



CITYCHAMP
WATCH & JEWELLERY GROUP LIMITED
冠城鐘錶珠寶集團有限公司

ANNUAL REPORT 2018 年報



TOGETHER WE RISE
共進新時代

CONTENTS

02	Milestones Achieved in Last 15 Years	75	Environmental, Social and Governance Report
08	Corporate Information	181	Independent Auditor's Report
09	Corporate Highlights 2018	186	Consolidated Statement of Comprehensive Income
10	Financial Highlights	188	Consolidated Statement of Financial Position
12	Chairman's Statement	190	Consolidated Statement of Changes in Equity
15	Management Discussion and Analysis	192	Consolidated Statement of Cash Flows
34	Directors and Senior Management	194	Notes to the Consolidated Financial Statements
40	Corporate Governance Report	354	Five Year Financial Summary
53	Report of the Directors	356	Schedule of Principal Investment Properties
61	Audit Committee Report		
64	Risk Management Committee Report		
70	Nomination Committee Report		



MILESTONES ACHIEVED IN LAST 15 YEARS



2004

Mr. Hon Kwok Lung acquired partial equity interest in the Company (formerly known as China Everbright Technology Limited) that included 100% equity interest in EBOHR Luxuries International Limited with its domestic watch brand "EBOHR".

The name of the Company changed to China Haidian Holdings Limited.



2008

Acquired 91% equity interests in Zhuhai Rossini Watch Industrial Limited with its domestic watch brand "Rossini".



2011

Acquired 100% equity interest in Eterna AG Uhrenfabrik with its Swiss watch brand "ETERNA".



2012

Zhuhai Rossini Watch Industrial Limited moved to the Zhuhai National Hi-tech Industrial Development Zone in Guangdong Province. The Rossini Watch Industrial Park and Rossini Clock Museum were opened.



2013

Acquired 100% equity interest in Montres Corum Sàrl with its elite Swiss watch brand "CORUM".

ROTARY



2014

Acquired 100% equity interest in The Dreyfuss Group Limited with its Swiss watch brands "ROTARY", "DREYFUSS & CO" and "J&T Windmills".



2014

The name of the Company changed to Citychamp Watch & Jewellery Group Limited.

Citychamp Watch and Jewellery SwissCo AG issued bonds of CHF100 million in Switzerland, which was listed and traded on the SIX Swiss Exchange.



2016

Acquired 83.22% equity interest in Valartis Bank (Liechtenstein) AG (currently named as Bendura Bank AG).



2017

The second phase of the Rossini Watch Cultural and Industrial Park in Zhuhai was opened.

Acquired Shun Heng Securities Limited and Hong Kong Metasequoia Capital Management Limited.

The EBOHR Building, the new facilities of EBOHR Luxuries International Limited in Shenzhen, has been fully operational.



2018



Bendura Bank AG established its first representative office in Hong Kong.

2018



Acquired 82.50% equity interest in Ernest Borel Holdings Limited (stock code: 1856) with its Swiss watch brand "ERNEST BOREL".



BEYOND OUR BOUNDARIES

Acknowledged both for the aesthetic appeal of our models
and for the technical excellence, we are proud to contribute
to perpetuating the time-honored values.


ROSSINI
羅西尼


EBOHR
依波表


CORUM
CRAFT YOUR DREAMS


ETERNA
SINCE 1856

ROTARY



ERNEST
BOREL
1856





BEYOND OUR SUCCESS

Founded in 1998, BENDURA BANK AG is a fully-licensed bank headquartered in the Principality of Liechtenstein.

We offer bespoke financial services to wealthy entrepreneurial families and high net worth individuals, including asset management and investment advice and security issuance and investment funds.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

HON Kwok Lung BBS (*Chairman*)
 SHANG Jianguang (*Chief Executive Officer*)
 SHI Tao
 LAM Toi Man
 BI Bo
 SIT Lai Hei
 HON Hau Wong
 Teguh HALIM¹

Independent Non-executive Directors

FUNG Tze Wa
 KWONG Chun Wai, Michael
 ZHANG Bin
 Rudolf Heinrich ESCHER

AUDIT COMMITTEE

FUNG Tze Wa (*Committee Chairman*)
 KWONG Chun Wai, Michael
 ZHANG Bin
 Rudolf Heinrich ESCHER

REMUNERATION COMMITTEE

FUNG Tze Wa (*Committee Chairman*)
 KWONG Chun Wai, Michael
 ZHANG Bin
 HON Kwok Lung
 SHANG Jianguang
 Rudolf Heinrich ESCHER

NOMINATION COMMITTEE

HON Kwok Lung (*Committee Chairman*)
 SHANG Jianguang
 FUNG Tze Wa
 KWONG Chun Wai, Michael
 ZHANG Bin
 Rudolf Heinrich ESCHER

RISK MANAGEMENT COMMITTEE

SIT Lai Hei (*Committee Chairman*)
 SHI Tao
 LAM Toi Man
 BI Bo

QUALIFIED ACCOUNTANT & COMPANY SECRETARY

FONG Chi Wah

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 China Merchants Bank Co., Ltd.
 Hongkong and Shanghai Banking Corporation Limited
 Hang Seng Bank Limited
 UBS AG
 China CITIC Bank International Limited

HONG KONG BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

P.O. Box 309
 Ugland House
 South Church Street
 Grand Cayman
 Cayman Islands

PRINCIPAL OFFICE

Units 1902 – 04, Level 19
 International Commerce Centre
 1 Austin Road West, Kowloon
 Hong Kong

WEBSITES

www.irasia.com/listco/hk/citychamp
www.citychampwj.com

¹ appointed with effect from 23 January 2018

CORPORATE HIGHLIGHTS 2018

MAR

On 18 March 2018, Mr. Shang Jianguang, Executive Director and CEO of the Company, was elected as president of Zhuhai E-commerce Association.

AUG

On 29 August 2018, EBOHR awarded the "Asia's 500 Most Influential Brands in 2018" (二零一八年亞洲品牌500強) by the World Brand Laboratory. It was EBOHR's fourth consecutive time to be awarded.

NOV

On 9 November 2018, Bendura Bank AG ("Bendura Bank") established its first representative office in Hong Kong.



JUN

On 21 June 2018, both Zhuhai Rossini Watch Industry Limited ("Rossini Watch") and EBOHR Luxuries International Limited ("EBOHR") was awarded the "Top 10 Enterprises of Horologe Industry in China Light Industries" by China Light Industry Council and China Horologe Association. Rossini Watch also ranked No. 1 in annual Top 10 Enterprises evaluation activities of Horologe Industry in China Light Industries.

SEP

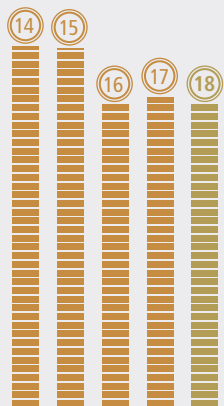
On 12 September 2018, VGB Limited, a subsidiary of the Company, entered into two agreements to acquire 58.22% equity interest in Ernest Borel Holdings Limited ("Ernest Borel"), a Hong Kong listed company (stock code: 1856) with its Swiss watch brand "Ernest Borel". The completion of the agreements took place on 18 September 2018 and Ernest Borel became a subsidiary of the Group.



FINANCIAL HIGHLIGHTS

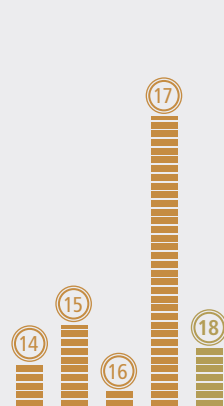


Revenue
HK\$'000



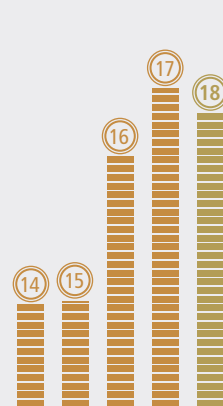
2014	3,488,553
2015	3,476,354
2016	2,939,955
2017	2,982,701
2018	2,937,849

Profit After Tax
HK\$'000



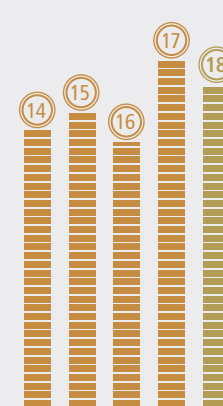
2014	163,032
2015	340,159
2016	63,840
2017	1,211,198
2018	241,448

Total Assets
HK\$'000



2014	6,732,878
2015	6,838,556
2016	17,255,820
2017	21,855,671
2018	20,258,229

Owners' Equity
HK\$'000



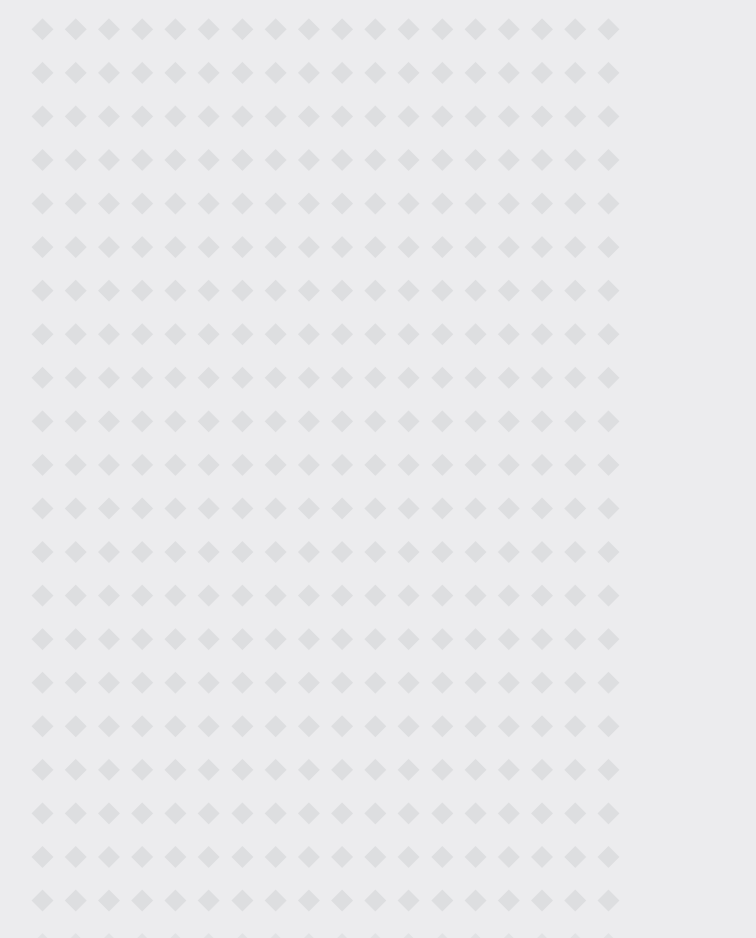
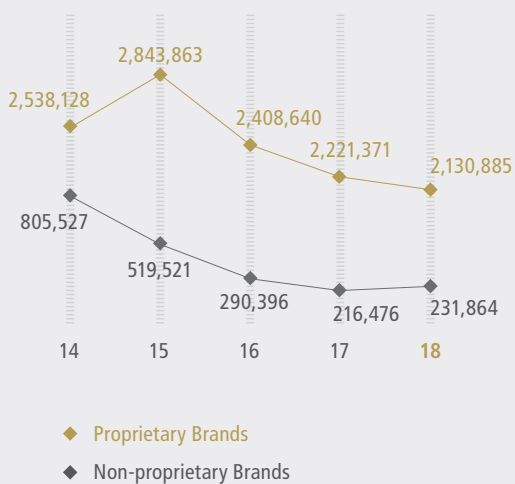
2014	3,846,524
2015	4,043,253
2016	3,632,881
2017	4,804,881
2018	4,439,791



