software and solutions of approximately HK\$220,695,000 was fully impaired in 2018 due to the change in the consumer preference leading to a severe downturn in the performance resulting in carrying amount of nil as at 31 December 2019 and 2018.

Rural information services CGU

During the year ended 31 December 2019, the Group recognised an impairment loss of HK\$201,787,000 in related to goodwill arising on acquisition of 北京中農信達信息技術有限公司 due to the slowdown of demand for rural information services.

The recoverable amount of the rural information services CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 13.83% (2018: 12.15%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2.5% (2018: 2.5%).

Mobile network optimisation and big data services for communications CGU

The recoverable amount of the mobile network optimisation and big data services for communications CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 13.07% (2018: 11.9%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2.5% (2018: 2.5%).

Data integration and management software sales CGU

The recoverable amount of the data integration and management software sales CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 16% (2018: 16%) and cash flows beyond the five-year period are extrapolated using a growth rate of 3% (2018: 3%).

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18. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Agricultural internet of things services CGU

The recoverable amount of the agricultural internet of things services CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 12.85% (2018: 12.15%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2.5% (2018: 2.5%).

Technical services CGU

The Group has two CGUs related to technical services. The recoverable amount of the technical services CGU is determined based on value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to cash flow projections are ranging from 14.04% and 16.5% (2018: 12.6% and 16.5%) and cash flows beyond the five-year period are extrapolated using growth rates of 2.5% and 3% (2018: 2.5% and 3%).

Agricultural internet services CGU

The recoverable amount of the agricultural internet services CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 14.7% and cash flows beyond the five-year period are extrapolated using a growth rate of 0%.

Key assumptions were used in the value in use calculations, the following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The increase in budgeted gross margin will increase the value in use of a CGU, vice versa.

Discount rate – The discount rate used reflects specific risks relating to the CGU. The increase in discounted rate will decrease the value in use of a CGU, vice versa.

The values assigned to the key assumptions on market development and discounts rates are consistent with external information sources.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount of the CGUs.

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For the year ended 31 December 2019

19. OTHER INTANGIBLE ASSETS

	Patents and licences HK\$'000	Deferred development costs HK\$'000	Systems software HK\$'000	Total HK\$'000
31 December 2019				
At 1 January 2019:				
Cost	24,484	20,208	220,811	265,503
Accumulated amortisation and impairment	(16,180)	–	(87,803)	(103,983)
Net carrying amount	8,304	20,208	133,008	161,520
Cost at 1 January 2019, net of accumulated amortisation and impairment	8,304	20,208	133,008	161,520
Additions	–	49,385	779	50,164
Write-off	(429)	–	(4,453)	(4,882)
Amortisation provided during the year	(3,222)	–	(43,828)	(47,050)
Exchange realignment	(140)	(346)	(1,501)	(1,987)
At 31 December 2019	4,513	69,247	84,005	157,765
At 31 December 2019:				
Cost	23,112	69,247	202,732	295,091
Accumulated amortisation and impairment	(18,599)	–	(118,727)	(137,326)
Net carrying amount	4,513	69,247	84,005	157,765

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For the year ended 31 December 2019

19. OTHER INTANGIBLE ASSETS (CONTINUED)

	Patents and licences HK\$'000	Deferred development costs HK\$'000	Systems software HK\$'000	Total HK\$'000
31 December 2018				
At 1 January 2018:				
Cost	30,433	50,715	164,641	245,789
Accumulated amortisation and impairment	(18,131)	-	(46,271)	(64,402)
Net carrying amount	12,302	50,715	118,370	181,387
Cost at 1 January 2018, net of accumulated amortisation and impairment	12,302	50,715	118,370	181,387
Additions	1,054	23,473	10,873	35,400
Acquisition of subsidiaries	-	-	1,624	1,624
Disposal of a subsidiary	-	-	(532)	(532)
Amortisation provided during the year	(4,855)	-	(44,485)	(49,340)
Transfer	-	(53,376)	53,376	-
Exchange realignment	(197)	(604)	(6,218)	(7,019)
At 31 December 2018	8,304	20,208	133,008	161,520
At 31 December 2018:				
Cost	24,484	20,208	220,811	265,503
Accumulated amortisation and impairment	(16,180)	-	(87,803)	(103,983)
Net carrying amount	8,304	20,208	133,008	161,520

Notes to Financial Statements

For the year ended 31 December 2019

20. INTERESTS IN JOINT VENTURES

	2019 HK\$'000	2018 HK\$'000
Share of net assets	150,050	161,197
Goodwill on acquisition	35,840	36,465
	185,890	197,662

The details of the Group's loans to joint ventures included in the Group's prepayments, deposits and other receivables are disclosed in note 31. In the opinion of the directors of the Company, these loans are not considered as part of the Group's net investments in these joint ventures.

The details of the Group's accounts receivable balances due from joint ventures are disclosed in note 30.

All the joint ventures have been accounted for using the equity method in these consolidated financial statements.

During the year ended 31 December 2019, the Group invested HK\$23,981,000 (2018: HK\$4,737,000) in certain joint ventures in proportion to their equity interests.

During the year ended 31 December 2018, the Group acquired 51% additional interest in a joint venture with a carrying amount of approximately HK\$32,875,000 following which the joint venture became a wholly-owned subsidiary of the Group. The acquisition was accounted for as acquisition of assets as the principal asset of the joint venture is an investment property.

During the year ended 31 December 2018, the Group disposed of its entire equity interest in joint ventures with an aggregate carrying amount of approximately HK\$9,814,000 to an independent third party for a cash consideration of approximately HK\$13,972,000 and resulted in gain on disposal of approximately HK\$4,158,000.

As at 31 December 2019 and 2018, the Group had interest in the following principal joint venture:

Name	Form of entity	Class of capital held	Country of registration/ place of business	Carrying amount		Percentage of ownership interest attributable to the Group indirectly held		Proportion of voting power held		Principal activity
				2019	2018	2019	2018	2019	2018	
神州數碼科技產業投資有限責任公司	Incorporated	Paid-up capital	PRC/ Mainland China	96,780	106,297	49%	49%	60%	60%	Technology Industry project investment

The Group holds 60% of the voting power in神州數碼科技產業投資有限責任公司 through a wholly-owned subsidiary and all decisions relating to its operating and financing activities require unanimous consent between the Group and the other joint venture partner.

In the opinion of the directors of the Company, all joint venture of the Group are not individually material. The above table lists the most significant joint venture of the Group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

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For the year ended 31 December 2019

20. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information and carrying amount of the Group's interests in joint ventures that are not individually material and are accounted for using the equity method:

	2019 HK\$'000	2018 HK\$'000
Aggregate carrying amount of the Group's interests in joint ventures	185,890	197,662
Share of the joint ventures' (loss) profit for the year	(23,774)	17,967
Share of the joint ventures' total comprehensive (loss) income for the year	(23,774)	17,967
Dividend received from joint ventures during the year	–	5,137
Impairment loss recognised during the year	–	10,156

21. INTERESTS IN ASSOCIATES

	2019 HK\$'000	2018 HK\$'000
Share of net assets	2,485,080	2,740,503
Goodwill on acquisition	665,006	686,501
	3,150,086	3,427,004
Analysed into:		
Unlisted shares	1,338,598	1,470,617
Shares listed in Hong Kong	1,323,287	1,423,940
Shares listed in Mainland China	488,201	532,447
	3,150,086	3,427,004

The details of the Group's trading balances with associates are disclosed in notes 30 and 34, respectively.

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For the year ended 31 December 2019

21. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2019 and 2018, particulars of the Group's material associates are as follows:

Name	Place of incorporation/ registration and business	Particular of issued share capital/ registered capital	Percentage of ownership interest attributable to the Group		Principal activities
			2019	2018	
DWS*	PRC/Mainland China	RMB265,949,953	10.02%	10.98%	Provision of ERP software and related services
HC Group Inc. ("HCI")**	Cayman Islands/ Mainland China	HK\$112,055,221	22.64%	22.64%	Provision of B-to-B e-commerce services

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affect the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

* Listed on the ChiNext of The Shenzhen Stock Exchange. The total market value of the Group's interests as at 31 December 2019 was approximately HK\$855,997,000 (2018: HK\$634,579,000). The Group's voting power in DWS is 19.26% (2018: 21.5%) of which 15.44% (2018: 17.66%) was held through DCITS, a non-wholly-owned subsidiary and 3.82% (2018: 3.84%) was held through a wholly-owned subsidiary. Goodwill relating to DWS included in the carrying amount of approximately HK\$488,201,000 (2018: HK\$532,447,000) is approximately HK\$183,253,000 (2018: HK\$208,953,000).

** Listed on the Main Board of The Stock Exchange of Hong Kong Limited. The total market value of the Group's interests as at 31 December 2019 was approximately HK\$588,519,000 (2018: HK\$1,149,134,000). The market value is lower than the carrying amount of interest in this associate, the management of the Group conducted a review on the recoverable amount of its interest in this associate by reference to the value in use of the associate and considered no impairment is necessary. Goodwill relating to HCI included in the carrying amount of approximately HK\$1,323,287,000 (2018: HK\$1,423,940,000) is approximately HK\$427,622,000 (2018: HK\$451,756,000).

Note: In the opinion of the Directors of the Company, the Group has significant influence over associates in which the Group owns less than 20% of voting right. The basis of judgement is disclosed in note 4.

During the year ended 31 December 2019, the Group invested HK\$41,486,000 (2018: nil) in certain associates which are not individually material to the Group.

During the year ended 31 December 2019, the Group disposed of its entire equity interests in certain associates with an aggregate carrying amount of approximately HK\$8,645,000 (2018: HK\$39,053,000) for an aggregate cash consideration of approximately HK\$18,264,000 (2018: HK\$46,933,000) and resulted in gain on disposals of approximately HK\$9,619,000 (2018: HK\$7,880,000).

During the year ended 31 December 2019, the Group partially disposed of its interests in certain associates with an aggregate carrying amount of HK\$101,978,000 for an aggregate cash consideration of approximately HK\$324,956,000, in which consideration of approximately HK\$228,171,000 was included in other receivables as at 31 December 2019 and, together with release of other comprehensive income recognised in the prior years, resulted in gain on partial disposal of HK\$223,739,000. During the year ended 31 December 2019, the Group entered into an agreement to further dispose of its interest in an associate and reclassified the interests to assets held for sale (note 22).

During the year ended 31 December 2019, the Group's interests in certain of its associates were diluted due to the capital injections by the other equity holders of the respective associates. Following the capital injections, the Group continues to exercise significant influence over these associates and therefore they remain as associates of the Group. The Group recorded a gain on deemed partial disposal of approximately HK\$143,311,000 (2018: HK\$293,083,000) in profit or loss.

The Group's interests in all the associates are held through the subsidiaries of the Company.

All the associates have been accounted for using the equity method in the consolidated financial statements.

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21. INTERESTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information in respect of DWS and HCI, that are material to the Group and are accounted for using equity method:

	DWS		HCI	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current assets	1,362,283	1,567,694	3,539,753	3,812,800
Non-current assets	1,179,882	1,200,956	5,246,701	5,543,156
Current liabilities	(953,506)	(1,246,377)	(2,964,443)	(2,469,097)
Non-current liabilities	(8,434)	(493)	(972,840)	(1,392,538)
Net assets	1,580,225	1,521,780	4,849,171	5,494,321
Less: Non-controlling interests	10,069	17,157	791,323	1,007,230
Net assets attributable to shareholders of the associates	1,570,156	1,504,623	4,057,848	4,487,091
Revenue	1,642,259	1,538,571	16,722,471	12,333,678
Profit for the year	117,962	93,838	(415,657)	215,078
Other comprehensive loss for the year	(32,401)	(2,513)	(24,493)	(169,994)
Total comprehensive income (loss) for the year	85,561	91,325	(440,150)	45,084
Dividend received from associates during the year	5,857	6,964	-	-

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2019 HK\$'000	2018 HK\$'000
Aggregate carrying amount of the Group's investments in immaterial associates	1,338,598	1,470,617
Share of the associates' profit (loss) for the year	15,490	(8,300)
Share of the associates' other comprehensive loss for the year	-	(58,208)
Share of the associates' total comprehensive income (loss) for the year	15,490	(66,508)
Dividend received from associates during the year	25,714	1,721
Impairment loss recognised during the year	2,286	-

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22. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale are as follows:

	31 December 2019 HK\$'000
Interest in an associate	214,565
Property, plant and equipment	4,477
Properties under development	232,040
Investment properties	108,170
Right-of-use assets	5,866
Total assets classified as held for sale	565,118

Note: During the year, the Group committed a plan to dispose of 32,720,636 shares in an associate, Digital China Health Technologies Co., Ltd ("Digital China Health"), representing approximately 14.05% of the entire issued share capital of Digital China Health. The disposal is expected to complete in 2020 (note 53).