HK\$2,937,849,000
Revenue

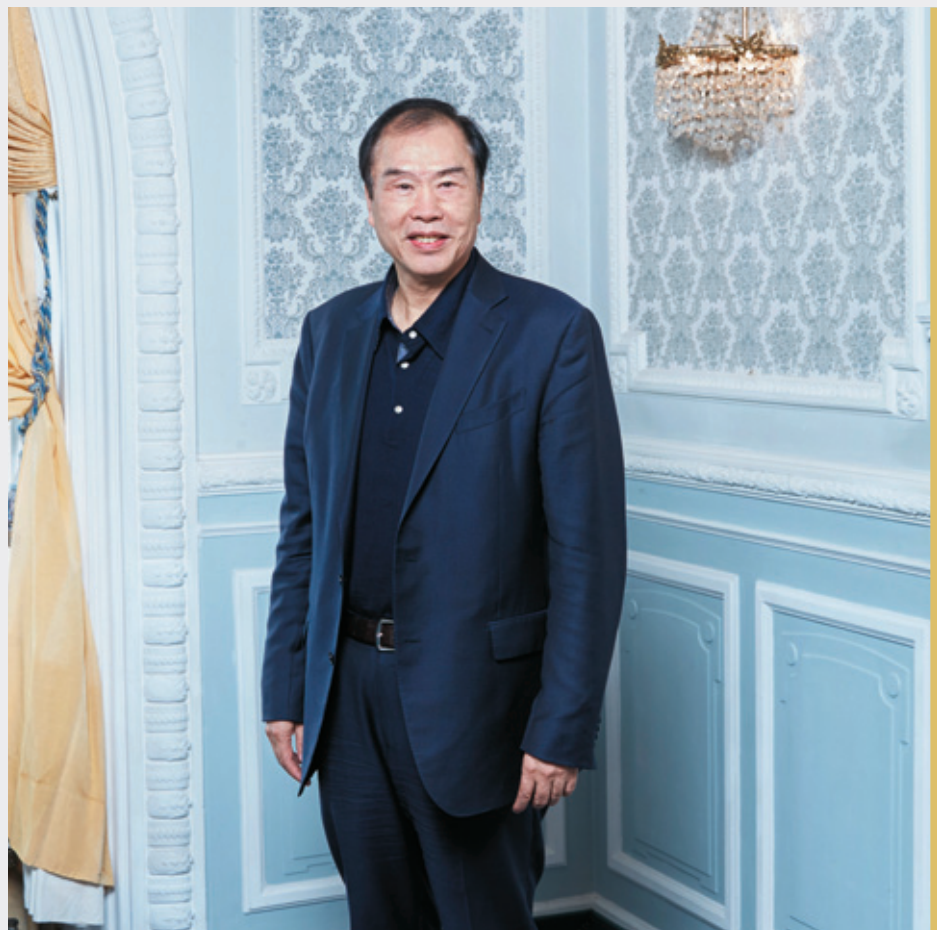
HK\$241,448,000
Profit After Tax

Revenue by Proprietary and Non-proprietary Brands
HK\$'000



CHAIRMAN'S STATEMENT

2018 was a year of uncertainty and surprises. The global financial markets were volatile and overshadowed by political and economic uncertainties. There were concerns that Mainland China's economy was slowing down as a result of trade war between the US and Mainland China and that interest rates would rise in response to the US interest rate hikes. All these contributed to cautious sentiment among our consumers and clients, and created a challenging macroeconomic and market environment for the Group.



We continued our efforts to consolidate our strategic strengths, sharpen our competitive edge, and create synergies.

While our Mainland China and overseas watch business remained challenging, our private banking business have made progress towards our strategic goals and contributed significantly to the Group's performance in 2018.

RESULTS OVERVIEW

Revenue decreased by 1.5% to HK\$2.94 billion in 2018, versus HK\$2.98 billion generated in 2017. Profit attributable to the owners of the Company in 2018 decreased to HK\$0.2 billion, which was HK\$0.97 billion or 82.8% lower than HK\$1.17 billion earned in 2017. The decrease was mainly due to an one-off gain in disposal of Seti Timber Industry (Shenzhen) Co., Limited in 2017. Basic earnings per share were HK\$4.63 cents. Return on average equity and return on average assets were 4.85% and 1.15%, respectively.

The Board, after due deliberation, resolved not to recommend a final dividend for the year ended 31 December 2018 to preserve sufficient funds to meet the financial needs of the Group.

STRATEGIC DEVELOPMENT

We take a long-term perspective in formulating strategy and this is reflected in the nature of our investments. We pride ourselves on being forward-looking and innovative. We deploy capital and people where we see opportunities to generate returns which exceed our cost of capital. We invest in existing and new businesses, focusing on those where we have a competitive advantage and where our capital and people can generate long-term value.

Bendura Bank has developed organically as shown by the stability of asset under management, improved profitability, higher liquidity level and increased head count. The establishment of a representative office in Hong Kong in November 2018 represents a landmark development.

In September 2018, the Group acquired 58.22% equity interest in Ernest Borel Holdings Limited (stock code: 01856) ("Ernest Borel") at the consideration of approximately HK\$374 million. The acquisition triggered an unconditional mandatory cash offer. As a result of the offer, the Group held an aggregate of 82.50% equity interest in Ernest Borel as at 31 December 2018. Under its own brand, Ernest Borel is engaged in the design, production, marketing

and sale of mechanical and quartz premium watches. Established since 1856 in Switzerland, Ernest Borel has a heritage spanning over 160 years. The acquisition strengthens our portfolio of Swiss brands and our distribution channel in Mainland China.

BUSINESS AND MARKET DEVELOPMENT

With a track record of operating watch business for over 30 years, we have encountered the challenges of tough market environment. Such market conditions have led us to take measures to improve efficiency, to reduce costs where possible and focus on core operations. These would make us stronger and serve us well in the longer term when market conditions improve.

The performance of our banking business is very encouraging and we would deploy more resources in marketing, compliance and risk management, that are critical to stay competitive locally and internationally and generate long-term growth.

Details of the progress we made in 2018 for individual companies and segments are set out in the MD&A of this Annual Report.

CORPORATE GOVERNANCE

To enhance the corporate governance level and transparency, the Company established several corporate governance policies in 2018, including dividend policy, board nomination policy and board diversity policy.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE

Good Environmental, Social and Governance, or ESG, practices have always been an integral part of the Group's business strategy and management approach. As a good corporate citizen, the Group contributes to the communities that we operate our businesses, especially in Mainland China.

RISK MANAGEMENT

We monitor our risks and uncertainties facing the Group and formulate and adopt appropriate risk management measures against each principal risk and uncertainty. In view of our increasing focus on private banking, fund management and securities trading business, risk management will continue to be of great importance for the Group.

CHAIRMAN'S STATEMENT

OUTLOOK

The local proprietary watch brand business in Mainland China would continue to grow very slowly in the short term and the market conditions are expected to improve in the longer term when the demand for watches will grow modestly all over Mainland China.

Generally, the foreign proprietary watch brand business remains challenging. However, there are certain countries where the results are picking up and have favorable impact on revenue and profitability. The result is expected to crystalize within a couple of years.

The banking and financial businesses continue to perform with the banking business as the main driver of revenue and profitability in the years to come.

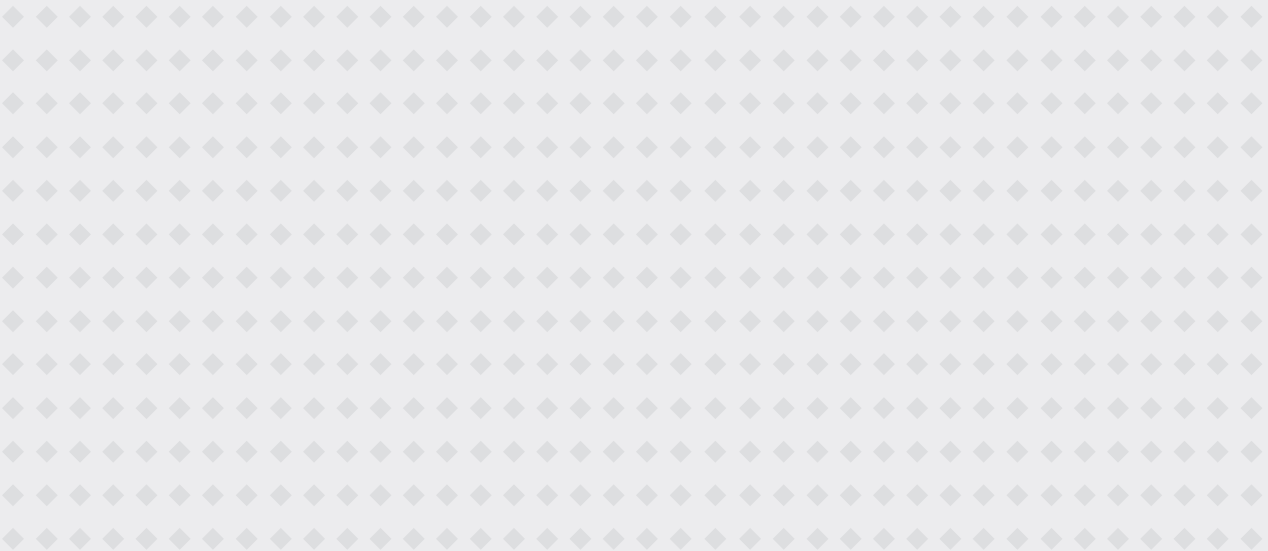
We are and intend to remain a conglomerate with diverse businesses capable of generating sustainable long-term growth in value. Most importantly, we are prepared to equip and adopt ourselves to the ever-changing product, market and economic circumstances of the businesses we are operating in.

ACKNOWLEDGEMENTS

I would like to thank our Board of Directors and the Directors of our subsidiaries and associated companies for their wise counsel and the care with which they have performed their duties during the past year. I also extend our grateful thanks and appreciation to our business partners, with whom we look forward to further extending our cooperation in the coming year. I would also like to thank our management team and staff for their commitment and outstanding performance. Lastly, on behalf of my entire team, I thank our shareholders and customers for their long-standing loyalty and confidence in the Group.

Hon Kwok Lung
Chairman

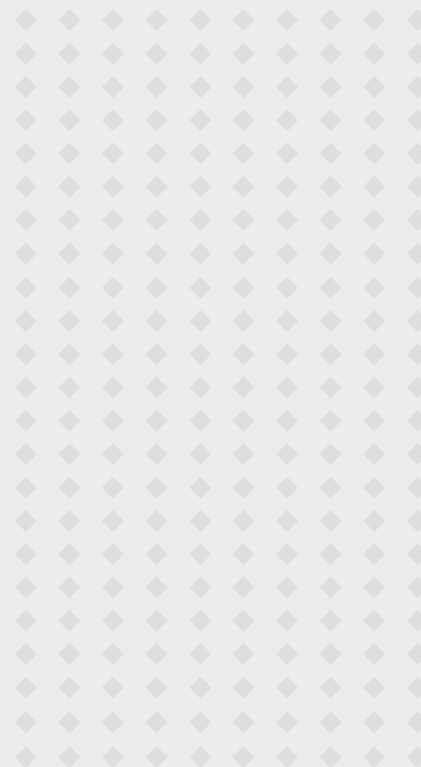
Hong Kong, 29 March 2019



MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended 31 December		Variation %
	2018 HK\$'000	2017 HK\$'000	
Total revenue	2,937,849	2,982,701	-1.5
Operating expenses	1,587,536	1,574,934	0.8
Gross profit generated from non-banking and financial businesses	1,431,382	1,373,937	4.2
Gross profit generated from banking and financial businesses	483,899	382,270	26.6
EBITDA	541,853	1,624,014	-66.6
Profit before tax	347,112	1,432,764	-75.8
Net profit after tax	241,448	1,211,198	-80.1
Earnings per share attributable to owners of the Company			
– Basic	4.63	26.91	-82.8
– Diluted	4.63	26.87	-82.8

	As at 31 December		Variation %
	2018 HK\$'000	2017 HK\$'000	
Total assets	20,258,229	21,855,671	-7.3
Total liabilities	15,448,738	16,707,545	-7.5
Total equity	4,809,491	5,148,126	-6.6



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 December 2018, the Group recorded total revenue of approximately HK\$2,937,849,000 (31 December 2017: HK\$2,982,701,000), a decrease of HK\$44,852,000 or 1.5% over 2017.

Operating expenses (including selling and distribution expenses and administrative expenses) for the year ended 31 December 2018 was approximately HK\$1,587,536,000 (31 December 2017: HK\$1,574,934,000), an increase of HK\$12,602,000 or 0.8% over 2017.

Gross profit generated from non-banking and financial businesses for the year ended 31 December 2018 was approximately HK\$1,431,382,000 (31 December 2017: HK\$1,373,937,000), an increase of HK\$57,445,000 or 4.2% over 2017.

Gross profit generated from banking and financial businesses for the year ended 31 December 2018 was approximately HK\$483,899,000 (31 December 2017: HK\$382,270,000), an increase of HK\$101,629,000 or 26.6% over 2017.

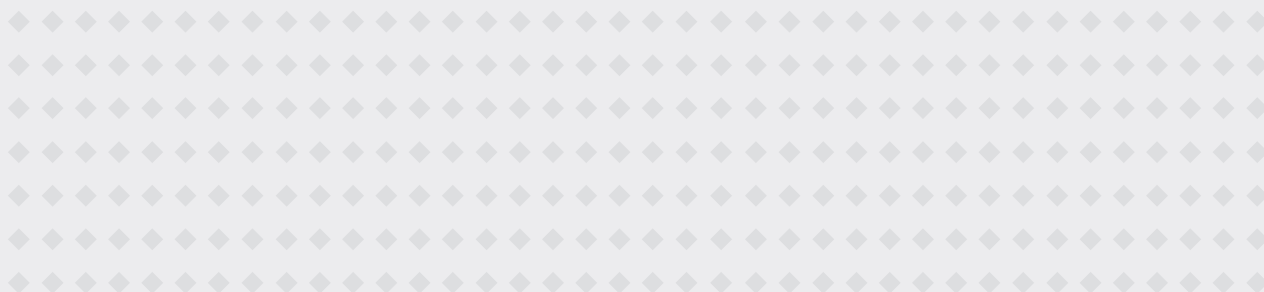
The EBITDA for the year ended 31 December 2018 was approximately HK\$541,853,000 (31 December 2017: HK\$1,624,014,000), a decrease of HK\$1,082,161,000 or 66.6% over 2017.

Net profit after tax for the year ended 31 December 2018 was approximately HK\$241,448,000 (31 December 2017: HK\$1,211,198,000), a decrease of HK\$969,750,000 or 80.1% over last year. For the year ended 31 December 2017, the Group recorded a gain of approximately HK\$1.35 billion on disposal of the entire equity interest in Seti Timber Industry (Shenzhen) Co., Limited. Excluding the one-off gain on disposal and loss on asset impairment in 2017, the Group has an increase of 948% over 2017.

STRATEGIC DEVELOPMENT

Bendura Bank AG ("Bendura Bank") has developed organically as shown by the stability of assets under management, improved profitability and increased headcount. The continuous development is evidenced by the recent establishment of its first overseas representative office in Hong Kong in November 2018.

In September 2018, the Group acquired 58.22% equity interest in Ernest Borel Holdings Limited (stock code: 1856) ("Ernest Borel") at the consideration of approximately HK\$374 million and subsequently approximately HK\$156 million for acquiring additionally 24.28% equity interest in Ernest Borel tendered under the mandatory general offer. The Group held 82.50% and 64.08% equity interest in Ernest Borel as at 31 December 2018 and as at the date of this annual report, respectively. Ernest Borel (together with its subsidiaries, the "Ernest Borel Group") is engaged in the design, production, marketing and sale of mechanical and quartz premium watches. The acquisition is in line with the Group's market diversification strategy and is complementary to each of the Group and Ernest Borel Group.



On 20 July 2018, the Company subscribed for the partnership interest in a fund, Corum Sino-Swiss Fund, LP (“Corum Fund”), with an initial capital commitment of US\$30 million as a limited partner. Chance Talent Management Limited (“Chance Talent”), a wholly owned subsidiary of China Construction Bank Corporation, also subscribed for the partnership interest in Corum Fund with capital commitment of US\$70 million as a limited partner. The objective of Corum Fund is to invest in companies or assets in the luxury products industry or finance related companies. At the expiry of the term of the fund, i.e. 5 years, the Company is committed to pay the shortfall if Corum Fund has insufficient cash for distributing to Chance Talent 100% of its aggregated capital contributions and a guaranteed return equal to 8% per annum of its capital contribution. Corum Sino-Swiss Investment Partners Limited, 81% owned by Corum Capital Partners Limited and 19% by Chance Talent, acts as the general partner for Corum Fund. Corum Capital Partners Limited is 40% owned by the Company. The Company is yet to make any capital commitment.

PERFORMANCE

Notwithstanding the challenging environment, we have collectively made good progress towards our strategic goals. Our Group comprises three key divisions – watches and timepieces businesses, banking and financial businesses, and various investment businesses. These divisions are described in more details in the following review.



I. Watches and timepieces businesses

- I.A – Local proprietary brands
- I.B – Foreign proprietary brands
- I.C – Non-proprietary brands



II. Banking and financial businesses

- II.A – Bendura Bank AG
- II.B – Shun Heng Finance Holding (Hong Kong) Limited



III. Various investment business

- III.A – Listed equity investment
- III.B – Property investment
- III.C – Other marketable securities

MANAGEMENT DISCUSSION AND ANALYSIS



Proportion of total revenue derived from e-commerce, industrial tourism and group purchase

Year 2016

72%

Proportion of revenue derived from physical stores 28%

Year 2017

66%

Proportion of revenue derived from physical stores 34%

Year 2018

55%

Proportion of revenue derived from physical stores 45%



Rossini's No. of distribution Outlets

Year 2016

3,585

Year 2017

3,857

Year 2018

3,765



I.A Watches and Timepieces Businesses – Local Proprietary Brands – Zhuhai Rossini Watch Industry Limited

For the year ended 31 December 2018, Zhuhai Rossini Watch Industry Limited ("Rossini"), a 91% subsidiary of the Group, recorded revenue of HK\$1,060,274,000, an increase of HK\$39,973,000, or 3.9% from HK\$1,020,301,000 in 2017. Net profit after tax attributable to owners of the Company for the year ended 31 December 2018 was HK\$274,419,000, representing a decrease of HK\$9,117,000 or 3.2%, from HK\$283,536,000 in 2017.

In 2018, Rossini saw significant growth in sales from e-commerce, industrial tourism and group purchase, while sales from physical stores dropped slightly. Over the past years, the proportion of total revenue derived from e-commerce, industrial tourism and group purchase has been showing an increasing trend.

E-commerce sales for the year ended 31 December 2018 increased to HK\$353,778,000 from HK\$280,421,000 last year, representing an increase of HK\$73,357,000 or 26.2%. It is expected that the e-commerce will be able to maintain a solid growth rate in the forthcoming years given the trend of e-commerce in Mainland China.

Rossini's industrial tourism hits record highs in terms of number of tourists and revenue. More than 600,000 tourists visited

the watch museum and generated revenue of approximately HK\$89,342,000 in 2018. The watch museum is in the process of preparation for a new upgrading by adding more scientific elements such as modernized sound and light and multi-media methods into demonstration.

In 2018, Rossini was awarded "Customer Satisfaction Pilot Enterprise (Rating: AAA)" (用戶滿意標杆企業(AAA等級)) by the China Association for Quality and National Customer Committee. Meanwhile, Rossini was also awarded the "40th Anniversary of the Reform and Opening – Outstanding Enterprise in Guangdong Province" (改革開放40周年廣東省優秀企業).



Rossini's revenue earned from e-commerce sales

Year 2016

HK\$219,175,000

Proportion to its total revenue 22.1%

Year 2017

HK\$280,421,000

Proportion to its total revenue 27.5%

Year 2018

HK\$353,778,000

Proportion to its total revenue 33.4%

EBOHR Group

EBOHR Group is composed of EB Brand Limited, EBOHR Luxuries International Limited ("EBOHR"), Shenzhen EBOHR Luxuries Online E-commerce Co., Ltd., PAMA Precision Manufacturing Limited and Shenzhen EBOHR PAMA Sales Co., Ltd incorporated in 2018.

Revenue of EBOHR Group for the year ended 31 December 2018 was HK\$596,579,000, a decrease of HK\$88,827,000, or 13%, from HK\$685,406,000 in 2017. Net profit after tax for the year ended 31 December 2018 was HK\$60,353,000, representing a decrease of HK\$9,791,000 or 14%, compared with HK\$70,144,000 in 2017. The decrease in revenue was attributable to several reasons. First, the declining trend of sales from physical stores has continued and the newly opened physical stores were not performing well. Second, e-commerce sales for the year ended 31 December 2018 dropped compared to that of last year. Third, development of new sales channels needs to be improved.

EBOHR's new headquarters has become operational since early 2018. Production and new product development have not been resumed to a normal level, resulting in shortage of product supply and hence affecting the revenue and profitability in 2018.

Due to that EBOHR's headquarters having been relocated from downtown to a newly developed region, EBOHR has suffered from loss of some young talents specialized in e-commerce business. Such loss adversely affected EBOHR's e-commerce performance in 2018. In 2018, the revenue earned from e-commerce decreased to HK\$165,283,000 from HK\$185,508,000 in 2017, representing a decrease of HK\$20,225,000 or 10.9%.

Mainland China is our home and remains the backbone of our business. Rossini and EBOHR Group continued to be the major sources of revenue and accounted for more than 68% of the total revenue from non-banking and financial businesses of the Group (31 December 2017: 66%); they were also the major contributors of net profits for the Group.

The rapid growth of digital economy is changing consumer behavior, and Rossini and EBOHR are aggressively implementing strategies to enhance e-commerce. It is believed that the proportion of the e-commerce sales to both companies' revenue and profit will steadily increase.