During the year, the Group entered into an agreement with 南京市麒麟科技創新園開發建設委員會 to dispose of a group of assets, including property, plant and equipment, properties under development, investment properties and right-of-use assets, at an aggregate consideration of approximately HK\$350,553,000, in which approximately HK\$145,600,000 was received and included in other payables as at 31 December 2019. Impairment loss recognised on properties under development (note 28) represents the difference between aggregate carrying amount of the group of assets and the consideration set out in the agreement.

The fair value of the investment properties classified as held for sale is determined at level 3 of fair value hierarchy, based on valuations performed by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer not connected to the Group on income approach.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise:

	2019 HK\$'000	2018 HK\$'000
Equity instruments designated as at FVTOCI		
Unlisted equity investments	408,572	427,293

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of the fair value of these investments are disclosed in note 50.

During the year ended 31 December 2018, certain unlisted equity investments with a carrying amount of approximately HK\$463,699,000 (equivalent to RMB391,900,000) were reclassified from "financial asset at FVTOCI" to "investments in associates".

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL comprise:

	2019 HK\$'000	2018 HK\$'000
Financial assets measured at FVTPL		
Listed equity securities	3,325	28,292
Unlisted wealth management financial products (<i>Note</i>)	925,766	1,258,048
	929,091	1,286,340

During the year ended 31 December 2019, the Group disposed of certain of its listed equity securities with a carrying amount of approximately HK\$26,420,000 (2018: HK\$89,010,000) for a cash consideration of approximately HK\$30,791,000 (2018: HK\$99,254,000) and resulted in a gain on disposal of approximately HK\$4,371,000 (2018: HK\$10,244,000).

During the year ended 31 December 2018, the Group acquired listed equity securities of approximately HK\$24,700,000 (2019: nil).

Details of the fair value of these investments are disclosed in note 50.

Note:

The wealth management financial products as at 31 December 2019 and 2018 were acquired from reputable banks or financial institutions in the PRC. These financial products are with short maturities ranging from 3 months to 6 months and thus are classified as current assets.

25. FINANCE LEASE RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Finance lease receivables	86,242	205,737
Less: Loss allowance	(29,404)	(36,936)
	56,838	168,801
Analysis by:		
Current portion	54,528	162,597
Non-current portion	2,310	6,204
	56,838	168,801

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25. FINANCE LEASE RECEIVABLES (CONTINUED)

The Group provides finance leasing services on certain equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to three years. The Group's finance lease arrangements do not include variable payments.

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Net finance lease receivables:				
Due with one year	60,769	175,325	54,528	162,597
Due in one to two years	1,564	5,512	1,564	5,512
Due in two to three years	746	692	746	692
	63,079	181,529	56,838	168,801
Less: unearned finance income	(6,241)	(12,728)		
Present value of minimum lease payment receivables	56,838	168,801		

The movement in the loss allowance finance lease receivables is as follows:

	2019 HK\$'000	2018 HK\$'000
At the beginning of year	36,936	24,716
Impairment losses (reversed) recognised	(6,829)	12,740
Exchange realignment	(703)	(520)
At the end of the year	29,404	36,936

The directors of the Company estimate the loss allowance on finance lease receivables individually at the end of the reporting period at an amount equal to lifetime ECL under the simplified approach. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of the pledged equipment held over these finance lease receivables, the directors of the Company made allowance for impairment of finance lease receivables of approximately HK\$29,404,000 (2018: HK\$36,936,000).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

As at 31 December 2019 and 2018, finance lease receivables were secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

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For the year ended 31 December 2019

26. DEFERRED TAX

The following is the analysis of the deferred tax assets and liabilities, after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2019 HK\$'000	2018 HK\$'000
Deferred tax assets	173,125	175,710
Deferred tax liabilities	(350,261)	(339,004)
	(177,136)	(163,294)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Asset provisions HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2019	121,786	61,847	183,633
Deferred tax credited (charged) to profit or loss during the year	(1,656)	24,628	22,972
Exchange realignment	(2,545)	(492)	(3,037)
Gross deferred tax assets at 31 December 2019	117,585	85,983	203,568

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For the year ended 31 December 2019

26. DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows: (Continued)

Deferred tax liabilities

	2019			Total HK\$'000
	Revaluation of properties HK\$'000	Assets revaluation HK\$'000	Others HK\$'000	
At 1 January 2019	288,535	18,568	39,824	346,927
Deferred tax charged to the statement of profit or loss during the year	8,133	265	20,442	28,840
Deferred tax charged to the statement of changes in equity during the year	5,149	5,665	–	10,814
Exchange realignment	(5,049)	(708)	(120)	(5,877)
Gross deferred tax liabilities at 31 December 2019	296,768	23,790	60,146	380,704
Net deferred tax charged to the statement of profit or loss during the year (note 11)				(5,868)
Net deferred tax liabilities at 31 December 2019				(177,136)

2018 Deferred tax assets movement

Deferred tax assets

	Asset provisions HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2018	74,178	51,637	125,815
Deferred tax credited to profit or loss during the year	51,754	12,116	63,870
Exchange realignment	(4,146)	(1,906)	(6,052)
Gross deferred tax assets at 31 December 2018	121,786	61,847	183,633

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For the year ended 31 December 2019

26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Revaluation of properties HK\$'000	Purchase rebates receivables HK\$'000	Assets revaluation HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2018	285,370	1,428	18,959	11,319	317,076
Deferred tax charged (credited) to the statement of profit or loss during the year	12,535	(1,478)	17	28,812	39,886
Deferred tax charged to the statement of changes in equity during the year	748	-	-	-	748
Exchange realignment	(10,118)	50	(408)	(307)	(10,783)
Gross deferred tax liabilities at 31 December 2018	288,535	-	18,568	39,824	346,927
Net deferred tax credited to the statement of profit or loss during the year (note 11)					23,984
Net deferred tax liabilities at 31 December 2018					(163,294)

The Group's tax losses arising in Mainland China of HK\$1,028,591,000 (2018: HK\$1,136,679,000) which are due to expire within five years for offsetting against future taxable profits of the subsidiaries in which the losses arose, have not been recognised as deferred tax assets. Certain deductible temporary differences of HK\$417,759,000 (2018: HK\$354,282,000) and the aforesaid tax losses have not been recognised as deferred tax assets since they have arisen in subsidiaries that have been making losses for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was HK\$44,477,000 (31 December 2018: HK\$36,529,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

27. INVENTORIES

	2019 HK\$'000	2018 HK\$'000
Trading stock	1,848,844	1,052,773

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28. PROPERTIES UNDER DEVELOPMENT

	2019 HK\$'000	2018 HK\$'000
At 1 January	250,501	260,504
Transfer from property, plant and equipment	253	-
Impairment loss	(12,394)	-
Transfer to assets held for sale (<i>note 22</i>)	(232,040)	-
Transfer to completed properties held for sale	(2,025)	-
Exchange realignment	(4,295)	(10,003)
At 31 December	-	250,501

The Group's properties under development are situated in Mainland China and stated at the lower of cost or net realisable value.

At 31 December 2018, the Group's properties under development with a carrying value of approximately HK\$159,087,000 (2019: nil) were pledged to secure certain bank loans of the Group (*note 36*).

29. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are situated in Mainland China and are stated at lower of cost or net realisable value.

30. ACCOUNTS AND BILLS RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Receivables at amortised cost comprise		
Accounts and bills receivables	6,112,522	5,567,106
Less: loss allowance	(750,029)	(677,948)
Total	5,362,493	4,889,158

At as 31 December 2019, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$6,112,522,000 (2018: HK\$5,567,106,000).

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 to 720 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's accounts and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. No customers represent more than 5% of the total accounts and bills receivables balance as at the end of the reporting periods. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances. Accounts and bills receivables are non-interest bearing.

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30. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The following is an aged analysis of accounts and bills receivables net of allowance for impairment of accounts and bills receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2019 HK\$'000	2018 HK\$'000
Within 30 days	3,249,133	2,480,586
31 to 60 days	318,493	409,358
61 to 90 days	89,379	107,517
91 to 180 days	441,465	459,011
Over 180 days	1,264,023	1,432,686
	5,362,493	4,889,158

The Group measures the loss allowance for accounts and bills receivables at an amount equal to lifetime ECL under the simplified approach. The expected credit losses on accounts and bills receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group recognised lifetime ECL for accounts and bills receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

As at 31 December 2019

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net amount HK\$'000
Individually	100%	155,400	155,400	-
Collectively				
Current (not past due)	2%	3,450,115	63,164	3,386,951
Less than 90 days past due	4%	993,025	35,343	957,682
91 to 180 days past due	9%	279,482	23,862	255,620
181 to 360 days past due	17%	379,655	64,790	314,865
361 to 720 days past due	27%	614,940	167,565	447,375
721 days or above past due	100%	239,905	239,905	-
		6,112,522	750,029	5,362,493

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For the year ended 31 December 2019

30. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2018

	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance Net amount HK\$'000	Net amount HK\$'000
Individually	100%	144,110	144,110	-
Collectively				
Current (not past due)	2%	3,734,789	62,328	3,672,461
Less than 90 days past due	5%	622,145	33,187	588,958
91 to 180 days past due	9%	311,248	26,546	284,702
181 to 360 days past due	16%	242,163	38,140	204,023
361 to 720 days past due	63%	377,852	238,838	139,014
721 days or above past due	100%	134,799	134,799	-
		5,567,106	677,948	4,889,158

The movements in loss allowance of accounts and bills receivables are as follows:

	2019 HK\$'000	2018 HK\$'000
At the beginning of year	677,948	450,847
Effect of adoption of HKFRS 9	N/A	92,983
Impairment losses recognised	90,722	155,151
Write-off as uncollectible	(1,548)	-
Exchange realignment	(17,093)	(21,033)
At the end of year	750,029	677,948

Included in the Group's accounts and bills receivables are amounts due from joint ventures, associates and related companies (note 46(c)(iv)) of approximately HK\$65,725,000 (2018: HK\$99,878,000), HK\$1,638,000 (2018: HK\$11,469,000) and HK\$19,815,000 (2018: HK\$32,775,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

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31. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2019 HK\$'000	2018 HK\$'000
Deposits and other receivables	(i)	2,139,127	1,850,588
Less: loss allowance		(133,045)	(131,571)
		2,006,082	1,719,017
Prepayments		191,694	183,408
Loans to joint ventures	(ii)	210,296	246,676
		2,408,072	2,149,101
Analysis by:			
Current portion		1,499,292	1,224,466
Non-current portion		908,780	924,635
		2,408,072	2,149,101

Note:

- (i) As at 31 December 2019, included in Group's prepayments, deposits and other receivables was the Loan Receivables with a carrying amount of approximately HK\$1,088,914,000 (2018: HK\$1,107,911,000) (equivalent to approximately RMB972,248,000) that were secured by the properties of the borrowers, further details of which are set out in note 42. Out of the Loan Receivables were amount of approximately HK\$908,780,000 (2018: HK\$924,635,000) that are not expected to be realised within 12 months from the end of the reporting period as the realisation of the collaterals are expected to be completed in 2021. As such, these balances were classified as non-current assets. For the remaining balance of approximately HK\$180,134,000 (2018: HK\$183,276,000), they were classified as current assets as the collaterals are expected to be realised by end of 2020.
- (ii) At 31 December 2019, included in the Group's prepayments, deposits and other receivables are the loans of approximately HK\$210,296,000 (2018: HK\$246,676,000) to joint ventures of the Group, which are unsecured, bear interest at rates ranging from 4.35% to 18% (2018: 4.35% to 18%) per annum and are repayable within one year from the end of the reporting period.

The movements in loss allowance of other receivables are as follows:

	2019 HK\$'000	2018 HK\$'000
At the beginning of year	131,571	-
Effect of adoption of HKFRS 9	N/A	14,722
Impairment losses recognised	3,645	116,849
Exchange realignment	(2,171)	-
At the end of year	133,045	131,571

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For the year ended 31 December 2019

31. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The directors of the Company estimate the loss allowance on deposits and other receivable at the end of the reporting period on an individual basis. Based on the age and settlement plan, these receivables are categorised as doubtful under the Group's credit risk grading framework and therefore, the loss allowance is measured at an amount equal to lifetime ECL. Accordingly, loss allowance on deposits and other receivables as at 31 December 2019 is approximately HK\$133,045,000 (2018: HK\$131,571,000). For the purposes of impairment assessment for loans to joint ventures, the director of the Company considered these loans to have low credit risk. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL which is considered not significant after taken into account the historical repayment history and the financial strength of the joint ventures.

32. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2019 HK\$'000	2018 HK\$'000
Contract assets	529,127	1,153,216
Less: loss allowance	(2,054)	(1,747)
	527,073	1,151,469

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of services provided. The contract assets are transferred to accounts and bills receivables when the rights become unconditional upon completion of services and acceptance by the customer. The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL under the simplified approach.

The movement in loss allowance of contract assets are as follows:

	2019 HK\$'000	2018 HK\$'000
At the beginning of year	1,747	-
Effect of and adoption of HKFRS 9	N/A	1,747
Impairment losses recognised	268	-
Exchange realignment	39	-
	2,054	1,747

(b) Contract liabilities

	2019 HK\$'000	2018 HK\$'000
Receipt in advance	1,059,683	1,330,452
Due to contract customers	336,813	281,920
Total contract liabilities	1,396,496	1,612,372

Contract liabilities include advances received to render services and unfulfilled performance obligation for contract customers.

Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities at the beginning of the year is approximately HK\$1,612,372,000 (2018: HK\$1,759,490,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

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For the year ended 31 December 2019

33. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2019 HK\$'000	2018 HK\$'000
Cash and bank balances	2,001,179	2,228,908
Time deposits	4,480	45,581
	2,005,659	2,274,489
Less: Restricted bank balances	115,488	69,617
Cash and cash equivalents	1,890,171	2,204,872

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK\$1,719,661,000 (2018: HK\$2,168,017,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

34. ACCOUNTS AND BILLS PAYABLES

The following is an aged analysis of accounts and bills payables presented based on the invoice date at the end of the reporting period.

	2019 HK\$'000	2018 HK\$'000
Within 30 days	1,974,814	1,807,988
31 to 60 days	442,991	265,480
61 to 90 days	120,659	59,317
Over 90 days	1,294,329	1,079,777
	3,832,793	3,212,562

The average credit period on purchases of goods is ranging from 30 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31 December 2019, included in the Group's accounts and bills payables were amounts due to related companies (note 46(c)) of approximately HK\$91,909,000 (2018: HK\$46,060,000), which are repayable on credit terms similar to those obtained from the major suppliers of the Group.

As at 31 December 2019, included in the Group's accounts and bills payables were amounts due to associates of the Group of approximately HK\$5,823,000 (2018: HK\$5,464,000), which are repayable on credit terms similar to those obtained from the major suppliers of the Group.

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For the year ended 31 December 2019

35. OTHER PAYABLES AND ACCRUALS

	2019 HK\$'000	2018 HK\$'000
Other payables	996,471	728,749
Accruals	752,953	661,572
Payroll payables	292,379	254,840
Deferred income (note 47)	4,402	11,191
	2,046,205	1,656,352

Included in the Group's other payables are amounts due to associates and related companies (note 46(c)(iv)) of approximately HK\$27,821,000 (2018: HK\$2,628,000) and HK\$5,223,000 (2018: HK\$1,549,000) respectively.

At 31 December 2019 and 2018, other payables are unsecured non-interest-bearing and have an average term of three months.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019 HK\$'000	2018 HK\$'000
Bank loans, unsecured	1,385,891	1,981,236
Bank loans, secured	3,650,350	3,590,167
Other borrowings	51,520	52,419
Corporate bonds	6,939	574,844
	5,094,700	6,198,666
Analysed for reporting purpose as:		
Current	3,468,959	3,592,314
Non-current	1,625,741	2,606,352
	5,094,700	6,198,666

Notes to Financial Statements

For the year ended 31 December 2019

36. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2019 HK\$'000	2018 HK\$'000
Bank loans repayable (based on scheduled repayment dates set out in the loan agreements dates):		
Within one year	3,417,439	3,539,895
In the second year	147,840	672,554
In the third to fifth years, inclusive	554,174	581,163
Beyond five years	916,788	777,791
	5,036,241	5,571,403
Other borrowings and corporate bonds repayable:		
Within one year	51,520	52,419
In the third to fifth years, inclusive	6,939	574,844
	58,459	627,263

	2019			2018		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans, unsecured	2.80-5.22	2020	1,335,491	3.20-5.22	2019	1,907,166
Bank loans, secured	3.53-7.25	2020	1,439,406	5.0-9.8	2019	1,475,587
Current portion of long term bank loans,						
– unsecured	4.75	2020	50,400	4.75	2019	22,791
– secured	4.94-9.80	2020	592,142	5.39-5.88	2019	134,351
Other borrowings	15	2020	51,520	15	2019	52,419
			3,468,959			3,592,314
Non-current						
Bank loans, unsecured			–	4.75	2020	51,279
Bank loans, secured	4.00-6.62	2021-2034	1,618,802	5.39-9.80	2020-2027	1,980,229
Corporate bonds (notes c and d)	–	2021	6,939	4.9	2021	574,844
			1,625,741			2,606,352
			5,094,700			6,198,666

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36. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The ranges of effective interest rates on the Group's bank borrowings are as follows:

	2019	2018
Effective interest rate:		
Fixed-rate borrowings	2.8% – 9.8%	4.57% – 9.8%
Variable-rate borrowings	3.53% – 6.62%	3.2% – 5.88%

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by:
- (i) mortgages over the buildings, which had an aggregate carrying value at the end of the reporting period of HK\$136,226,000 (2018: HK\$163,936,000) (note 14);
 - (ii) mortgages over investments properties, which had an aggregate carrying value at the end of the reporting period of HK\$3,576,944,000 (2018: HK\$3,625,262,000) (note 15);
 - (iii) mortgage over the land use right, which had an aggregate carrying value at the end of the reporting period of HK\$19,785,000 (2018: HK\$28,587,000) (notes 16 and 17);
 - (iv) mortgage over the properties under development, which had an aggregate carrying value at 31 December 2018 of HK\$159,087,000 (2019: nil) (note 28);
 - (v) The Group's borrowings of approximately HK\$1,375,906,000 (2018: HK\$1,014,075,000) provided by certain financial institutions were secured by 247,869,570 (2018: 228,500,000) ordinary shares issued by DCITS with an aggregate fair value of HK\$4,111,449,000 (2018: HK\$2,431,987,000) as at 31 December 2019;
 - (vi) The Group's borrowings as at 31 December 2018 of HK\$5,698,000 (2019: nil) provided by financial institutions to a non-wholly-owned subsidiary of the Group was secured by mortgages over a building of a non-controlling shareholder.
- (b) At 31 December 2019, except for the bank borrowings of HK\$260,332,000 (2018: HK\$169,525,000) and HK\$79,733,000 (2018: nil) are denominated in Hong Kong dollars and United States dollars, respectively, the remaining bank and other borrowings are denominated in RMB.
- (c) On 2 September 2016, Digital China Software Limited issued medium-term note (the "MTN") with a principal amount of RMB500,000,000 in the national inter-bank market of the PRC. The MTN carries interest at the rate of 4.9% per annum and will mature on 6 September 2021 (with the investor's option to sell back the notes after the end of the third year from the issuance date). During the year, principal amount was fully redeemed by the investors.
- (d) Pursuant to the "Capital Contribution and Shareholders' Agreement of Shenzhou Lingyun (Beijing) Technology Co., Ltd.", upon fulfillment of the condition pertaining to an undertaking regarding business results, investors subscribing for shares with new capital contributions shall provide, according to their capital contribution ratios, loans with a total amount of RMB33 million (equivalent to approximately HK\$36.96 million) in the form of convertible bond loans to Shenzhou Lingyun (Beijing) Technology Co., Ltd.* (神州靈雲(北京)科技有限公司) (a subsidiary of DCITS, which is in turn a non-wholly-owned subsidiary of the Company) ("Shenzhou Lingyun"). During the year ended 31 December 2019, the investors provided convertible bond loans in the amount of RMB1.74 million (2018: RMB14.85 million) (equivalent to approximately HK\$1.95 million (2018: approximately HK\$16.90 million)), comprising RMB nil (2018: RMB13.60 million) (equivalent to HK\$ nil (2018: approximately HK\$15.50 million) provided by DCITS and RMB1.74 million (2018: RMB1.25 million) (equivalent to approximately HK\$1.95 million (2018: approximately HK\$1.40 million) provided by the remaining investors. Subject to the fulfillment of the undertaking regarding Shenzhou Lingyun's business results for the years 2016 to 2020 in full, the investors have agreed to convert the full amount of the convertible bond loans into investments in Shenzhou Lingyun, which shall be credited, upon conversion, to Shenzhou Lingyun's capital reserve. In the event that the business result undertaking is not fulfilled, Shenzhou Lingyun shall repay the aforesaid convertible bond loans within 30 days upon receipt of notices from the investors.
- (e) As at 31 December 2019, the Group's borrowings carrying interest at floating rates and fixed rates amounted approximately to HK\$2,869,405,000 (2018: HK\$2,494,648,000) and HK\$2,225,295,000 (2018: HK\$3,704,018,000) respectively.

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37. SHARE CAPITAL

	2019 HK\$'000	2018 HK\$'000
Authorised: 2,500,000,000 (2018: 2,500,000,000) ordinary shares of HK\$0.1 (2018: HK\$0.1) each	250,000	250,000
Issued and fully paid: 2019: 1,670,977,976 (2018: 1,677,261,976) ordinary shares of HK\$0.1 (2018: HK\$0.1) each	167,098	167,726

A summary of the movements in the Company's issued share capital and share premium account during the years ended 31 December 2019 and 2018 is as follows:

	Number of ordinary shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2019 and 31 December 2018	1,677,261,976	167,726	4,665,095	4,832,821
Share repurchase (<i>note</i>)	(6,284,000)	(628)	(21,237)	(21,865)
At 31 December 2019	1,670,977,976	167,098	4,643,858	4,810,956

Note: During the year ended 31 December 2019, the Company purchased 5,911,000 (2018: 373,000) its own shares of HK\$0.10 each with highest and lowest prices of HK\$3.60 and HK\$3.37 (2018: HK\$3.58 and HK\$3.45) per share respectively for an aggregate cash consideration (including transaction cost) of approximately HK\$20,539,000 (2018: HK\$1,326,000) through The Stock Exchange of Hong Kong Limited.

The shares repurchased during the year ended 31 December 2018 of 373,000 shares and during the year ended 31 December 2019 of 5,911,000 shares totalling 6,284,000 shares were cancelled in March 2019.

Save as disclosed above, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

38. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Asset revaluation reserve

The asset revaluation reserve represents cumulative gains and losses arising on property revaluation as a result of the change in use from owner-occupied properties to investment properties. Such items will not be reclassified to profit or loss in subsequent periods.

Investment revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in unlisted instruments of the Group and associates designated as at FVTOCI.

Reserve funds

Reserve funds are reserves set aside in accordance with the relevant PRC regulations applicable to the Group's subsidiaries in Mainland China. These reserve funds can be used to offset accumulated losses but are not be distributable in the form of cash dividends.

Capital reserves

The capital reserve represents primarily the effects from change in shareholders' equity arising on group re-organisation and change in the Group's ownership interest in subsidiaries without losing control.

39. SHARE-BASED INCENTIVE SCHEMES

Share-based Incentive Schemes of the Company

(a) Share Option Schemes

The Company operates two share option schemes. One of the share option schemes was adopted on 18 July 2002 (the "2002 Share Option Scheme") and the other share option scheme was adopted on 15 August 2011 (the "2011 Share Option Scheme") (the 2002 Share Option Scheme together with the 2011 Share Option Scheme, hereinafter collectively referred to as the "Share Option Schemes"). The Share Options Schemes have life span of ten years. The 2002 Share Option Scheme was expired on 18 July 2012. Following 18 July 2012, no further share options can be granted under the 2002 Share Option Scheme and the share options granted under the 2002 Share Option Scheme are exercisable pursuant to the terms of the 2002 Share Option Scheme.

The principal terms of the Share Option Schemes are as follows:

(I) Purpose

The Share Option Schemes seek to recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons (as defined below) to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationships with the qualified persons whose contributions are or may be beneficial to the growth of the Group.

(II) Qualified persons

Any part-time or full-time employee or officer or director (including executive, non-executive or independent non-executive directors) of any member of the Group or of any associated company, or any supplier, agent, customer, joint venture partner, strategic alliance partner, distributor, professional adviser of, or consultant or contractor to, any member of the Group, or the trustee of any trust pre-approved by the board of directors of the Company, the beneficiary (or in case of discretionary trust, the discretionary objects) of which includes any of the above-mentioned persons.

(III) Maximum number of shares

The maximum number of shares available for issue under the 2011 Share Option Scheme was 167,726,197 (2018: 167,726,197), which represent 10.04% of share capital of the Company in issue as at the date of approval of the financial statements.