EBOHR's No. of distribution Outlets

Year 2016

3,174

Year 2017

3,155

Year 2018

3,082



EBOHR's revenue earned from e-commerce sales

Year 2016

HK\$ **163,515,000**
Proportion to its total revenue 21.8%

Year 2017

HK\$ **185,508,000**
Proportion to its total revenue 27.1%

Year 2018

HK\$ **165,283,000**
Proportion to its total revenue 27.7%



MANAGEMENT DISCUSSION AND ANALYSIS

I.B Foreign Proprietary Brands

Ernest Borel Holdings Limited

The Group held 82.50% equity interest in Ernest Borel as at 31 December 2018. Under its own brand "Ernest Borel", Ernest Borel Group is engaged in the design, production, marketing and sale of mechanical and quartz premium watches. Established since 1856 in Switzerland, Ernest Borel has a proud heritage spanning over 160 years. Throughout the course of its history and across its operations, the Ernest Borel Group has upheld the principles of producing high precision "Swiss-made" products and implement stringent quality controls.

Ernest Borel Group recorded revenue and net loss after tax attributable to the owners of the Company from the date of acquisition to 31 December 2018 of HK\$41,501,000 and HK\$25,773,000, respectively.

Mainland China remains as the core market of the Ernest Borel Group. Revenue from Mainland China was approximately HK\$35,666,000 from the date of acquisition to 31 December 2018, accounting for approximately 85.9% of its total revenue.

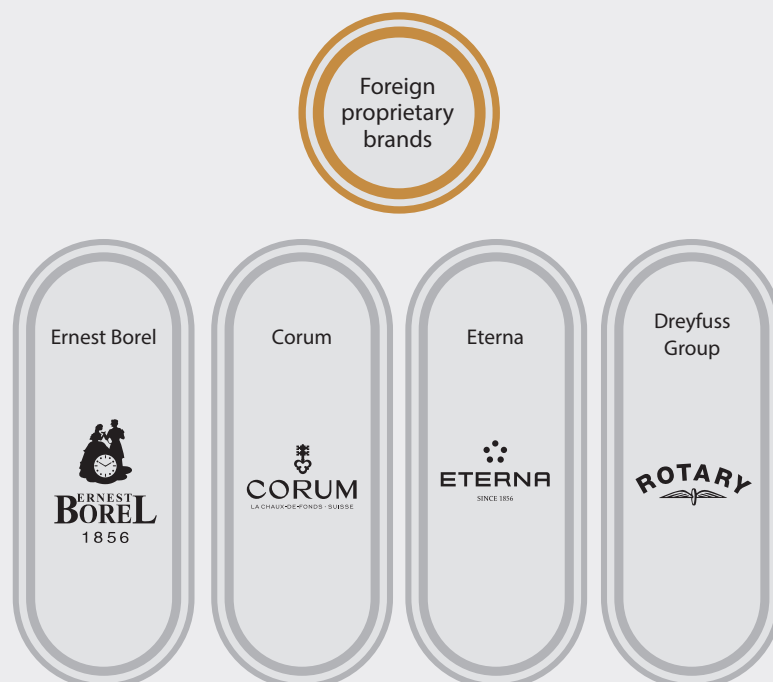
The extensive distribution network of the Ernest Borel Group covers retail markets in Mainland China, Hong Kong, Macau and Southeast Asian countries. As at 31 December 2018, Ernest Borel Group had more than 770 POS, comprising approximately 620 POS in Mainland China and approximately 130 POS in Hong Kong, Macau and Southeast Asian countries.

The Group has disposed approximately 18.42% equity interest in Ernest Borel in order to restore the public float of Ernest Borel. As at the date of this Annual Report, the Group held approximately 64.08% equity interest in Ernest Borel.

Backed by our competitive strengths and deep understanding of the needs of our customers, we will redeploy our resources to realize gains in efficiency and synergy and will build on the good progress we have made to provide long-term value.

Other Foreign Proprietary Brands

Collectively, Corum, Eterna and the Dreyfuss Group Limited (the "Dreyfuss Group") contributed revenue and net loss after tax for the year ended 31 December 2018 of HK\$474,032,000 (31 December 2017: HK\$515,664,000) and HK\$113,963,000 (31 December 2017: HK\$340,068,000), respectively.



Asia, Europe and the USA remained the largest markets for Corum in 2018. Among which, Asia was the biggest market, representing approximately 60% of Corum's total sales, and witnessed a growth in sales of approximately 7% over 2017. Mr. Hu Bing, a renowned Chinese actor and model, was announced in 2018 as Corum's new Global Brand Ambassador to gain more visibility on this biggest market. In 2018, the sluggish global economic growth, terrorist attacks and uncertainty in Europe posed significant challenges for Corum's sales in Europe and USA. Sales in both markets dropped approximately 8% over 2017.

The operation and management of Eterna has been integrated under Corum. In May 2018, a new Business Analysis Department was set up, with a goal to restructure the flow and organization to increase its profitability and efficiency. The primary mission is to analyze each department and provide solutions to identify issues through implementation of improvement or project reorganization. In addition, the department is also in charge of providing all necessary indicators to the managers to monitor the performance of their departments. The most urgent projects were undertaken to rapidly improve the productivity and profitability.

A project to integrate customer service, back office and invoicing departments was in progress. With this now in place, it will allow for a seamless workflow which results in significant cost savings. In addition, a reorganisation and merger between the sales department and marketing department was being put in place. This reorganisation goes in the direction of favoring the synergy of these two inseparable departments to be closer to the needs of the market.

Apart from supplying mechanical movements to intra-company brands, Eterna Movement will continue to concentrate on European and Asian markets and keep acquiring new customers by strengthening the marketing activities.

As UK is single largest market for The Dreyfuss Group, representing 88% of its total revenue for the year ended 31 December 2018, its performance was still particularly influenced by economic factors created by Brexit affecting its UK market, especially the consumers' cautiousness on non-essential spending. The key strategy for the UK market is to increase the profitability of trade with the major customers, by providing desirable watches at compelling price points that deliver the targeted profitability. In 2018, the UK sales team worked closely with the customer base, built a strong relationship through regular meetings to review product ranges and point of sale opportunities. On the other hand, international sales went up in 2018, reflecting both a focus on profitable sales channels and the newly-established sales operation in Mainland China. The new subsidiary in Mainland China has been established to maximise the opportunity for Rotary watches in that market, contributing 5% of the total revenue of the Dreyfuss Group in 2018.

I.C Watches and Timepieces Businesses – Non-Proprietary Brands

Currently, the Group held four distribution companies. Collectively, distribution companies contributed revenue and net profit after tax for the year ended 31 December 2018 of HK\$231,864,000 (31 December 2017: HK\$216,476,000) and HK\$6,663,000 (31 December 2017: net loss after tax of HK\$895,000) respectively.



MANAGEMENT DISCUSSION AND ANALYSIS



II.A Bendura Bank AG

Bendura Bank aims to accompany its clients from one generation to the next and to provide long-term wealth creation and protection. The range of private banking services is comprehensive, focusing on, among others, following areas:

- (1) Asset management and investment advice; and
- (2) Security issuance and investment funds.

As a result of our quality services related to the asset management and investment advice but slightly affected by market movements, assets under management was CHF3.5 billion as of 31 December 2018 (31 December 2017: CHF3.6 billion).

Despite a challenging market environment, Bendura Bank has succeeded in consistently pursuing the path it has taken in previous years and in continuing the very good results of previous years. Revenue for the year ended 31 December 2018 was HK\$480,364,000, an increase of HK\$107,529,000, or 28.8%, from HK\$372,835,000 over 2017. Net profit after tax attributable to owners of the Company for the year ended 31 December 2018 was HK\$154,065,000 compared with HK\$106,967,000 in 2017, an increase of HK\$47,098,000 or 44%.

The increase in net profit was attributable firstly to the most recent interest rate hikes in the US and the resulting extra interest income from interbank deposits held in US Dollars and secondly to an increase in lending volume to clients.

Particularly, the increase in interest income was contributed by the higher income from USD interbank investment and foreign exchange swaps. Net income from interest and dividends increased strongly by approximately HK\$85,839,000 or 90.4% compared with 2017. Net income from commission and service fees amounted to CHF29.5 million, an increase of 9.8%

over 2017. While brokerage revenue fell short of the previous year's level despite the volatile stock market environment, the encouraging development of asset management and advisory mandates had a positive impact on custody and administration fees. The result from trading income amounted to approximately CHF7.9 million and it was evidently stable compared to 2017.

Operating expense amounted to CHF31.5 million in 2018 and hence increased significantly compared to 2017. On the one hand, this was because higher operating cost, which increased due to the employee structure. On the other hand, general and administrative expenses increased by CHF1.9 million or 24% compared to 2017.

Owing to the cost management, the Bank achieved cost/income ratio of 48.5%. Liquidity remained at a high level. The substantial holdings of liquid assets achieved a Liquidity Coverage Ratio (LCR) of 197% as at 31 December 2018, being well above the regulatory threshold. The net profit generated in 2018 further strengthened its capital base and capital ratios.

Bendura Bank continues to drive improvement of basic systems and processes. It allocates significant resources to compliance, risk management, control and reporting systems so that it remains a stable and secure institution. The banking industry is making rapid strides towards complete transparency. In order to fulfill the regulatory requirements, our clients have to disclose the full financial background to their payment transactions when first requested to do so by correspondent banks, including the identity of the beneficial owner, a profile of the acting persons and documentation on the transaction. Such information is necessary for the counterparty to comply with local regulatory requirements and help fight for tax evasion, money laundering and terrorist financing so as to ensure market transparency and maintain the stability of the financial system. In addition, the automatic exchange of information between Liechtenstein and a significant number of third countries has become standard procedure. As of 31 December 2018, Liechtenstein has agreements with 98 countries. Despite of these increasingly strict regulations, Bendura Bank manages to grow assets under management gradually.

Bendura Bank refrains from cooperating with businesses that have a dubious reputation. It does not support arm manufacturing, arm trading, adult entertainment or online betting services. Specifically, it does not work with companies related to cryptocurrencies as we cannot control the source of funds for cryptocurrencies. Bendura Bank does not have accounts for its shareholders or their family members or related parties so as to avoid conflicts of interest and at the same time emphasize the independence.

Bendura Bank has stepped up training to build a more flexible and productive workforce. Our highly qualified employees are multilingual (German, English, Italian, Turkish, Russian, Polish, Czech, Slovak, Serbian, Croatian, Slovenian, Hungarian and Mandarin). Their cultural understanding facilitates efficient market access internationally. Business segments are based on language regions enabling efficient market access, which is considered to be the key success factor.

Bendura Bank continues to invest in the Mandarin speaking team so as to work on opportunities for Mandarin speaking clients. The Bank has already opened a representative office in Hong Kong, representing one of the remarkable achievements in our recent bank strategy. Staff from various department of the Bank will come to Hong Kong to experience the market.

Bendura Bank is working on the expansion of premises in Bendern. The extension to the existing premises, mirrored on the advice of the former and current architect, is connected with a central block. The space would be able to accommodate 150 more employees with improved facilities. The construction work has begun and the target date of completion is by the end of autumn 2021.

It is the objective of Bendura Bank to focus primarily on commission and fee income by providing quality services. It continues to provide loans to selective clients on secured basis but maintains a broad extent of diversification.