(IV) Maximum entitlement of each qualified person

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Schemes and any other share option schemes of the Company to each qualified person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors of the Company (except when the independent non-executive director is the grantee of such options).

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39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Schemes (Continued)

(IV) Maximum entitlement of each qualified person (Continued)

Any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must, in addition to obtaining the approval of the independent non-executive directors of the Company, be approved by the shareholders of the Company in a general meeting if such proposed grant of share options, when aggregated with all options (whether exercised, cancelled or outstanding) already granted to such substantial shareholder or independent non-executive director during the 12-month period up to and including the date of such grant of options, would (i) entitle that relevant person to receive more than 0.1% of the total issued share capital of the Company for the time being; and (ii) represent an aggregate value in excess of HK\$5,000,000 based on the closing price of the shares of the Company on the Stock Exchange at the date of such grant.

(V) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the Share Option Schemes shall be the period set out in the relevant offer letter, provided that such period must expire on the date falling on the tenth anniversary of the offer date.

(VI) Acceptance of offers

An offer of the grant of an option shall be accepted by the grantee on or before the last date for acceptance of such offer as set out in the relevant offer letter, which must not be more than 28 business days from the relevant offer date. A consideration of HK\$1.00 shall be received by the Company on acceptance of each offer.

(VII) Basis for determination of the subscription price

The subscription price shall be the highest of (a) the closing price of the shares on the offer date; (b) the average of the closing prices of the shares for the five business days immediately preceding the offer date; or (c) the nominal value of a share.

(VIII) Life of Share Option Schemes

The 2002 Share Option Scheme and 2011 Share Option Scheme shall remain valid and effective for a period of ten years commencing from 18 July 2002 and 15 August 2011, respectively, being the dates on which such schemes were deemed to take effect in accordance with their terms.

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)**Share-based Incentive Schemes of the Company (Continued)****(a) Share Option Schemes (Continued)**

The following table shows the movements in the Company's share options under the Share Option Schemes during the year and the options outstanding at the beginning and end of the year:

Grantee	Number of share options				Exercise price per share HK\$	Date of grant	Exercisable period	Notes
	Outstanding as at 1/1/2019	Granted during the year	Lapsed during the year	Outstanding as at 31/12/2019				
2002 Share Option Scheme								
Other employees	2,278,067	-	(2,278,067)	-	14.333	11/1/2011	11/1/2012-10/1/2019	(i), (ii)
Exercisable at the end of the year				-				
Weighted average exercise price (HK\$)	14.333	-	14.333	-				
2011 Share Option Scheme								
Directors								
GUO Wei	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
LIN Yang	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
Other employees	62,646,667	-	-	62,646,667	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
Other employees	9,100,000	-	(4,100,000)	5,000,000	4.818	21/5/2018	21/5/2019-20/5/2026	(iii)
Other employees	6,000,000	-	(300,000)	5,700,000	3.88	20/11/2018	20/11/2019-19/11/2026	(iii)
Other employees	-	8,000,000	(1,030,000)	6,970,000	4.32	28/3/2019	28/3/2020-27/3/2027	(iii)
Other employees	-	3,200,000	-	3,200,000	4.04	2/9/2019	2/9/2020-1/9/2027	(iii)
Other employees	-	30,000	-	30,000	4.172	7/11/2019	7/11/2020-6/11/2027	(iii)
In aggregate	103,980,615	11,230,000	(5,430,000)	109,780,615				
Exercisable at the end of the year				91,020,615				
Weighted average exercise price (HK\$)	6.111	4.240	4.672	6.325				

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39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(a) Share Option Schemes (Continued)

The following table shows the movements in the share options under the Share Option Schemes during the year and the options outstanding at the beginning and end of the year 2018:

Grantee	Number of share options				Exercise price per share HK\$	Date of grant	Exercisable period	Notes
	Outstanding as at 1/1/2018	Granted during the year	Lapsed during the year	Outstanding as at 31/12/2018				
2002 Share Option Scheme								
Other employees	2,909,767	-	(631,700)	2,278,067	14.333	11/1/2011	11/1/2012-10/1/2019	(i), (ii)
Exercisable at the end of the year 2018				2,278,067				
Weighted average exercise price (HK\$)	14.333	-	14.333	14.333				
2011 Share Option Scheme								
Directors								
GUO Wei	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
LIN Yang	13,116,974	-	-	13,116,974	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
Other employees	88,355,936	-	(25,709,269)	62,646,667	6.394	25/1/2017	25/1/2017-24/1/2025	(i), (iii)
Other employees	-	9,100,000	-	9,100,000	4.818	21/5/2018	21/5/2019-20/5/2026	(iii)
Other employees	-	6,000,000	-	6,000,000	3.880	20/11/2018	20/11/2019-19/11/2026	(iii)
In aggregate				114,589,884	15,100,000	(25,709,269)	103,980,615	
Exercisable at the end of the year 2018				88,880,615				
Weighted average exercise price (HK\$)	6.394	4.445	6.394	6.111				

Notes:

- (i) As a result of the rights issue which was completed on 18 September 2017, the relevant exercise prices were adjusted from HK\$15.04 to HK\$14.333 under the 2002 Share Option Scheme and HK\$6.71 to HK\$6.394 under the 2011 Share Option Scheme, respectively, and the numbers of outstanding share options were adjusted accordingly.
- (ii) All options granted under the 2002 Share Option Scheme are subject to a vesting period of four years with 25% becoming exercisable on the first anniversary, 25% on the second anniversary, 25% on the third anniversary and 25% on the fourth anniversary of the respective dates of grant.
- (iii) The options granted under the 2011 Share Option Scheme during the years ended 31 December 2019 and 2018 are subject to a vesting period of five years with 20% becoming exercisable on the first anniversary, 20% on the second anniversary, 20% on the third anniversary, 20% on the fourth anniversary and 20% on the fifth anniversary of the respective dates of grant. The options granted under the 2011 Share Option Scheme during the year ended 31 December 2017 are exercisable in whole or in part at anytime during the exercisable period.

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)**Share-based Incentive Schemes of the Company (Continued)****(a) Share Option Schemes (Continued)**

Share options do not confer rights on the holders to dividends or to vote at general meetings.

No options were granted, exercised or cancelled under the 2002 Share Option Scheme since its expiry. No options were exercised or cancelled under the 2011 Share Option Scheme during the year ended 31 December 2018 and 2019.

The fair values of the share options granted under the 2011 Share Option Scheme during the current year amounted to approximately HK\$12,181,000 (2018: HK\$19,774,000) in aggregate of which HK\$8,327,000 (2018: HK\$3,414,000) was recognised as share option expenses during the year.

The fair values of the share options granted during 2019 and 2018 under the 2011 Share Option Scheme were estimated as at the dates of grant, using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Granted during:	2019	2018
Exercise price (HK\$ per share)	4.04-4.32	3.88-4.818
Dividend yield (%)	2.6-3 per annum	3 per annum
Expected volatility (%)	38.5-39.5 per annum	39 - 40.2 per annum
Expected life (year)	8	8
Risk-free interest rate (%)	1.12-1.57 per annum	2.23 - 2.32 per annum
Weighted average share price (HK\$ per share)	4.04-4.32	3.88 - 4.82

The expected volatility is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

As at 31 December 2019, the Company had nil (2018: 2,278,067) share options outstanding under the 2002 Share Option Scheme and 109,780,615 (2018: 103,980,615) share options outstanding under the 2011 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 109,780,615 (2018: 106,258,682) additional ordinary shares of the Company and additional share capital of approximately HK\$10,978,000 (2018: HK\$10,626,000) and share premium of approximately HK\$646,694,000 (2018: HK\$657,272,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 109,780,615 share options outstanding (2018: 103,980,615) under the 2011 Share Option Scheme, which represented approximately 6.57% (2018: 6.22%) of the Company's shares in issue as at that date.

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39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Share-based Incentive Schemes of the Company (Continued)

(b) *Restricted Share Award Scheme ("RSA Scheme")*

The RSA Scheme was adopted on 28 March 2011 for the purpose of rewarding and motivating, among others, directors (including executive and non-executive) and employees of the Company and its subsidiaries (the "Participants") with the shares of the Company. The RSA Scheme is intended to attract and retain the best available personnel, and encourage and motivate the Participants to work towards enhancing the value of the Group and the Company's shares by aligning their interests with those of the shareholders of the Company.

Pursuant to the RSA Scheme, existing shares of the Company will be purchased by the trustee of the RSA Scheme from the market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the RSA Scheme. The shares of the Company granted under the RSA Scheme and held by the trustee until vesting are referred to as the restricted share units ("RSUs") and each RSU shall represent one ordinary share of the Company.

During the year ended 31 December 2019, the trustee purchased 3,639,000 (2018: 22,187,000) shares of the Company at a total cost (including related transaction costs) of approximately HK\$14,055,000 (2018: HK\$93,756,000) and no RSUs (2018: nil) were granted to the Participants during the year.

Equity Incentive Schemes of a subsidiary

(c) *Share Option Incentive Scheme of DCITS*

The shareholders of the Company and Digital China Information Service Company Ltd. ("DCITS") approved the adoption of a share option incentive scheme (the "**Share Option Incentive Scheme**") on 10 September 2019 and 16 September 2019 respectively. The major terms of the Share Option Incentive Scheme are as follows:

- (1) The purpose of the Share Option Incentive Scheme is to further promote the establishment and improvement of DCITS's long term incentive mechanism, attract and retain high caliber talents, encourage the initiative of directors, senior management and key employees of DCITS and its subsidiaries, so as to effectively align the interest of shareholders, DCITS and individual interests of core management, and cause all parties to focus on the long-term development of DCITS.
- (2) The incentive participants of the Share Option Incentive Scheme comprise the directors, senior management and key employees of DCITS and its subsidiaries, but shall exclude the independent directors and supervisors of DCITS, as well as shareholders, individually or in aggregate, holding 5% or more of the shares in DCITS or the de facto controllers and their spouses, parents or children. All incentive participants of the Share Option Incentive Scheme must have employment, labour or service relationships with DCITS within the validity period of the Share Option Incentive Scheme.

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)**Equity Incentive Schemes of a subsidiary (Continued)****(c) Share Option Incentive Scheme of DCITS (Continued)**

- (3) According to the Share Option Incentive Scheme:
- (a) the total number of underlying shares involved in all effective incentive schemes of DCITS shall not in aggregate exceed 10% of the total share capital of DCITS as at the time when the Share Option Incentive Scheme was submitted to the shareholders' meeting of DCITS for approval;
 - (b) the total number of shares of DCITS which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Incentive Scheme and any other scheme of DCITS shall not in any event exceed 30% of the total A ordinary shares in issue of DCITS from time to time; and
 - (c) the total number of shares of DCITS issued pursuant to all effective equity incentive schemes of DCITS to any incentive participant shall not in aggregate exceed 1% of the total shares in issue of DCITS.
- (4) The underlying shares of the Share Option Incentive Scheme shall be the A ordinary shares to be issued by DCITS to the participants of the Share Option Incentive Scheme. According to the Share Option Incentive Scheme, DCITS intends to grant 22,600,000 share options to the incentive participants of the Share Option Incentive Scheme, representing approximately 2.33% of the total share capital of DCITS of 970,381,273 shares as at the date of these financial statements.
- (5) The minimum period for which share options granted under the Share Option Incentive Scheme must be held before they can be exercised is 12 months from the completion date of registration of the grant of share options pursuant to the Share Option Incentive Scheme ("**Option Registration Date**").
- (6) Subject to the fulfillment of the conditions for exercising the share options under the Share Option Incentive Scheme, grantees may exercise their share options within 24 months after the expiry of 12 months from the Option Registration Date in two tranches as follows:

Tranche	Exercisable period	Percentage of share option exercisable
First tranche	From the first trading day after the expiry of 12 months from the Option Registration Date to the last trading day within 24 months from the Option Registration Date	50%
Second tranche	From the first trading day after the expiry of 24 months from the Option Registration Date to the last trading day within 36 months from the Option Registration Date	50%

- (7) The exercise price of the share options to be granted under the Share Option Incentive Scheme shall be RMB12.76 per share, not less than the par value of the stock and shall not be lower than the higher of:
- (a) the average trading price of DCITS shares on the last trading day before the announcement of the draft Share Option Incentive Scheme, being RMB12.753 per share; and
 - (b) the average trading price of DCITS shares for the last 120 trading days before the announcement of the draft Share Option Incentive Scheme, being RMB11.905 per share.

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For the year ended 31 December 2019

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Equity Incentive Schemes of a subsidiary (Continued)

(c) Share Option Incentive Scheme of DCITS (Continued)

- (8) The exercise price of the share options granted under the Share Option Incentive Scheme is determined in accordance with Article 29 of the Administrative Measures for the Equity Incentives of Listed Companies of the PRC (中華人民共和國上市公司股權激勵管理辦法), which provides that a listed company, when granting stock options to incentive recipients under an equity incentive plan, shall determine the exercise price or the method for determining the exercise price. The exercise price shall be no less than the par value of the stock, and in principle, shall not be lower than the higher of the following prices:
- (a) the average trading price of the company stock in the trading day prior to the publication of the equity incentive plan draft; and
 - (b) the average trading price of the company stock in any one of the following periods: 20 trading days, 60 trading days and 120 trading days prior to the publication of the equity incentive plan draft.
- (9) The effective term of the Share Option Incentive Scheme shall commence from the Option Registration Date to the date on which all share options granted to grantees under the Share Option Incentive Scheme have been exercised or cancelled, provided that the term shall not exceed 36 months.
- (10) During the exercise period of the Share Option Incentive Scheme, a number of conditions must be satisfied before the grantees can exercise their share options, including:
- (a) None of the following events having occurred on the part of DCITS:
 - (i) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the accountants' report of DCITS for its latest financial year;
 - (ii) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to internal control for the latest financial year;
 - (iii) failure to conduct profit distribution in accordance with the laws and regulations, the articles of association of DCITS and public undertakings during the most recent 36 months after the listing;
 - (iv) prohibition from implementation of an equity incentive scheme by laws and regulations or applicable Listing Rules; and
 - (v) any other circumstances as determined by the China Securities Regulatory Commission ("CSRC") or relevant regulatory authorities.
 - (b) None of the following events having occurred on the part of the grantee of the Share Option Incentive Scheme:
 - (i) being identified as an ineligible personnel by the Shenzhen Stock Exchange in the last 12 months;
 - (ii) being identified as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Equity Incentive Schemes of a subsidiary (Continued)

(c) Share Option Incentive Scheme of DCITS (Continued)

- (iii) imposition of administrative penalties or measures prohibiting the grantee from entering into the market by the CSRC and its resident agencies in the last 12 months due to material non-compliance of laws or regulations;
 - (iv) being prohibited from acting as a director or senior management personnel of DCITS under the Company Law of the PRC (中華人民共和國公司法);
 - (v) being prohibited from participating in an equity incentive scheme of a listed company under relevant laws and regulations; and
 - (vi) any other circumstances as determined by the CSRC or relevant regulatory authorities.
- (c) DCITS achieving the following financial performance targets:

Tranche	Financial performance targets
First Tranche	the net profit of DCITS for the year of 2019 being not less than RMB360 million
Second Tranche	the net profit of DCITS for the year of 2020 being not less than RMB435 million

Note: The above net profit refers to the net profit attributable to DCITS shareholders.

- (d) Subject to DCITS achieving the relevant annual financial performance targets, the results of the annual assessment to be conducted by the remuneration and appraisal committee of DCITS against the grantee being 80 points or above or graded at "A".

In the event that any of the above exercise conditions cannot be fulfilled within the relevant exercisable period, share options granted under the Share Option Incentive Scheme shall be cancelled by DCITS. In the event that the above exercise conditions have been fulfilled but share options granted under the Share Option Incentive Scheme have not been exercised upon expiry of the relevant exercise period, such share options shall be lapsed.

Since the adoption of the Share Option Incentive Scheme, DCITS granted 22,470,000 share options under the Share Option Incentive Scheme.

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39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Equity Incentive Schemes of a subsidiary (Continued)

(c) Share Option Incentive Scheme of DCITS (Continued)

The following table shows the movements in the share options under DCITS Share Option Incentive Scheme during the year:

	Number of the share options				Exercise price per share RMB	Date of grant	Exercisable period
	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding as at 31/12/2019			
DCITS director	-	-	-	-	-	-	-
DCITS other employees	22,470,000	-	(200,000)	22,270,000	12.76	17/9/2019	Grantees may exercise their share options with reference to the Option Registration Date (i.e. 30/10/2019) in two tranches. (Note)
Exercisable at the end of the year				-			
Weighted average exercise price (RMB)	12.76	-	12.76	12.76			

Note: Please refer to note (6) of the major terms of the Share Option Incentive Scheme

The fair values of the share options granted during 2019 under the DCITS Share Option Scheme were estimated as at the dates of grant, using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Granted during:	2019
Exercise price (RMB per share)	12.76
Dividend yield (%)	0.205-0.2546 per annum
Expected volatility (%)	21.7765-25.9667 per annum
Expected life (year)	1-2
Risk-free interest rate (%)	1.5-2.1 per annum
Weighted average share price (RMB per share)	12.99

The expected volatility based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The fair values of the share options granted under the DCITS Share Option Scheme during the current year amounted to approximately HK\$32,330,000 in aggregate of which HK\$5,835,000 was recognised as share option expenses during the year.

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Equity Incentive Schemes of a subsidiary (Continued)

(d) *Restricted Share Incentive Scheme of DCITS*

The shareholders of DCITS approved the adoption of a restricted share incentive scheme (the "**Restricted Share Incentive Scheme**") on 16 September 2019. The purpose of the Restricted Share Incentive Scheme is to further promote the establishment and improvement of DCITS's long term incentive mechanism, attract and retain high caliber talents, encourage the initiative of directors, senior management and key employees of DCITS and its subsidiaries, so as to effectively align the interest of shareholders, DCITS and individual interests of core management, and cause all parties to focus on the long-term development of DCITS.

The incentive participants of the Restricted Share Incentive Scheme comprise the directors, senior management and key employees of DCITS and its subsidiaries, but shall exclude the independent directors and supervisors of DCITS, as well as shareholders, individually or in aggregate, holding 5% or more of the shares in DCITS or the de facto controllers and their spouses, parents or children. All incentive participants of the Restricted Share Incentive Scheme must have employment, labour or service relationships with DCITS within the validity period of the Restricted Share Incentive Scheme.

The underlying shares of the Restricted Share Incentive Scheme shall be the A ordinary shares to be issued by DCITS to the participants of the Restricted Share Incentive Scheme. According to the Restricted Share Incentive Scheme, DCITS intends to grant 7,400,000 restricted shares to the incentive participants of the Restricted Share Incentive Scheme, representing approximately 0.76% of the total share capital of DCITS of 970,381,273 shares as at the date of this report.

No restricted shares can be granted to the incentive participants if any one of the conditions cannot be satisfied.

- (a) None of the following events having occurred on the part of DCITS:
- (i) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the accountants' report of DCITS for its latest financial year;
 - (ii) issue of an accountants' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to internal control for the latest financial year;
 - (iii) failure to conduct profit distribution in accordance with the laws and regulations, the articles of association of DCITS and public undertakings during the most recent 36 months after the listing;
 - (iv) prohibition from implementation of an equity incentive scheme by laws and regulations; and
 - (v) any other circumstances as determined by the CSRC.

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39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)

Equity Incentive Schemes of a subsidiary (Continued)

(d) *Restricted Share Incentive Scheme of DCITS (Continued)*

- (b) None of the following events having occurred on the part of the grantee of the Restricted Share Incentive Scheme:
- (i) being identified as an ineligible personnel by the Shenzhen Stock Exchange in the last 12 months;
 - (ii) being identified as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (iii) imposition of administrative penalties or measures prohibiting the grantee from entering into the market by the CSRC and its resident agencies in the last 12 months due to material non-compliance of laws or regulations;
 - (iv) being prohibited from acting as a director or senior management personnel of DCITS under the Company Law of the PRC (中華人民共和國公司法);
 - (v) being prohibited from participating in an equity incentive scheme of a listed company under relevant laws and regulations; and
 - (vi) any other circumstances as determined by the CSRC.
- (c) DCITS achieving the following financial performance targets:

Tranche	Financial performance targets
First Tranche	the net profit of DCITS for the year of 2019 being not less than RMB360 million
Second Tranche	the net profit of DCITS for the year of 2020 being not less than RMB435 million

Note: The above net profit refers to the net profit attributable to DCITS shareholders.

- (d) Subject to DCITS achieving the relevant annual financial performance targets, the results of the annual assessment to be conducted by the remuneration and appraisal committee of DCITS against the grantee being 80 points or above or graded at "A".

The grant price of the restricted shares to be granted under the Restricted Share Incentive Scheme shall be RMB6.38 per share, not less than the par value of the stock and shall not be lower than the higher of:

- (a) RMB6.377 per share, being 50% of the average trading price of DCITS shares on the last trading day before the announcement of the draft Restricted Share Incentive Scheme (i.e. RMB12.753 per share); and
- (b) RMB5.953 per share, being 50% of the average trading price of DCITS shares for the last 120 trading days before the announcement of the draft Restricted Share Incentive Scheme (i.e. RMB11.905 per share).

Since the adoption of the Restricted Share Incentive Scheme, 6,950,000 restricted shares (representing approximately 0.72% of the total share capital of DCITS of 963,431,273 shares as at the date of grant and approximately 0.72% of the total share capital of DCITS of 970,381,273 share as at 31 December 2019) have been granted by DCITS under the Restricted Share Incentive Scheme to the incentive participants. The grant price of such restricted shares was RMB6.345 (According to the provisions of the Restricted Share Incentive Scheme, the grant price of the restricted shares was adjusted due to DCITS's dividends). As at the date of these financial statements, totally 6,950,000 restricted shares were vested to the incentive participants.

39. SHARE-BASED INCENTIVE SCHEMES (CONTINUED)**Equity Incentive Schemes of a subsidiary (Continued)****(d) Restricted Share Incentive Scheme of DCITS (Continued)**

The fair values of the restricted share granted during 2019 under the DCITS Restricted Share Incentive Scheme were estimated as at the dates of grant, using a binomial model, taking into account of the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

Granted during:	2019
Dividend yield (%)	0.205–0.2546 per annum
Expected volatility (%)	21.7765–25.9667 per annum
Risk-free interest rate (%)	1.5–2.1 per annum
Weighted average share price (RMB per share)	12.99

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the restricted shares granted was incorporated into the measurement of fair value.

The binomial model has been used to estimate the fair value of the restricted shares. The variables and assumptions used in computing the fair value of the restricted shares are based on the directors' best estimate. The value of restricted shares varies with different variables of certain subjective assumptions.

All restricted shares granted under the DCITS Restricted Share Incentive Scheme are subject to a vesting period of two years with 50% becoming saleable on the first anniversary and 50% on the second anniversary of the respective dates of registration.

The fair values of the restricted shares granted under the Restricted Share Incentive Scheme of DCITS during the current year amounted to approximately HK\$21,966,000 in aggregate of which HK\$4,207,000 was recognised as share option expenses during the year.

40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2019, the Group's equity interests in DCITS held indirectly by the Company was 40.14% (2018: 40.43%), the Group still retained its rights to nominate three out of the five (2018: three out of the five) non-independent directors of the board of directors of DCITS. Taking into account the Group's power to participate in the operational and financial activities of DCITS, distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, and the existence of any contractual arrangement among the shareholders and/or their beneficial shareholders, if any, the directors of the Company are of the view that the equity holdings in DCITS are dispersed in a way that other shareholders have not organised and the practical risk to organise their holdings to outvote the Group in the shareholders' meeting of DCITS is remote so that the Group's voting rights are sufficient to give it the practical ability to direct the relevant activities of DCITS unilaterally. Therefore, the directors of the Company are of the view that the Company still retains de facto control over DCITS. Further details are included in note 4.