Bendura Bank is optimistic on the long-term prospects. It is fully committed to service our customers and realize our vision to be the Bank delivering on their needs. We believe that this commitment, combined with our unique resources built over the past decades, will propel the Group's growth in the businesses of banking and finance and contribute to delivering steady returns to our shareholders.

II.B Shun Heng Finance Holding (Hong Kong) Limited

The Group currently conducts securities and asset management businesses under the umbrella of Shun Heng Finance Holding (Hong Kong) Limited (formerly known as Global Wealthy Link Limited) ("Shun Heng Finance Holding"), which is 60% owned by the Group. It comprises Shun Heng Securities Limited and Hong Kong Metasequoia Capital Management Limited.

For the year ended 31 December 2018, Shun Heng Finance Holding contributed revenue and net loss after tax attributable to owners of the Company of HK\$3,535,000 (31 December 2017: HK\$9,945,000^{note}) and HK\$6,350,000 (Net profit of 31 December 2017: HK\$694,000^{note}) respectively.

Shun Heng Securities Limited ("Shun Heng Securities")

Shun Heng Securities, a corporate licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the "SFO"), is mainly engaged in securities brokerage and margin businesses.

In addition to the traditional brokerage business, Shun Heng Securities has continued to grow the underwriting business for overseas bonds issued by Chinese enterprises. In 2018, Shun Heng Securities completed its 4th underwriting project for a bond issue at a size of USD80 million.

To adapt itself to the expanding business and attract new individual and institutional investors, Shun Heng Securities has upgraded its online trading system which provides higher security and better user experience.

Hong Kong Metasequoia Capital Management Limited ("Metasequoia Capital")

Metasequoia Capital, a corporate licensed to conduct Type 4 (advisory on securities) and Type 9 (asset management) regulated activities under the SFO, is mainly engaged in asset management business.

Note: Revenue and profit loss after tax for the year ended 31 December 2017 covered period from February 2017, the date of acquisition to 31 December 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Metasequoia Capital has launched its first fund, Global Opportunities Fund, with an initial fund size of HK\$80 million and investing mainly in securities markets in Hong Kong and the US. As at 31 December 2018, assets under management of Metasequoia Capital was approximately USD10 million. In addition, Metasequoia Capital has obtained the approval from the People's Bank of China the access to the China Inter-Bank Bond Market, for the purpose of launching more funds focusing on the bond market.

The Group incurred a net loss on fair value change through other comprehensive income in investment in Citychamp Dartong of HK\$109,229,000 for the year ended 31 December 2018, as a result of decrease in the share price of Citychamp Dartong from RMB6.52 (equivalent to HK\$7.83) as at 1 January 2018 to RMB3.72 (equivalent to HK\$4.236) as at 31 December 2018. The Group recognised dividend receivable of HK\$3,577,000 from Citychamp Dartong for the year ended 31 December 2018.



Citychamp Dartong – Market Value

As at 31 December 2018

HK\$ **128,730**
Approximately HK\$'000

As at 31 December 2017

HK\$ **237,959**
Approximately HK\$'000



Min Xin – Market Value

As at 31 December 2018

HK\$ **492,759**
Approximately HK\$'000

As at 31 December 2017

HK\$ **506,863**
Approximately HK\$'000



III.A Listed Equity Investment

(1) Citychamp Dartong Company Limited

As at 31 December 2018, financial assets at fair value through other comprehensive income of the Group was HK\$627,200,000. HK\$128,730,000 was related to the listed equity investment in the equity share of Citychamp Dartong Company Limited ("Citychamp Dartong"). Citychamp Dartong is a company listed on the Shanghai Stock Exchange (Stock code: 600067) and engaged in real estate, enameled wire, banking and new energy. As at 31 December 2018, the Group owned 30,389,058 shares of Citychamp Dartong at the market price of RMB 3.72 per share (equivalent to HK\$4.236 per share) with the fair value of approximately HK\$128,730,000. The shares held by the Group accounted for 2.04% of the total issued share capital of Citychamp Dartong as at 31 December 2018. Such fair value accounted for 0.6% of the Group's total assets.

This is the Group's long-term investment due to its dividend yield and long-term share price performance and potential. Given its substantial land bank for development and profitability of certain business segments, we are optimistic about the future prospects of the Citychamp Dartong.

(2) Min Xin Holdings Limited

Investment in Min Xin Holdings Limited ("Min Xin") (Stock code: 222) was reclassified to financial assets at fair value through other comprehensive income from trading portfolio investments as the Company intends to hold the investment on a long term basis.

Min Xin is a company engaged in financial services, securities trading, real estate development, toll road and manufacturing. As at 31 December 2018, the investment in Min Xin was approximately HK\$492,759,000, i.e. 88,150,000 shares at the market price of HK\$5.59 per share as at 31 December 2018. Such fair value of the investment accounted for 2.4% of the Group's total assets. The shares held by the Company accounted for

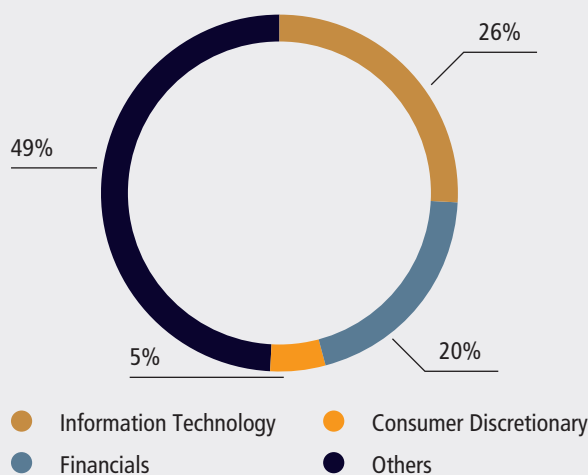
14.76% of the total issued share capital of Min Xin as at 31 December 2018.

The Company incurred a net loss on fair value change through other comprehensive income in Min Xin's investment of HK\$14,104,000 for the year ended 31 December 2018 (31 December 2017: HK\$19,632,000), as a result of decrease in the share price of Min Xin from HK\$5.75 as at 1 January 2018 to HK\$5.59 as at 31 December 2018. For the year ended 31 December 2018, the Company's dividend receivable from Min Xin was HK\$6,997,000.

III.B Property Investment

The properties in Mainland China and Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the year under review. During the year, these investment properties generated rental income of HK\$9,586,000 (31 December 2017: HK\$16,936,000). The decrease in rental income was inline with the reduction of investment property portfolio resulting from the disposal of Seti Timber Group in 2017.

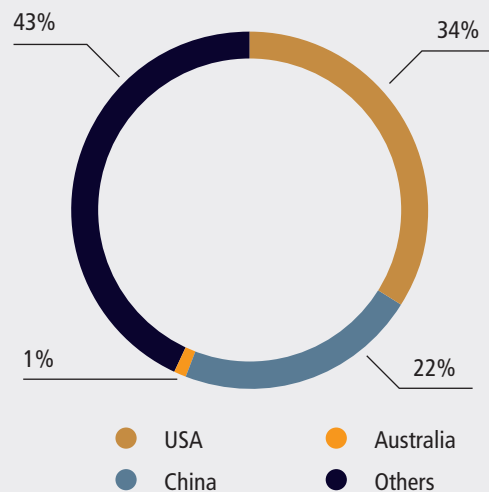
Sector Breakdown



III.C Other Marketable Securities

The Group has acted as the founder investor and invested USD5.12 million in "Metasequoia Investment Fund SPC – Global Opportunities Fund SP" (the "Fund") since 15 August 2017 in order to facilitate establishing the fund management business with an initial capital of USD10.24 million and the rest of the fund was subscribed by other investors with the capital of USD5.12 million. As of 31 December 2018, the total net asset value of the Fund was USD10.42 million, which was composed of USD5.32 million and USD5.10 million for the Group and other investors respectively. The composition of investments in the Fund were approximately 26% in information technology sector, 20% in financial sector, 5% in consumer discretionary sector and the remaining 49% in other sectors. Geographically, the Fund invested in companies whose origins were approximately 34% in the US, 22% in Mainland China, 1% in Australia and the remaining 43% in other countries. For the year ended 31 December 2018, the unrealized loss on fair value of the investment was approximately USD796,740.

Geographical Breakdown



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

(1) Liquidity, Financial Resources and Capital Structure

As at 31 December 2018, the Group had non-pledged cash and bank balances of approximately HK\$7,701,743,000 (31 December 2017: HK\$7,420,678,000). Based on the borrowings of HK\$1,047,189,000 (31 December 2017: HK\$583,269,000), the corporate bonds of approximately HK\$760,244,000 (31 December 2017: HK\$732,978,000), due to a shareholder of HK\$73,000,000 (31 December 2017: Nil) and shareholders' equity of HK\$4,439,791,000 (31 December 2017: HK\$4,804,881,000), the Group's gearing ratio (being borrowings plus corporate bonds divided by shareholders' equity) was 42% (31 December 2017: 27%).

As at 31 December 2018, the Group's borrowings amounting to HK\$825,086,000 (31 December 2017: HK\$567,178,000) were repayable within one year, representing 79% (31 December 2017: 97%) of the total borrowings.

The Group intends to apply a conservative approach to lending in view of the challenging global economic environment.

List of borrowings by currencies and by nature of interest rate and by duration

Currency	Nature of interest rate	Duration within 1 year HK\$'000	Duration More than 1 year HK\$'000
CHF	Fixed/Floating	48,468	15,758
GBP	Floating	51,041	–
HKD	Floating	542,002	206,345
RMB	Floating	181,982	–
USD	Floating	1,593	–
		825,086	222,103

(2) Charge on assets

As at 31 December 2018, banking facilities of the Company were secured by the Group's trade receivables of HK\$14,639,000 and land and buildings in Switzerland with net book values of HK\$120,711,000, totaling HK\$135,350,000 (31 December 2017: HK\$138,595,000).

(3) Capital commitment

Capital commitments as at 31 December 2018 were approximately HK\$270,000,000 in total (31 December 2017: HK\$275,265,000), for investment in an associate – Citychamp Allied International Limited

Except for the above, the Group had no other material capital commitments as at 31 December 2018.

FINANCIAL REVIEW

(1) Total assets

Total assets decreased to HK\$20,258,229,000 as at 31 December 2018 from HK\$21,855,671,000 as at 31 December 2017, mainly attributable to a decrease in due from banks.

Cash and deposits

	31 December 2018 HK\$'000	31 December 2017 HK\$'000	Increase/(decrease) Amount HK\$'000	%
Cash and bank balances	395,444	560,329	(164,885)	-29.4
Cash held on behalf of clients	46,932	47,251	(319)	-0.7
Sight deposits with central banks	7,259,367	6,813,098	446,269	6.6

Due from banks

	31 December 2018 HK\$'000	31 December 2017 HK\$'000	Increase/(decrease) Amount HK\$'000	%
Due from banks on a daily basis	3,205,104	5,808,499	(2,603,395)	-44.8
Due from banks other claims	185,557	113,571	71,986	63.4
Valuation adjustments	(2,825)	(192)	(2,633)	-1,371.4

(2) Investments

The investment as at 31 December 2018 included (a) trading portfolio investments of HK\$123,606,000; (b) derivative financial assets of HK\$7,694,000; (c) financial assets at amortised cost of HK\$1,034,773,000; and (d) financial assets at fair value through other comprehensive income of HK\$627,200,000 (the "Investments").