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For the year ended 31 December 2019

40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2019 HK\$'000	2018 HK\$'000
Percentage of equity interest held by non-controlling interests:		
DCITS	59.86%	59.57%

	2019 HK\$'000	2018 HK\$'000
Profit for the year allocated to non-controlling interests:		
DCITS and its subsidiaries	131,634	64,271
Accumulated balances of non-controlling interests at the reporting date:		
DCITS and its subsidiaries	3,450,374	3,385,402

The following tables illustrate the summarised financial information of the above subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are before any intragroup eliminations:

	DCITS and its subsidiaries	
	2019 HK\$'000	2018 HK\$'000
Revenue and other income	11,663,139	10,876,776
Total cost and expenses	(11,427,746)	(10,763,160)
Profit for the year	235,393	113,616
– attributable to equity holders of DCITS and subsidiaries	228,010	107,892
Total comprehensive income (expense) for the year	171,087	(64,707)
– attributable to equity holders of DCITS and subsidiaries	163,704	(70,431)
Dividend paid to non-controlling interest	(22,889)	(22,100)
Current assets	8,691,961	8,679,916
Non-current assets	3,354,786	3,418,984
Current liabilities	5,907,585	6,387,480
Non-current liabilities	77,925	56,355
Net cash inflows from operating activities	324,763	270,353
Net cash from (used in) investing activities	410,578	(671,798)
Net cash (used in) from financing activities	(882,872)	68,902
Net decrease in cash and cash equivalents	(147,531)	(332,543)

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For the year ended 31 December 2019

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 January 2019	Financing cash flows	Non cash changes			31 December 2019
			Finance costs incurred	New lease recognised	Exchange realignment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	5,623,822	(481,043)	-	-	(55,018)	5,087,761
Interest paid	-	(227,506)	227,506	-	-	-
Lease liabilities	193,962	(106,240)	-	82,981	(7,017)	163,686
Corporate bonds	574,844	(567,905)	-	-	-	6,939
	6,392,628	(1,382,694)	227,506	82,981	(62,035)	5,258,386

	1 January 2018	Financing cash flows	Non cash changes			31 December 2018
			Finance costs incurred	Consolidation of subsidiaries <i>note 42(a)</i>	Exchange realignment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	7,048,898	(1,335,866)	-	54,477	(143,687)	5,623,822
Interest paid	-	(215,857)	215,857	-	-	-
Corporate bonds	832,032	(235,212)	-	-	(21,976)	574,844
	7,880,930	(1,786,935)	215,857	54,477	(165,663)	6,198,666

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) Consolidation of subsidiaries as settlement of financial assets at FVTPL

On 28 June 2018, the Group reached an agreement (the "Settlement Agreement") with the Issuer in respect of a Wealth Management Product of approximately HK\$2,409,646,000 (equivalent to RMB2,033,940,000) pursuant to which approximately HK\$651,358,000 (equivalent to RMB550,000,000) were distributed to the Group by the Issuer as partial redemption.

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For the year ended 31 December 2019

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(a) Consolidation of subsidiaries as settlement of financial assets at FVTPL (Continued)

As part of the settlement arrangement as stipulated in the Settlement Agreement, the remaining unredeemed portion of the Wealth Management Product of approximately HK\$1,773,452,000 was settled by the Issuer by transferring the entire equity interests in the assets underlying the Wealth Management Product (the "Underlying Assets") to the Group. The Underlying Assets included equity interest in a private company (the "Property Company") established in the PRC whose principal assets are a commercial complex, loan receivables from various PRC companies (the "Loan Receivables") and equity interests in various special purpose vehicles (the "SPVs") established for making the underlying investments.

Upon effective of the Settlement Agreement, the SPVs and the Property Company become subsidiaries of the Group and the assets consolidated and liabilities assumed from such settlement arrangement. No gain or loss was arisen from such settlement arrangement.

On the consolidation date of the SPVs, the directors of the Company considered that the Loan Receivables are held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest and thus the Loan Receivables of approximately HK\$1,294,288,000 (equivalent to RMB1,092,884,000) was accounted for as financial assets at amortised costs. Further details of the Loan Receivables are set out in note 31.

Since the principal assets of the SPVs and Property Company are various receivables and a commercial building, the directors of the Company considered that the consolidation of the SPVs is in substance exchange of assets.

Consideration transferred:

	2018 HK\$'000
<hr/>	
Financial assets at fair value through profit or loss	1,773,452

The assets and liabilities recognised at the date of settlement are as follows:

	HK\$'000
<hr/>	
Property, plant and equipment	286
Investment properties	661,105
Prepayments, deposits and other receivables	1,319,436
Cash and cash equivalents	6,636
Other borrowing	(54,477)
Other payables	(159,534)
<hr/>	
Total net identifiable assets	1,773,452
<hr/>	
Net cash inflow	
Cash and cash equivalents acquired	6,636

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)**(b) Acquisition of subsidiaries accounted for as business combinations****(i) Acquisition of 神州土地 (北京) 信息技术有限公司 ("DC Land")**

In October 2019, the Group entered into a sales and purchase agreement with an independent third party, to acquire the entire equity interest in DC Land at a cash consideration of RMB47,460,000 (equivalent to HK\$53,154,000). This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK\$66,834,000. DC Land is principally engaged in provision of agricultural internet services. The acquisition was completed on 31 October 2019.

The consideration transferred for the acquisition of DC Land is satisfied by:

	HK\$'000
Cash consideration (<i>note</i>)	53,154

The assets acquired and liabilities assumed at the acquisition date are as follows:

	HK\$'000
Property, plant and equipment	144
Inventories	2,760
Accounts receivables	26
Prepayments, deposits and other receivables	35
Cash and cash equivalents	10,567
Account payable	(1,383)
Other payable and accruals	(9,190)
Tax payables	(120)
Contract liabilities	(16,519)
Total net identifiable liabilities acquired	(13,680)
Goodwill	66,834
	53,154
Cash consideration paid on acquisition	53,154
Less: Cash and cash equivalents acquired	10,567
Net cash outflow arising from acquisition	42,587

The goodwill arising from the acquisition is not tax deductible. During the period from date of acquisition to 31 December 2019, DC Land made insignificant contribution to the Group's revenue, profit and cash flows.

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42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries accounted for as business combinations (Continued)

(ii) Acquisition of Wai On Services Limited ("Wai On")

In February 2018, the Group entered into a sales and purchase agreement with an independent third party, to acquire the entire equity interest in Wai On at a cash consideration of HK\$12,300,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK\$12,749,000. Wai On is principally engaged in IT service that provides solutions for large projects of the Hong Kong Government and multinational corporations. The acquisition was completed on 3 April 2018. Wai On was acquired so as to boost the development of Sm@rt City business in Hong Kong and "The Belt and Road" countries.

The consideration transferred for the acquisition of Wai On is satisfied by:

	HK\$'000
Cash consideration	12,300

The assets acquired and liabilities assumed at the acquisition date are as follows:

	HK\$'000
Accounts receivables	1,805
Accounts payables	(1,469)
Other payables	(785)
Net identifiable liabilities acquired	(449)
Goodwill	12,749
	12,300
Cash consideration paid and net cash outflow arising from acquisition	12,300

The goodwill arising from the acquisition is not tax deductible. During the period from date of acquisition to 31 December 2018, Wai On made insignificant contribution to the Group's revenue, profit and cash flows.

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)**(b) Acquisition of subsidiaries accounted for as business combinations (Continued)****(iii) Acquisition of 西安遠景信息技術有限公司("Xian YJ")**

In July 2018, the Group entered into a sales and purchase agreement with an independent third party, to acquire the entire equity interest in Xian YJ at a consideration of HK\$11,445,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK\$6,774,000. Xian YJ is principally engaged in software development and information technology service. The acquisition was completed on 14 September 2018. Xian YJ was acquired so as to continue the expansion of the Group's rural information services.

The consideration transferred for the acquisition of Xian YJ is satisfied by:

	HK\$'000
Cash consideration	11,445

The assets acquired and liabilities assumed at the acquisition date are as follows:

	HK\$'000
Property, plant and equipment	402
Other intangible assets	1,427
Inventory	2,781
Accounts receivables	60
Prepayments, deposits and other receivables	20
Cash and cash equivalents	1
Other payables and accruals	(20)
Net identifiable assets acquired	4,671
Goodwill	6,774
	11,445

The goodwill arising from the acquisition of Xian YJ because the cost of the combination included a control premium and the goodwill is not tax deductible. During the period from date of acquisition to 31 December 2018, Xian YJ made insignificant contribution to the Group's revenue, profit and cash flows for the year.

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42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(c) Partial disposal of subsidiaries resulting in loss of control

Digital China Financial Cloud Service ("DCFCS")

In February 2018, the Group entered into a sales and purchase agreement with an independent third party, to dispose of 35% indirect equity interest in a non-wholly-owned subsidiary, DCFCS at a cash consideration of approximately RMB87,500,000 (equivalent to HK\$105,299,000). Following the completion of the disposal, the Group's interest in DCFCS was reduced from 80% to 45% and the Group lost control over DCFCS since then. The retained interest in DCFCS was accounted for as an associate as the Group can exercise significant influence over DCFCS. The disposal was completed on 24 April 2018.

The consideration received:

	HK\$'000
Fair value of retained interest	117,333
Cash consideration	105,299
	222,632

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	19,750
Other intangible assets	532
Accounts receivables	9,543
Prepayments, deposits and other receivables	95
Inventories	2,755
Cash and cash equivalents	40,524
Accounts payables	(5,859)
Contract liabilities	(31,782)
Accruals and other payables	(6,633)
Non-controlling interests	(5,784)
	23,141

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For the year ended 31 December 2019

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(c) Partial disposal of subsidiaries resulting in loss of control (Continued)

Digital China Financial Cloud Service ("DCFC") (Continued)

Gain on partial disposal of a subsidiary:

	HK\$'000
Consideration	222,632
Less: net assets disposed of	23,141
Gain on disposal	199,491

Net cash inflow arising on disposal:

	HK\$'000
Cash consideration received	105,299
Less: cash and cash equivalents disposed of	40,524
	64,775

(d) Acquisition of additional interests in non-wholly owned subsidiaries

During the year ended 31 December 2019, the Group acquired additional interests in certain non-wholly-owned subsidiaries at an aggregate cash consideration of HK\$79,000 (2018: HK\$47,944,000) from the non-controlling interests. The difference arising from such acquisitions was charged to capital reserve.

(e) Disposal of subsidiaries

In 2019, the Group disposed of its entire equity interests in a non-wholly-owned subsidiary, 江蘇智慧港城投資發展有限公司, and two wholly-owned subsidiaries, 智慧神州(北京)信息技術有限公司 and 荊門智慧荆楚信息服務有限公司 at a cash consideration of RMB11,000,000 (equivalent to HK\$12,146,000), RMB15,000,000 (equivalent to HK\$16,800,000) and RMB700,000 (equivalent to HK\$773,000) respectively.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	62
Cash and cash equivalents	32,569
Account receivables	5,411
Other receivables	4,860
Tax recoverable	144
Account payables	(3,330)
Accruals and other payables	(2,608)
Contract liabilities	(3,055)
Non-controlling interests	(5,224)
Net assets disposed of	28,829

Notes to Financial Statements

For the year ended 31 December 2019

42. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(e) Disposal of subsidiaries (Continued)

Gain on disposal of subsidiaries:

	HK\$'000
Consideration	29,719
Less: net assets disposed of	28,829
Gain on disposal	890

Net cash outflow arising on disposal:

	HK\$'000
Cash consideration received	29,719
Less: cash and cash equivalents disposed of	32,569
	(2,850)

43. CONTINGENT LIABILITIES

1. During the year ended 31 December 2018, the Group had provided guarantee in favour of a financial institution for certain asset-backed securities issued by an associate, Chongqing Digital China HC Microfinance Co. Ltd. (重慶神州數碼慧聰小額貸款有限公司), with an aggregate amount of approximately HK\$198,279,000 (2019: nil).

2. On 7 November 2018, China Potevio Co., Ltd. filed a litigation with Beijing's Second Intermediate People's Court on the grounds that DCITS assisted Shenzhen Shengwugang Investment Co., Ltd. (深圳市生物港投資有限公司) ("Shengwugang Company") in capital withdrawal, requiring DCITS to bear joint and several liability for compensation in relation to the assistance given to Shengwugang Company for capital withdrawal of RMB25,000,000 together with interests. At the end of December 2018, DCITS filed jurisdiction objection litigation with Beijing's Second Intermediate People's Court, which has been rejected by Beijing's Second Intermediate People's Court. DCITS filed litigation with Beijing Municipal High People's Court against the ruling rejecting the jurisdiction objection, which has been rejected by Beijing Municipal High People's Court in May 2019. On 29 October 2019, Beijing Second Intermediate People's Court issued the civil judgment (2018) Jing 02 Min Chu No. 344, which stated that: DCITS shall undertake the supplementary liability for the unsettled part of the debt Shengwugang Company owned to China Potevio Co., Ltd. under Guangdong Shenzhen Intermediate People's Court (2007) Shen Zhong Fa Wei Zhi Zi No. 539 Enforcement Case after the enforcement (with the amount limited to RMB68,125,000), which is limited to the extent of the principal and interest of the advance totaling RMB35,120,000; Beijing Xinfu Investment (Group) Co., Ltd. (北京新富投資有限公司) and Kunshan Shenchang Technology Co., Ltd. (昆山市申昌科技有限公司), being other third-party defendants, shall bear their supplementary liabilities to the extent of the capital withdrawal amounting to RMB58,380,000 and the principal and interest of the advance totaling RMB60,250,000, respectively. DCITS has appealed to the court, but it is necessary to make a provision of RMB21,382,000 for the judgement above.