(a) Trading portfolio investments of HK\$123,606,000

	31 December 2018 HK\$'000	31 December 2017 HK\$'000
Equity Instruments		
Listed equity instruments in Hong Kong at market value	42,793	556,634
Listed equity instruments outside Hong Kong at market value	35,429	42,579
Total equity instruments	78,222	599,213
Debt instruments		
Debt instruments of financial institutions listed outside Hong Kong	603	33,878
Unlisted debt instruments of financial institutions	12,890	2,733
Total debt instruments	13,493	36,611
Investment fund units		
Investment fund units listed outside Hong Kong	793	3,228
Unlisted investment fund unit	7,851	1,979
Total investment fund units	8,644	5,207
Investments in other financial products	23,247	–
Total trading portfolio investments	123,606	641,031

MANAGEMENT DISCUSSION AND ANALYSIS

It is the objective of the Group to maintain certain level of liquidity in the form of trading portfolio investments for unplanned capital expenditure. The liquidity is usually parked with the listed equities in order to generate short term return.

As at 31 December 2018, there were HK\$42,793,000 invested in a variety of listed equities in Hong Kong and HK\$35,429,000 invested in Mainland China and overseas markets.

The debt instruments of HK\$13,493,000 included HK\$2,106,000 invested in the Europe markets by Bendura Bank and HK\$11,387,000 invested in the Mainland China by PRC company.

Bendura Bank totally invested HK\$10,749,000 in listed debt instruments (HK\$2,106,000, shown above) as well as investment funds (HK\$8,644,000). The portfolio of the listed debt instruments were composed of four listed debt instruments with different maturity, geography, segment and currency and hence, diversification was ensured. All listed debt instruments were considered upper- medium-grade and were subject to low credit risk. The basic prerequisite for constant growth in value is a broad diversification of the investments. That is the reason why Bendura Bank invests in selected funds as well. The investment policy of Bendura Bank also includes strict implementation of the investment process and is subject to constant review by the investment committee.

Investments in other financial products consist of the financial product investments of HK\$23,247,000 invested by Eternal Brands and Ernest Borel.

As at 31 December 2017, included in the trading portfolio investments of HK\$641,031,000, there was an investment in Min Xin of HK\$506,863,000, i.e., 88,150,000 shares at the market price of HK\$5.75 per share as at 31 December 2017. Such fair value of the investment accounted for 2.3 % of the Group's total assets as at 31 December 2017.

As at 1 January 2017, the Company owned 24,312,000 shares of Min Xin. During the year of 2017, the Company acquired 63,838,000 shares and received dividends of HK\$1.2 million. The Company incurred a net loss on fair value change in Min Xin's investment of HK\$19.6 million for the year ended 31 December 2017, as a result of decrease in the share price of Min Xin from HK\$7.65 as at 1 January 2017 to HK\$5.75 as at 31 December 2017.

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, certain listed equity investments were reclassified from trading portfolio investments to financial assets at fair value through other comprehensive income ("FVOCI"). The Group intends to hold Min Xin's investment for long term strategic purposes. As a result, such financial assets with a fair value of HK\$506,863,000 were reclassified from trading portfolio investments to financial assets at FVOCI effective from 1 January 2018.

(b) Derivative financial assets of HK\$7,694,000

	31 December 2018 HK\$'000	31 December 2017 HK\$'000
Derivative financial assets		
Convertible bond investment		
– Conversion option component	–	71
Forward and option contracts	7,694	4,609
	7,694	4,680

In the derivative financial assets of HK\$7,694,000, there were forward and option contracts conducted by Bendura Bank.

Bendura Bank offers derivative products including currency forwards and swaps to its clients. These derivative positions were managed through entering back-to-back deals with external parties to ensure that remaining exposures are within acceptable risk levels. First-rate banks serve as counterparties, as is generally the case in trading business. It is not the objective of Bendura Bank to speculate the gain on the change in the price by conducting forward and option contracts without having invested in the underlying assets.

As at 31 December 2018, forward and option contracts of HK\$7,694,000, whereof approximately HK\$7,480,000 relate to FX swaps entered by Bendura Bank. Based upon risk/return considerations, client deposits denominated in foreign currencies were, in part, no longer invested on the interbank market but were swapped into Swiss francs using currency swaps and deposited with the Swiss National Bank (SNB). Income from the interest component of currency swaps exceeded the expense of SNB negative interest and the reduced level of interest from banks.

At as 31 December 2017, included in the derivative financial assets of HK\$4,680,000, there were forward and option contracts of HK\$4,609,000 conducted by Bendura Bank.

(c) Other financial assets at amortised cost of HK\$1,034,773,000

	31 December 2018 HK\$'000
Listed debt instruments, at amortised cost	
Issued by:	
Governments and public sector	7,822
Financial institutions	716,747
Corporations	310,204
	1,034,773

MANAGEMENT DISCUSSION AND ANALYSIS

Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,034,773,000. The portfolio was composed of 57 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium-grade and are subject to low credit risk. The average remaining term of the held-to-maturity investment is 1.8 years. Largest single investments are bond issued by International Bank for Reconstruction and Development (CHF20 million) and followed by European Investment Bank (CHF12 million). Both are triple-A issuers. Risk concentration is analysed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 31 December 2018 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Mondelez International	Fixed	Corporations	30 March 2020	5,000
Deutsche Bank AG	Floating	Financial Institutions	16 May 2022	7,869
Bank of Nova Scotia	Floating	Financial Institutions	5 October 2022	8,566
ABN AMRO Bank N.V.	Floating	Financial Institutions	19 July 2022	7,863
Industrial & Commercial Bank of China, London	Floating	Financial Institutions	14 December 2022	4,914
European Investment Bank	Floating	Financial Institutions	24 March 2021	11,825
Intl Bk Recon & Develop	Floating	Financial Institutions	18 March 2020	19,658
				65,695

Collectively, listed debt instruments, at amortised cost accounted for 5.1% of the Group's total assets.

As at 31 December 2017, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,138,704,000, the portfolio was composed of 65 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium grade and are subject to low credit risk. Their maturity dates ranged from 6 months to 48 months with an average remaining term of 27 months. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Mondelez International	Fixed	Corporations	30 March 2020	5,000
Daimler Intl Finance B.V.	Floating	Corporations	11 May 2022	4,686
Deutsche Bank AG	Floating	Financial Institutions	16 May 2022	8,164
Bank of Nova Scotia	Floating	Financial Institutions	5 October 2022	8,925
ABN AMRO Bank N.V.	Floating	Financial Institutions	19 July 2022	7,795
Industrial & Commercial Bank of China, London	Floating	Financial Institutions	14 December 2022	4,872
Treasury Bill	Zero	Governments and public sector	11 October 2018	44,253
				83,695

During 2017, Bendura Bank generated interest income of HK\$5,551,000 from held-to-maturity investments. Besides, there was no impairment made.

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, certain listed debt instruments were reclassified from held-to-maturity investment to other financial assets at amortised cost. As a result, other financial assets at amortised cost of HK\$1,138,704,000 were reclassified from held-to-maturity investment to other financial assets at amortised cost since 1 January 2018.

(d) Other financial assets at fair value through other comprehensive income of HK\$627,200,000

	31 December 2018 HK\$'000
Listed equity instruments in Hong Kong	492,759
Listed equity instruments outside Hong Kong	128,730
Unlisted equity investment	5,711
	627,200

Listed equity instruments of HK\$128,730,000 related to investment in Citychamp Dartong and HK\$492,759,000 related to investment in Min Xin.

(3) Total liabilities

Total liabilities decreased to HK\$15,448,738,000 as at 31 December 2018 from HK\$16,707,545,000 as at 31 December 2017, mainly attributable to a decrease in due to clients of Bendura Bank.

Due to clients

	31 December 2018 HK\$'000	31 December 2017 HK\$'000	Increase/(decrease) Amount HK\$'000	%
Due to clients precious metals	73,950	45,865	28,085	61.2
Other amounts due to clients, mainly bank deposits	12,430,641	14,224,224	(1,793,583)	-12.6



MANAGEMENT DISCUSSION AND ANALYSIS

(4) Gross profit from non-banking and financial businesses

Gross profit from non-banking and financial businesses was HK\$1,431,382,000, an increase of HK\$57,445,000, or 4.2%.

(5) EBITDA

EBITDA was HK\$541,853,000, a decrease of HK\$1,082,161,000, or 66.6%.

(6) Selling and distribution expenses

Total selling and distribution expenses was HK\$849,551,000, an increase of HK\$48,628,000, or 6.1%.

(7) Administrative expenses

Total administrative expenses was HK\$737,985,000, a decrease of HK\$36,026,000, or 4.7%.

(8) Share of profit of associates

The share of profit of Fair Future Industrial Limited ("Fair Future"), a 25% owned associate of the Group, was HK\$8,387,000, representing a decrease of HK\$12,324,000, or 59.5%. Fair Future is one of the leading OEM quartz watch manufacturers in Mainland China.

(9) Finance costs from non-banking business

Finance costs from non-banking business was HK\$65,828,000, representing a decrease of HK\$2,625,000, or 3.8%. It was composed of the interest charged on corporate bonds and the interest charged on bank borrowings and bank overdrafts.

(10) Net profit attributable to owners of the company

Net profit attributable to owners of the Company was HK\$201,372,000, a decrease of HK\$969,112,000, or 82.8%.

(11) Inventories

Inventories was HK\$2,314,545,000, an increase of 14.2% from HK\$2,027,191,000 as at 31 December 2017.

OUTLOOK

Mainland China has always been able to rely on strong external demand for its exports and a dynamic pace of internal growth as rapid domestic investment and changing consumer needs have facilitated a stable economic growth in the past twenty years. The current spectre of the US-China trade dispute may reduce the demand of consumer market. It was not just the impact on the export sector through lost output, investment and jobs but the knock-on effects on consumer confidence and retail spending as the general economic activity cooled down. Domestic demand suffered as multiplier effects swept through the entire economy. To that end, the Central Government have introduced a number of effective policies to prevent the crisis from escalating and minimize the impact on the economic growth of Mainland China.

Nevertheless, the local proprietary watch brand business in Mainland China remains challenging in 2019. Fortunately, any decrease in sales revenue through the physical distribution is significantly compensated by the increase in sales revenue through e-commerce. In the long run, it is likely that the US-China trade dispute would be dealt with and the market conditions are expected to improve when the consumer confidence is recovering and the demand for watches therefore likely growing modestly all over Mainland China.

Owing to the weak global economic growth expectations, the foreign proprietary watch brand business remains challenging. However, there are certain products and markets where the results are picking up and have favorable impact on revenue and profitability. We are optimistic about the future prospects of the foreign proprietary watch brands amidst the challenging global economic environment.

The Group is currently exploring potential acquisitions related to the segment of banking and financial businesses as we believe that such segment will be our new main driver of revenue and profitability in the years to come.

While we are and intend to remain a conglomerate with diverse businesses capable of generating sustainable long-term growth, we would continue to divest from businesses which have reached their full potential and deploy the capital released to existing and new businesses.

EMPLOYEES AND REMUNERATION POLICY

Our sustained success would not be possible without the high levels of expertise, professionalism and commitment shown by our employees.