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For the year ended 31 December 2019

44. OPERATING LEASE COMMITMENTS

(a) The Group as lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of ranging from one to ten years. The terms of the leases generally also require the tenant to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting periods, the Group had contracted with tenants for the following future undiscounted lease payments:

	2019 HK\$'000
Within one year	259,038
In the second year	115,441
In the third year	56,781
In the fourth year	34,406
In the fifth year	27,949
After the fifth year	111,800
	605,415
	2018 HK\$'000
Within one year	246,682
In the second to fifth years inclusive	354,049
Over five years	118,901
	719,632

(b) The Group as lessee

As at 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK\$'000
Within one year	177,702
In the second to fifth years inclusive	122,909
	300,611

The Group leases certain of its office properties and warehouses under operating lease arrangements. Leases for offices properties and warehouses are negotiated for terms ranging from six months to five years and rental are fixed over the terms of the leases.

The leases were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3, and the details regarding the Group's future lease payments are disclosed in note 17.

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45. COMMITMENTS

	2019 HK\$'000	2018 HK\$'000
Contracted, but not provided for, in the consolidated financial statements:		
Land and buildings	30,209	158,324
Capital contributions payable to joint ventures	33,969	35,417
Capital contributions payable to associates	23,520	6,837
Capital contributions payable to financial assets at FVTOCI	480	120,140
	88,178	320,718

46. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties:

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Transactions with joint ventures			
Sales of IT products to joint ventures	(i)	9,730	147
Provision of IT services to joint ventures	(ii)	446	6,499
Rental income from joint ventures	(iv)	1,268	3,573
Interest income on loans to joint ventures	(v)	9,422	20,840
Transactions with associates			
Sales of IT products to associates	(i)	13,057	1,251
Purchase of IT products from associates	(iii)	119	-
Provision of IT services to associates	(ii)	2,412	33,699
Provision of IT services by associates	(ii)	2,542	17,333
Rental income from associates	(iv)	22,387	13,314
Transactions with related companies (note (vi))			
Sales of IT products to related companies	(i)	11,828	7,621
Provision of IT services to related companies	(ii)	400,439	396,583
Purchases of IT products from related companies	(iii)	335,952	208,569
Provision of IT services by related companies	(ii)	46,847	44,276
Rental income from related companies	(iv)	45,728	48,989

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties: (Continued)

Notes:

- (i) The sales were made with reference to the listed price and conditions offered to the major customers of the Group.
- (ii) The prices for the provision of IT services were determined at rates mutually agreed between the Group and the corresponding related parties.
- (iii) The purchases were made at prices mutually agreed between the Group and the corresponding related parties with reference to the listed price and conditions offered by the related parties to their major customers.
- (iv) The rental income was determined at rates mutually agreed between the Group and the corresponding related parties with reference to the market rental.
- (v) The interest income is calculated with reference to market interest rates and included in revenue from financial service business.
- (vi) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exerts significant influence to Digital China Group Co. Ltd.

(b) Outstanding transaction with related parties:

During the year ended 31 December 2018, the Group had provided guarantees in favour of a financial institution for certain asset-backed securities issued by an associate, Chongqing Digital China HC Microfinance Co. Ltd., up to an aggregate amount of RMB174,000,000 (2019: nil). As at 31 December 2018, the value of the asset-backed securities issued attributable to the aforesaid guarantees amounted to approximately HK\$198,279,000.

(c) Outstanding balances with related parties:

- (i) Details of the Group's accounts and bills receivables with the joint ventures and associates and other related parties as at the end of the reporting period are included in note 30.
- (ii) Details of the loans to the joint ventures included in the Group's prepayments, deposits and other receivables as at the end of the reporting period are included in note 31.
- (iii) Details of the Group's accounts and bills payables and other payables with associates and other related parties as at the end of the reporting period are included in note 34 and 35 respectively.
- (iv) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exerts significant influence to Digital China Group Co. Ltd.

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46. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel

The remuneration of key management personnel (executive directors) of the Company during the year was as follows:

	2019 HK\$'000	2018 HK\$'000
Short term employee benefits	3,590	5,571
Post-employment benefits	510	152
	4,100	5,723

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Further details of directors' and the chief executives' emoluments are included in note 9.

47. DEFERRED INCOME AND GOVERNMENT GRANTS

Government grants of approximately HK\$86,212,000 (2018: HK\$101,092,000) have been recognised as other income in the current year. Various government grants have been received for VAT refunds for the sale of self-developed software products approved by the tax authority in the People's Republic of China ("PRC"), the development of software products in Mainland China, and the investments in specific provinces in Mainland China and for compensation of operating costs.

Government grants for which related expenditure has not yet been undertaken are included in deferred income, of which approximately HK\$37,033,000 (2018: HK\$28,897,000) is classified as non-current liabilities and approximately HK\$4,402,000 (2018: HK\$11,191,000) is classified as current liabilities (included in other payables and accruals (note 35)), respectively.

During the year ended 31 December 2019, deferred income of approximately HK\$20,902,000 (2018: HK\$31,128,000) has been recognised as other income upon fulfilment of the conditions attaching to these government assistances.

The remaining government grants recognised during the year ended 31 December 2019 of approximately HK\$65,310,000 (2018: HK\$69,964,000) represented government grants received for which there are no unfulfilled conditions and other contingencies attaching to these government assistances.

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48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration and operation	Legal form	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Percentage of equity attributable to the Company		Principal activities
				2019		2018		
				Direct	Indirectly	Direct	Indirectly	
Digital China (BVI) Limited	British Virgin Islands	N/A	US\$5,125	100	-	100	-	Investment holding
Digital China Limited	Hong Kong	N/A	HK\$2	-	100	-	100	Investment holding
E-Olympic International Limited	British Virgin Islands	N/A	US\$1	-	100	-	100	Holding of trademarks
Digital China Networks, Ltd.	British Virgin Islands	N/A	US\$10,000,000	-	100	-	100	Investment holding
Grace Glory Enterprises Limited	British Virgin Islands	N/A	US\$1	-	100	-	100	Investment holding
Instant Technology Logistics Limited	PRC/Mainland China	Limited liability company	RMB100,000,000	-	100	-	100	Provision of logistics services
Talent Gain Developments Limited	British Virgin Islands	N/A	US\$1	-	100	-	100	Investment holding
Power Gateway Limited	British Virgin Islands	N/A	US\$100	-	100	-	100	Investment holding
Digital China Software Limited	PRC/Mainland China	Limited liability company	US\$200,000,000	-	100	-	100	Investment holding
Digital China Xi'an Industrial Co., Limited	PRC/Mainland China	Limited liability company	RMB800,000,000	-	100	-	100	Development and construction of Science and Technology Park
Digital China (Nanjing) Information and Technology Park Limited	PRC/Mainland China	Limited liability company	HK\$367,000,000	-	100	-	100	Development and construction of Science and Technology Park
Beijing Digital China Instant Technology Service Co., Ltd.	PRC/Mainland China	Limited liability company	RMB50,000,000	-	100	-	100	E-commerce supply chain services business
Tianjin Digital China Financing Lease Co., Ltd.	PRC/Mainland China	Limited liability company	US\$30,000,000	-	100	-	100	Finance lease business
Cellular Investments Limited	Hong Kong	N/A	HK\$1	-	100	-	100	Investment holding
Digital China Sm@rt City (Chongqing) Operations Services Limited	PRC/Mainland China	Limited liability company	RMB200,000,000	-	93.55	-	93.55	Operation of Sm@rt City Platform
Beijing Internetwork Company Limited	PRC/Mainland China	Limited liability company	RMB107,307,696.6	-	93.55	-	93.55	Data integration and management software sales

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Name	Place of incorporation/ registration and operation	Legal form	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Percentage of equity attributable to the Company		Principal activities
				2019		2018		
				Direct	Indirectly	Direct	Indirectly	
DCITS	PRC/Mainland China	Limited liability company	RMB970,381,273 (2018: RMB963,431,273)	-	40.14*	-	40.43*	Systems integration services, software development and technical services
Digital China Jinxin Technology Co., Ltd.	PRC/Mainland China	Limited holding company	RMB200,000,000	-	40.14*	-	40.43*	Sales of financial specialised equipment
Beijing Zhongnong Xinda Information Technology Limited	PRC/Mainland China	Limited liability company	RMB5,000,000	-	40.14**	-	40.43**	Surveying service software sales
Digital China Advanced Systems Limited	Hong Kong	N/A	HK\$531,750,000	-	40.14**	-	40.43**	Systems integration services
Nanjing Howso Technology Co., Ltd. ("Howso Technology")	PRC/Mainland China	Limited liability company	RMB102,340,000	-	40.10***	-	40.39***	Network optimisation services

* DCITS, a Shenzhen listed company, is accounted for as a subsidiary of the Group even though the Group has only a 40.14% (2018: 40.43%) equity interest in this company based on the factors explained in notes 4 and 40 to the financial statements.

** These companies are wholly-owned subsidiaries of DCITS and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

*** Howso Technology is 99.90% owned subsidiary of DCITS and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to Financial Statements

For the year ended 31 December 2019

49. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2019

Financial assets

	2019 HK\$'000	2018 HK\$'000
Financial assets at amortised cost		
Finance lease receivables	56,838	168,801
Accounts and bills receivables	5,362,493	4,889,158
Financial assets included in prepayments, deposits and other receivables	2,082,345	1,868,638
Cash and cash equivalents	1,890,171	2,204,872
Restricted bank balances	115,488	69,617
Financial assets at FVTPL		
Listed equity securities	3,325	28,292
Unlisted wealth management financial products	925,766	1,258,048
Financial assets at FVTOCI		
Unlisted equity investments designated as FVTOCI	408,572	427,293
	10,844,998	10,914,719

Financial liabilities

	2019 HK\$'000	2018 HK\$'000
Financial liabilities at amortised cost		
Accounts and bills payables	3,832,793	3,212,562
Financial liabilities included in other payables and accruals	1,684,542	1,214,685
Interest-bearing bank and other borrowings	5,094,700	6,198,666
	10,612,035	10,625,913

Notes to Financial Statements

For the year ended 31 December 2019

50. FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

Assets measured at fair value:

As at 31 December 2019:

	Quoted prices in active markets (Level 1) HK\$'000	Fair value hierarchy		Total HK\$'000
		Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at FVTPL				
– Listed equity investments	3,325	–	–	3,325
– Wealth management products	–	–	925,766	925,766
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	408,572	408,572

As at 31 December 2018:

	Quoted prices in active markets (Level 1) HK\$'000	Fair value hierarchy		Total HK\$'000
		Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at FVTPL				
– Listed equity investments	28,292	–	–	28,292
– Wealth management products	–	–	1,258,048	1,258,048
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	427,293	427,293

50. FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

There were no transfers between all levels of fair values during the year ended 31 December 2019 and 2018.

The fair values of the wealth management products and unlisted equity investments were determined using the income approach and the significant unobservable inputs included discount rates and growth rates. The lower the discount rates and higher the growth rates, the higher will be the fair value.

The Group engaged an external valuation specialist to perform valuation of these investments where quoted market prices are not available. The management of the Group has discussion with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL and financial assets at FVTOCI on recurring basis:

	Wealth management products HK\$'000	Unlisted equity investments HK\$'000
As at 1 January 2018	2,995,365	919,282
Acquisition	1,347,041	22,145
Transfers to interests in associates	–	(463,699)
Redemption	(1,347,194)	(26,106)
Transfers on consolidation of subsidiaries	(1,773,452)	–
Fair value changes	25,529	(772)
Exchange alignment	10,759	(23,557)
As at 31 December 2018 and 1 January 2019	1,258,048	427,293
Acquisition	799,646	–
Redemption	(1,159,421)	(7,886)
Fair value changes	26,713	(3,696)
Exchange alignment	780	(7,139)
As at 31 December 2019	925,766	408,572

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to Financial Statements

For the year ended 31 December 2019

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include accounts and bills receivables, accounts and bills payables, interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's capital expenditure and operations. The Group has various other financial assets and liabilities such as accounts and bills receivables and accounts and bills payables, which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (interest rate risk, currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates and foreign exchange rates.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the Group's bank and other borrowings with floating interest rates. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, finance lease receivables and lease liabilities. It is the Group's policy to keep a balanced portfolio to manage both the cash flow and fair value interest rate risk

At 31 December 2019, the Group's interest-bearing borrowings of HK\$2,869,405,000 (2018: HK\$2,494,648,000) bore interest at floating rates.

The Group currently did not have any interest hedging policy.

The Group is also exposed to cash flow interest rate risk in relation to its bank balance. No sensitivity analysis is presented as the Group's bank balances were short-term in nature and changes in interest rate are not expected to have significant impact to the Group.