As at 31 December 2018, the Group had approximately 4,700 full-time staff in Hong Kong and Mainland China and nearly 300 staff in Europe. The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits, and incentive bonuses are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes. Employees of Group's Subsidiaries in Mainland China also participate in social insurance scheme administrated and operated by local authorities and contributions are made according to the local laws and regulations.

APPRECIATION

Our financial performance and strategic moves reflected the joint efforts of the board and management in successfully pursuing our mission to be one of the leaders in the watch industry of Mainland China. Our sales and profit growth could not have achieved without the leadership of the board and our management team. I would like to express my deep gratitude to our employees, customers, suppliers, bankers, professional consultants, business partners, and shareholders for their support.

Shang Jianguang

Executive Director & CEO

Hong Kong, 29 March 2019

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS



HON Kwok Lung, BBS

Chairman

Mr. Hon Kwok Lung, aged 64, joined the Board in April 2004. He is the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Hon was the Chairman of Citychamp Dartong Company Limited ("Citychamp Dartong"), the shares of which are listed on the Shanghai Stock Exchange with stock code 600067 in the Mainland China, during the period from November 2001 to January 2017. Mr. Hon is still the actual controller of Citychamp Dartong. Citychamp Dartong is principally engaged in property development and manufacturing and sale of enamelled copper wires in Mainland China. Mr. Hon has extensive business experience in Mainland China, Hong Kong and Europe. Mr. Hon is an Executive Member of All-China Federation of Returned Overseas Chinese Committee and the Executive Vice President of China Federation of Overseas Chinese Entrepreneurs. Mr. Hon is also appointed as director of various subsidiaries of the Company, including Bendura Bank AG. Mr. Hon is father of Mr. Hon Hau Wong, father-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim and brother-in-law of Mr. Lam Toi Man.



SHANG Jianguang

Chief Executive Officer

Mr. Shang Jianguang, aged 67, joined the Board in November 2004. He is a member of the remuneration committee and the nomination committee of the Company. Mr. Shang has been appointed as the chairman of Ernest Borel Holdings Limited (stock code: 1856, "Ernest Borel"), a subsidiary of the Company, with effect from 12 October 2018. Mr. Shang is also appointed as director of various subsidiaries of the Company, including Bendura Bank AG, and the General Manager of Zhuhai Rossini Watch Industry Limited. Mr. Shang, graduated in Fuzhou University majoring in Chemistry, is a qualified senior engineer in the Mainland China. Prior to joining the Group, he assumed senior posts in various large companies, and was General Manager and Director of Min Xin Holdings Limited (stock code: 222). He also serves as a director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, and has extensive knowledge and experience in corporate and investment management.

SHI Tao

Mr. Shi Tao, aged 55, joined the Board in April 2004. Mr. Shi holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Engineering from Wuhan University of Technology (formerly known as Wuhan Industrial University). Mr. Shi has years of business experience in the Mainland China. He was an Executive Director of New Capital International Investment Limited ("New Capital"), a company listed on the main board of the Stock Exchange. Mr. Shi is a member of the risk management committee of the Company and director of various subsidiaries of the Group.





LAM Toi Man

Mr. Lam Toi Man, aged 61, joined the Board in April 2004. Mr. Lam has various years of experience in property development in Mainland China. Mr. Lam was the General Manager of Zhejiang Huashun Real Estate Investment Co., Ltd. and an Executive Director and the General Manager of Hangzhou Yuanhua Mart Construction Co., Ltd. Mr. Lam is the brother-in-law of Mr. Hon Kwok Lung, uncle of Mr. Hon Hau Wong and uncle-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim. Mr. Lam is a member of the risk management committee of the Company and director of various subsidiaries of the Group.



BI Bo

Mr. Bi Bo, aged 39, joined the Board in August 2010. Mr. Bi received a degree of Master of Science (Finance) from The Johns Hopkins University in May 2006. Prior to joining the Group, he was a senior actuarial assistant (supervisor) in Carefirst Bluecross Blueshield, working on actuarial valuation and risk management of insurance company. He qualifies as an associate of the Society of Actuaries (ASA) in 2009. He also has years of experience in M&A activities. Mr. Bi is also a member of the risk management committee of the Company and director of various subsidiaries of the Group.

SIT Lai Hei

Ms. Sit Lai Hei, aged 41, joined the Board in November 2004. She was appointed as a Non-executive Director of the Company in November 2004 and re-designated as an Executive Director of the Company on 26 March 2012. Ms. Sit graduated in Fuzhou University taking Marketing as her major and is a qualified assistant engineer in Mainland China. Ms. Sit is also a Director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, and the legal representative and director of Fujian Fengrong Investment Co., Ltd. Ms. Sit is the daughter-in-law of Mr. Hon Kwok Lung, a niece-in-law of Mr. Lam Toi Man and sister-in-law of Mr. Hon Hau Wong and Mr. Teguh Halim. Ms. Sit is also the chairman of the risk management committee of the Company and director of various subsidiaries of the Group.



DIRECTORS AND SENIOR MANAGEMENT



HON Hau Wong

Mr. Hon Hau Wong, aged 41, joined the Board in August 2014. Mr. Hon graduated from Tongji University and holds a bachelor degree in Engineering Management. He had also served as the Deputy Chairman of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, since August 2006, and have been elected to be the Chairman of Citychamp Dartong since January 2017. He has extensive experience in the real estate industry in Mainland China. He is currently a member of Fujian Province Committee of the Chinese People's Political Consultative Conference and a standing member of Beijing Haidian Committee of the Chinese People's Political Consultative Conference. Mr. Hon Hau Wong is a son of Mr. Hon Kwok Lung, a nephew of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim.

Teguh HALIM

Mr. Teguh Halim, aged 37, joined the Group in October 2008 and has been appointed as an Executive Director of the Company since 23 January 2018. Before being appointed as an Executive Director of the Company, he was a Vice President of the Company. Mr. Halim is also the chairman of the European Executive Committee of the Group and director of several subsidiaries of the Company engaged in watch business. Mr. Halim has also been appointed as the vice chairman of Ernest Borel with effect from 12 October 2018. He has gained years of experience in the watch manufacturing and distribution industry and business management. Mr. Halim graduated from Ohio State University as bachelor of science in business administration majoring in accounting. Mr. Halim is the son-in-law of Mr. Hon Kwok Lung, nephew-in-law of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Hon Hau Wong.



INDEPENDENT NON-EXECUTIVE DIRECTORS

FUNG Tze Wa

Mr. Fung Tze Wa, aged 62, joined the Board in April 2004. He is the chairman of the audit committee and the remuneration committee, and a member of the nomination committee of the Company. Mr. Fung is a Certified Public Accountant and a director of an accounting firm in Hong Kong. Mr. Fung has many years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. He has been appointed as an independent non-executive director of Imperium Group Global Holdings Limited (Stock code: 776), formerly known as JF Household Furnishings Limited, since October 2012 and Freeman Fintech Corporation Limited (Stock code: 279) since January 2017. The shares of the above companies are listed on the Stock Exchange.



KWONG Chun Wai, Michael

Dr. Kwong Chun Wai, Michael, aged 54, joined the Board in April 2004 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Kwong is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing, a business strategist specialising in the area of marketing and business administration. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University (US) in 2001.

DIRECTORS AND SENIOR MANAGEMENT



ZHANG Bin

Mr. Zhang Bin, aged 54, joined the Board in November 2014 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Zhang is currently a partner of Beijing Hylands Law Firm (“Hylands”). He obtained a degree of Bachelor of Laws from Fudan University in Shanghai in 1986 and was qualified as a lawyer in China in 1988 and had served as a legal advisor in a large scale state-owned enterprise for years upon his graduation. Before joining Hylands in 2008, he worked in law firms in Beijing, London and Hong Kong. Mr. Zhang is involved in a wide range of areas of practice and has accumulated tremendous experiences in legal affairs in respect of financial investments, real estates and intellectual property rights.

Rudolf Heinrich ESCHER

Mr. Rudolf Heinrich Escher, aged 62, joined the Board in January 2017 and is also appointed as a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Escher graduated from Zurich University of Applied Sciences with a Business Administration Degree in 1982. He also attended the International Executive Program at the Institute of European Political Studies, INSEAD, Fontainebleau, France in 2001. Before joining the Company, he had been working for Credit Suisse for almost 37 years until retirement on 31 December 2016. His latest position in Credit Suisse was Vice Chairman, Private Banking Asia Pacific in the Asia Pacific division with focus on Ultra High Net Worth Individuals. Mr. Escher held various roles in Credit Suisse in different countries and has accumulated tremendous experience in the banking and financial industry.



SENIOR MANAGEMENT

FONG Chi Wah

Mr. Fong Chi Wah, aged 56, is the Chief Financial Officer and Company Secretary of the Company. Mr. Fong is also a director of various subsidiaries of the Company, including Bendura Bank AG. Mr. Fong is a fellow member of HKICPA, a fellow member of CPA Australia, a Chartered Financial Analyst, a member of the Institute of Certified Management Accountants, Australia and a fellow of the Hong Kong Institute of Directors. Mr. Fong has over 25 years of extensive experience in various sectors of the financial industry, including direct investment, project and structured finance, and capital markets with focus on Mainland China and Hong Kong. Mr. Fong was a director of Baring Capital (China) Management Limited and held various management positions in ING Bank. He joined the Company in September 2004.



LU Jun

Mr. Lu Jun, aged 55, has been appointed as the Vice President of the Company since October 2014. He currently serves as the General Manager and director of Guangzhou Five Goat Watch Company Limited, and the CEO of Eterna Movement AG, both subsidiaries of the Company. Mr. Lu holds a master degree in Executive Master of Business Administration from Tianjin University of Finance & Economics. He had been working for Tianjin Watch Factory (currently known as Tianjin Seagull Watch Co., Ltd, "Tianjin Seagull") since 1983 and acting as the General Manager of Tianjin Seagull for almost four years before joining the Company. Mr. Lu has engaged in the domestic and overseas watch industry for more than 30 years and possesses tremendous experiences in business administration and international trading.



CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a standard of corporate governance that is consistent with market practices.

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2018 except with the details disclosed below:

(i) CG Code E.1.2

CG Code E.1.2 stipulates that the Chairman of the board of directors (the "Board") should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 28 May 2018 (the "AGM 2018") due to other business engagement.

(ii) CG Code A.6.7

CG Code A.6.7 stipulates that independent non-executive directors should attend general meetings. Three Independent Non-executive Directors did not attend the AGM 2018 due to other business engagements outside Hong Kong.

The Chairman of the Board and Independent Non-executive Directors will endeavor to attend all future general meetings of the Company unless unexpected or special circumstances preventing them from doing so. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are properly regulated.

The followings summarize the Company's key corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018.

BOARD OF DIRECTORS

The principal focus of the Board is on the overall strategic development and direction of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations. Moreover, the Board is responsible for performing the corporate governance duties. The Board has established a clear segregation of duties and responsibilities between the Board and the management as to which types of decisions are to be taken by the Board and which are to be delegated to management. This segregation of duties and responsibilities will be regularly reviewed by the Board. With the Chairman as a facilitator in the establishment that promotes discussion among directors, all the directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the board functions.