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2018: 100 basis points) increase (decrease) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Notes to Financial Statements

For the year ended 31 December 2019

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

	Increase (decrease) in basis points	Increase (decrease) in profit before tax for the year HK\$'000
31 December 2019		
Borrowings with floating interest rates	100	(28,694)
Borrowings with floating interest rates	(100)	28,694
31 December 2018		
Borrowings with floating interest rates	100	(24,946)
Borrowings with floating interest rates	(100)	24,946

Currency risk

The Group's foreign currency exposures mainly arise from net monetary assets in currencies other than the functional currencies of approximately HK\$660,370,000 (2018: HK\$797,675,000) as at 31 December 2019.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant of the Group's profit before tax. 1% (2018: 1%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Increase (decrease) in RMB rate %	Increase (decrease) in profit before tax for the year HK\$'000
31 December 2019		
If RMB weakens against US dollars	(1)	(6,663)
If RMB strengthens against US dollars	1	6,663
31 December 2018		
If RMB weakens against US dollars	(1)	(8,225)
If RMB strengthens against US dollars	1	8,225

Notes to Financial Statements

For the year ended 31 December 2019

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 43.

The credit risk of our Group mainly arises from cash and cash equivalents, restricted bank balances, accounts and bills receivables, contract assets, finance lease receivables and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For accounts and bills receivables, contract assets and finance lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL individually and collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered loans to joint ventures to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds and wealth management products is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Since the Group only trades with recognised and creditworthy third parties, there is no requirement for collateral. Over 90% of the Group's customers and operations are located in Mainland China. Concentrations of credit risk are managed by industry sector and customer.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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 the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset 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:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant increase in credit risk on other financial instruments of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to Financial Statements

For the year ended 31 December 2019

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., accounts and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other available sources of finances. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2019				Carrying amount HK\$'000
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	
	Interest-bearing bank and other borrowings	3,634,203	1,037,840	1,057,341	
Accounts and bills payables	3,832,793	–	–	3,832,793	3,832,793
Financial liabilities included in other payables and accruals	1,684,542	–	–	1,684,542	1,684,542
	9,151,538	1,037,840	1,057,341	11,246,719	10,612,035
Lease liabilities	106,027	67,294	–	173,321	163,686
	2018				Carrying amount HK\$'000
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	
	Interest-bearing bank and other borrowings	3,855,821	2,153,779	860,351	
Accounts and bills payables	3,212,562	–	–	3,212,562	3,212,562
Financial liabilities included in other payables and accruals	1,214,685	–	–	1,214,685	1,214,685
	8,283,068	2,153,779	860,351	11,297,198	10,625,913
Financial guarantee	198,279	–	–	198,279	–

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Liquidity risk (Continued)**

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain the gearing ratio as low as possible. Net debt includes interest-bearing bank and other borrowings, accounts and bills payables, other payables and accruals, lease liabilities less cash and cash equivalents and restricted bank balances. Capital represents equity attributable to equity holders of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2019 HK\$'000	2018 HK\$'000
Interest-bearing bank and other borrowings	5,094,700	6,198,666
Accounts and bills payables	3,832,793	3,212,562
Other payables and accruals	2,046,205	1,656,352
Lease liabilities	163,686	-
Less: Cash and cash equivalents	(1,890,171)	(2,204,872)
Restricted bank balances	(115,488)	(69,617)
Net debt	9,131,725	8,793,091
Equity attributable to equity holders of the parent	8,936,423	8,850,343
Total capital	8,936,423	8,850,343
Total capital and net debt	18,068,148	17,643,434
Gearing ratio	51%	50%

Notes to Financial Statements

For the year ended 31 December 2019

52. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK\$'000	2018 HK\$'000
Non-current assets		
Property, plant and equipment	72	209
Investments in subsidiaries	1,939,081	1,939,081
Total non-current assets	1,939,153	1,939,290
Current assets		
Prepayments, deposits and other receivables	24,798	29,227
Amount due from subsidiaries	4,460,946	4,327,488
Cash and cash equivalents	4,677	4,384
	4,490,421	4,361,099
Current liabilities		
Other payables and accruals	13,853	15,784
Amount due to subsidiaries	719,134	518,549
Dividend payable	87	-
Interest-bearing bank borrowings	63,500	19,525
	796,574	553,858
Net current assets	3,693,847	3,807,241
Total assets less current liabilities	5,633,000	5,746,531
Non-current liability		
Interest-bearing bank borrowings	46,832	-
Net assets	5,586,168	5,746,531
Capital and reserves		
Issued capital	167,098	167,726
Reserves	5,419,070	5,578,805
Total equity	5,586,168	5,746,531

Notes to Financial Statements

For the year ended 31 December 2019

52. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserve is as follows:

	Share premium account HK\$'000	Contributed surplus HK\$'000	Employee share trust HK\$'000	Employee share-based compensation reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2018	4,665,095	623,689	(21,571)	62,064	-	103,770	5,433,047
Profit for the year and total comprehensive income for the year	-	-	-	-	-	143,670	143,670
Share-based compensation	-	-	-	3,414	-	-	3,414
Shares buy back	-	-	-	-	(1,326)	-	(1,326)
At 31 December 2018 and 1 January 2019	4,665,095	623,689	(21,571)	65,478	(1,326)	247,440	5,578,805
Loss for the year and total comprehensive expense for the year	-	-	-	-	-	(57,743)	(57,743)
2018 dividends paid	-	-	-	-	-	(51,112)	(51,112)
Share-based compensation	-	-	-	8,327	-	-	8,327
Shares buy back	(21,237)	-	-	-	1,326	-	(19,911)
Contribution to employee shares trusts	-	-	(39,296)	-	-	-	(39,296)
At 31 December 2019	4,643,858	623,689	(60,867)	73,805	-	138,585	5,419,070

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to a corporate reorganisation in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act of Bermuda (as amended) and the Bye-Laws of the Company, the contributed surplus can be distributed to the shareholders, provided that the Company will be able to pay its liabilities as they fall due, and subsequent to the distribution, the aggregate amount of its total liabilities as well as the issued share capital and premium is less than the realisable value of its assets.

The employee share-based compensation reserve comprises the fair value of options or RSUs granted under the share-based incentive schemes which are yet to be exercised, as further explained in the accounting policy for employee benefits in note 3 to the financial statements.

Notes to Financial Statements

For the year ended 31 December 2019

53. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2020, the Group entered into a sale and purchase agreement with SK China Company Limited (the "Transferee") pursuant to which the Group has agreed to sell the entire equity interest in Beijing Lizhi Weixin Technology Co., Ltd ("BLW"), being an indirect non-wholly owned subsidiary of the Company, which in turn holds 32,720,636 shares in Digital China Health Technologies Co., Ltd* (神州數碼醫療科技股份有限公司) ("Digital China Health"), representing approximately 14.05% of the entire issued share capital of Digital China Health. Under the agreement, the total consideration for the disposal payable by the Transferee shall be the U.S. dollar equivalent of RMB500,000,000 (equivalent to approximately HK\$559,998,000). After completion of the disposal, the total issued shares of the Group in Digital China Health decreased from 20.04% to 5.99%, and Digital China Health ceased to be an associate of the Company. The related interest will be accounted for a financial asset at fair value through other comprehensive income. The Group also ceased to have any equity interest in BLW, and BLW will cease to be a subsidiary of the Company.

Since the outbreak of COVID-19 pandemic in the PRC in January 2020, the Group has closely monitored the development of such outbreak, assessed and actively responded to its impact on the financial status and operating results of the Group. The Group expects that the COVID-19 pandemic outbreak will have a temporary impact on the Group's operating activities but it will also bring new business opportunities to the Group, including in the Smart City and e-commerce areas. No material adverse impact has been noted as at the date of this report. The Group will also continue to monitor other potential risks to our operations and manage such risks as they arise.

54. COMPARATIVE FIGURES

The comparative figures of the consolidated statement of cash flows and notes 44(b) and 50 to the consolidated financial statements had been restated to confirm with the current year's presentation of the consolidated financial statements.

Particulars of Properties

Investment properties as at 31 December 2019:

Location	Usage	Tenure	Attributable interest of the Group
Digital China Xi'an Science and Technology Park, No.20 Zhangba 4th Street, Xi'an Gaoxin Technology Development District, Xi'an, Shaanxi Province, The PRC	Office building	Medium term lease	100%
Digital China Wuhan Science and Technology Park, North of Da Shu Road East, East of Guang Gu Road, Wuhan Donghu Technology Development District, Wuhan, Hubei Province, The PRC	Office building	Medium term lease	100%
Digital China Nanjing Science and Technology Innovation Park, Qilin Street, Jiangning District, Nanjing, Jiangsu Province, The PRC	Office building	Medium term lease	100%
Digital China Chongqing Science and Technology Park, No. 24 and 26, Science and Technology Innovation Park, Hong Hu Road West, Yubei District, Chongqing Province, The PRC	Office building	Medium term lease	100%
Digital China Kunshan Logistics Park, No. 1 Shuang He Road, Dian Shan Hu Town, Kunshan City, Jiangsu Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Shenyang Logistics Park, No. 2 Cangchudongyi Street, Hunnan District, Shenyang, Liaoning Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Wuhan Logistic Park, No. 61 Gaoxin 4th Street Road, Donghu Technology Development District, Wuhan, Hubei Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Jinan Logistics Park, No. 1459-2 Keyuan Road, Sun Town, High-tech Industrial Development Zone, Jinan, Shandong Province, The PRC	Logistics and storage	Medium term lease	100%
Digital China Technology Plaza, No. 9 Shangdi Jiu Street, Haidian District, Beijing, The PRC	Office building	Medium term lease	100%
Beijing Digital China Building, 4-9/F. and 18/F., No. 16 Suzhou Street, Haidian District, Beijing, The PRC	Office building	Medium term lease	100%

Particulars of Properties

Completed properties held for sale as at 31 December 2019:

Property	The Group's interest	Location	Total GFA attributable to the Group's interest ('000 s.q.m.)	Usage
Digital China Nanjing Science and Technology Innovation Park	100%	Digital China Qilin Street Science and Technology Park, Jiangning District, Nanjing, Jiangsu Province, The PRC	4	Office building

Five Year Financial Summary

RESULTS

	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000	Year ended 31 December 2016 HK\$'000	Year ended 31 December 2015 HK\$'000
REVENUE FROM CONTINUING OPERATIONS	17,727,429	15,254,499	13,246,571	12,251,359	10,630,672
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	546,700	281,534	(47,817)	137,713	670,879
Income tax expense	(96,524)	(61,064)	(143,584)	(148,743)	(207,371)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	450,176	220,470	(191,401)	(11,030)	463,508
Profit for the year from the discontinued operation	-	-	-	559,623	462,207
PROFIT (LOSS) FOR THE YEAR	450,176	220,470	(191,401)	548,593	925,715
Attributable to:					
Equity holders of the parent	301,844	149,587	(413,006)	389,314	661,676
Non-controlling interests	148,332	70,883	221,605	159,279	264,039
	450,176	220,470	(191,401)	548,593	925,715

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000	Year ended 31 December 2016 HK\$'000	Year ended 31 December 2015 HK\$'000
TOTAL ASSETS	25,551,101	25,488,174	27,915,561	23,716,121	37,486,363
TOTAL LIABILITIES	(12,987,629)	(13,091,478)	(15,120,687)	(13,244,208)	(26,192,046)
NON-CONTROLLING INTERESTS	(3,627,049)	(3,546,353)	(3,685,089)	(3,303,326)	(2,421,750)
	8,936,423	8,850,343	9,109,785	7,168,587	8,872,567

Company Information

BOARD OF DIRECTORS

Executive Directors

Mr. GUO Wei (*Chairman and Chief Executive Officer*)

Mr. LIN Yang (*Vice Chairman*)

Non-executive Directors

Mr. YU Ziping

Mr. PENG Jing

Independent Non-executive Directors

Mr. WONG Man Chung, Francis

Ms. NI Hong (Hope)

Dr. LIU Yun, John

Ms. YAN Xiaoyan

Mr. KING William

COMPANY SECRETARY

Mr. WONG Chi Keung

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Fortis Tower

77-79 Gloucester Road

Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China Limited

China CITIC Bank Corporation Limited

Industrial and Commercial Bank of China Limited

East West Bank

LEGAL ADVISORS

As to Hong Kong law:

Chiu and Partners

Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to Bermuda law:

Appleby

AUDITOR

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Bermuda

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

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Bermuda

Hong Kong

Tricor Abacus Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

PLACE OF LISTING OF SHARES AND STOCK CODE

The Stock Exchange of Hong Kong Limited

Stock Code: 00861

Taiwan Stock Exchange Corporation

Taiwan Depository Receipts

Stock Code: 910861

WEBSITE

www.dcholdings.com



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