Size, Composition and Diversity of the Board

The Board currently comprises of eight Executive Directors and four Independent Non-executive Directors, as detailed below:

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
HON Kwok Lung	Chairman/Executive Director	08/04/2004	25/05/2016
SHANG Jianguang	Chief Executive Officer/Executive Director	18/11/2004	26/05/2017
SHI Tao	Executive Director	08/04/2004	25/05/2016
LAM Toi Man	Executive Director	08/04/2004	25/05/2016
BI Bo	Executive Director	24/08/2010	26/05/2017
SIT Lai Hei	Executive Director	18/11/2004	28/05/2018
HON Hau Wong	Executive Director	29/08/2014	26/05/2017
Teguh HALIM	Executive Director	23/01/2018	28/05/2018
FUNG Tze Wa	Independent Non-executive Director	08/04/2004	28/05/2018
KWONG Chun Wai, Michael	Independent Non-executive Director	08/04/2004	28/05/2018
ZHANG Bin	Independent Non-executive Director	26/11/2014	28/05/2018
Rudolf Heinrich ESCHER	Independent Non-executive Director	20/01/2017	26/05/2017

Mr. Tao Li has resigned as an Executive Director of the Company with effect from 23 January 2018.

Save as mentioned below, there is no relationship among members of the Board:

- (i) Mr. Hon Kwok Lung is father of Mr. Hon Hau Wong, father-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim and brother-in-law of Mr. Lam Toi Man.
- (ii) Mr. Lam Toi Man is the brother-in-law of Mr. Hon Kwok Lung, uncle of Mr. Hon Hau Wong and uncle-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim.
- (iii) Ms. Sit Lai Hei is the daughter-in-law of Mr. Hon Kwok Lung, a niece-in-law of Mr. Lam Toi Man and sister-in-law of Mr. Hon Hau Wong and Mr. Teguh Halim.
- (iv) Mr. Hon Hau Wong is a son of Mr. Hon Kwok Lung, and also a nephew of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim.
- (v) Mr. Teguh Halim is the son-in-law of Mr. Hon Kwok Lung, nephew-in-law of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Hon Hau Wong.

Profiles of Directors are set out in the pages 34 to 38 of this annual report.

Board Diversity Policy

The Company recognises and embraces the benefits of diversity of Board members to enhance the quality of its performance. The Company upholds that a high performing board is one that composes directors with the combination of competencies and diversity of perspectives aligning with the Company's strategy and objectives, and which is in the best position to deal with the key issues that the Company faces.

A board diversity policy (the "Board Diversity Policy") was approved and adopted by the Company on 31 December 2018 in order to set out the approach to achieve diversity of the Board.

CORPORATE GOVERNANCE REPORT

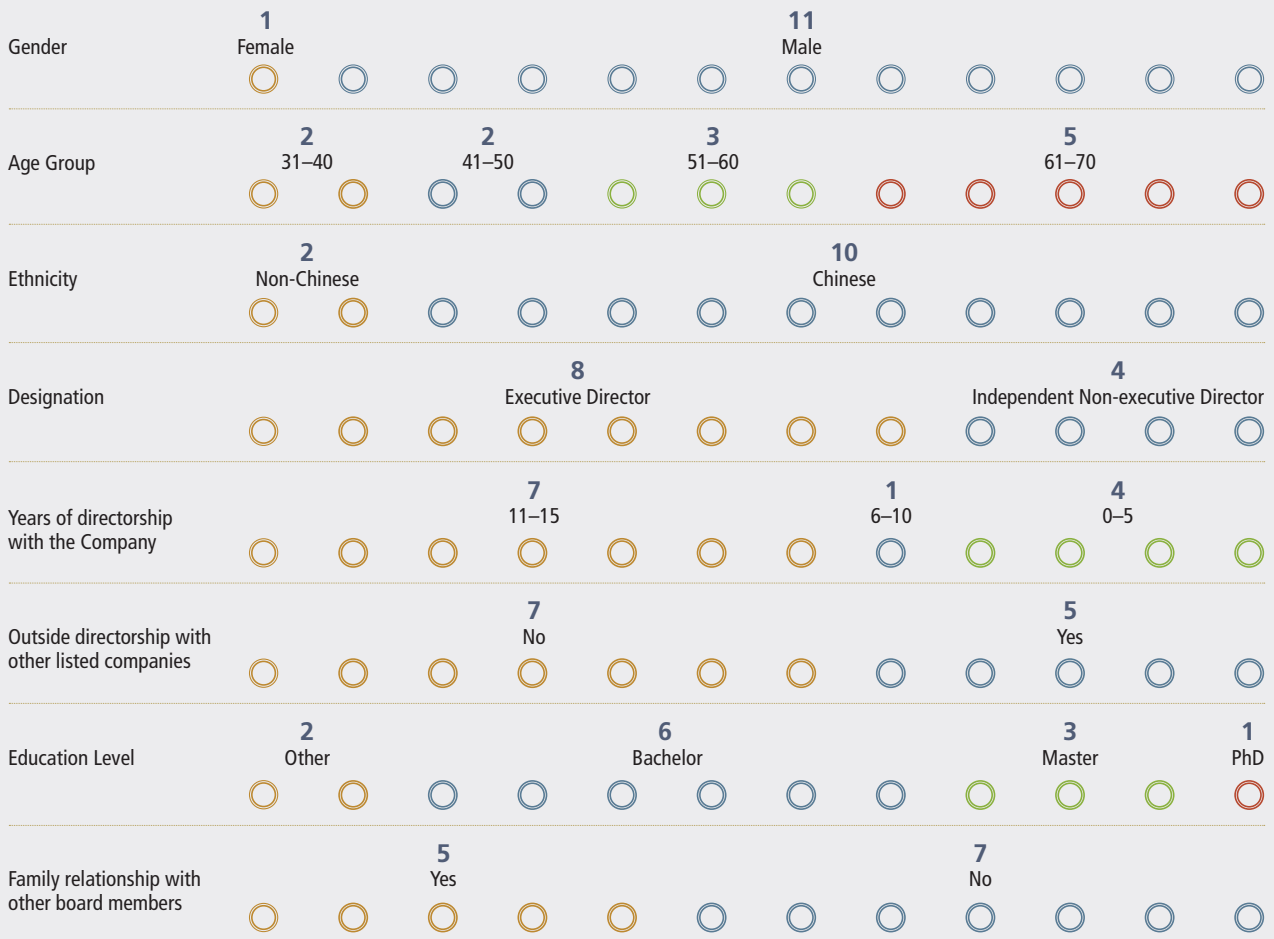
With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All board appointments will be made on a merit basis but the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, independence from or relationship with other members of the Board, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee of the Company (the “Nomination Committee”) will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

A diversity analysis of the existing board composition is set out at the chart below:

Board Diversity

(no. of members)



Nomination of Board Members and Nomination Policy

The Company approved and adopted a nomination policy (the "Nomination Policy") on 31 December 2018, aiming to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. The Nomination Policy sets out, among others, factors that will be given due consideration to in assessing, selecting and recommending candidates for directorship to the Board and the nomination procedures, details of which are set out on pages 71 to 74 of this annual report.

Independent Non-executive Directors

One of the Independent Non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct through their participating in board meetings and committee work.

The views of the Independent Non-executive Directors carry significant weight in the Board's decision-making process. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independent criteria as required by the Listing Rules. The assessments of the independence of Independent Non-executive Directors are carried out upon appointment and annually pursuant to Rule 3.13 of the Listing Rules and at any other time where the circumstances require special consideration.

Chairman and Chief Executive Officer

The posts of Chairman and CEO are segregated and each of them plays a distinct role. The segregation of such two roles ensures a clear division between the respective responsibilities of the Chairman and the CEO. The Chairman, Mr. Hon Kwok Lung, is mainly responsible for setting direction and strategies of the business development, and leading and managing the Board. The CEO, Mr. Shang Jianguang, undertakes a supervisory role to manage the day-to-day operation and business of the Group.

AGM, Board Meetings and Board Practices

The Board meets regularly throughout the year to review the overall strategy, discuss business opportunities and to monitor the operation as well as the financial performance of the Group. With the assistance of the Company Secretary, the Chairman and the CEO are primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all Directors within reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by the Company Secretary. All Directors have access to board papers and related materials and are promptly provided with adequate information, which enable the Board to make an informed decision on matters placed before it.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2018, five board meetings and one general meeting were held and the individual attendance of each Director is set out below:

Name of Members	Attendance/Number of Meetings Held	
	Board Meetings	AGM 2018
Executive Directors:		
HON Kwok Lung	4/5	0/1
SHANG Jianguang	5/5	1/1
SHI Tao	5/5	0/1
LAM Toi Man	5/5	1/1
BI Bo	5/5	1/1
SIT Lai Hei	4/5	1/1
HON Hau Wong	4/5	1/1
Teguh HALIM (appointed with effect from 23 January 2018)	5/5	1/1
Independent Non-executive Directors:		
FUNG Tze Wa	4/5	0/1
KWONG Chun Wai, Michael	4/5	1/1
ZHANG Bin	5/5	0/1
Rudolf Heinrich ESCHER	5/5	0/1

Re-election of Directors

Each of the Directors is appointed for a specific term. All Independent Non-executive Directors of the Company were appointed for a specific term of two years and are subject to the relevant provisions of the Articles of Association of the Company whereby the Directors shall vacate and retire.

According to the Clause 99 of the Articles of Association of the Company, any Director appointed as an addition to the Board shall hold office only until the following general meeting of the Company and shall be eligible for re-election at that meeting. Further, according to the Clause 116 of the Articles of Association, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation. Every Director should be subject to retirement by rotation at least once every three years.

Continuing Professional Development

All Directors participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

To facilitate the Directors to discharge their responsibilities, monthly updates and reference materials are provided to Directors for their reading including the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime, the business and market changes, the strategic development of the Group and the information on directors' training courses. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge and skills in discharging their duties.

Directors' participation of continuous professional development

Directors	Attending trainings organised by the Group	Attending outside trainings/seminars	Reading monthly updates and reference materials
Executive Directors			
Hon Kwok Lung			✓
Shang Jianguang	✓	✓	✓
Shi Tao	✓		✓
Lam Toi Man	✓		✓
Bi Bo	✓		✓
Sit Lai Hei	✓	✓	✓
Hon Hau Wong			✓
Teguh Halim (appointed with effect from 23 January 2018)	✓	✓	✓
Independent Non-executive Directors			
Fung Tze Wa	✓	✓	✓
Kwong Chun Wai, Michael			✓
Zhang Bin	✓		✓
Rudolf Heinrich Escher	✓	✓	✓

Mr. Teguh Halim, who has been appointed as an Executive Director of the Company with effect from 23 January 2018, attended training on director's responsibilities given by an external legal advisor upon his appointment.

Any Director may request the Company to provide independent professional advice at the expense of the Company to perform the director's duties and responsibilities.

Tailored introduction kit will be given to newly appointed director to his individual needs. This includes meetings with other directors and senior management of the Company and the external auditors, to enable them to have better understanding of the Group's business and strategy and the key risks and issues. With such information, the Directors can carry out their duties in an informed manner. An Executive Director was appointed in January 2018, and a training on director's responsibilities was given to the director by external legal advisor.

All Directors are requested to provide the Company with their respective training records pursuant to the CG Code.

During the year, we organised an update training session on Listing Rules conducted by external consultants for Directors to enable the Directors to keep abreast with the most recent amendments to the Listing Rules and reinforce a strong corporate governance culture in the Company. All Directors have been provided with "Guidance for Boards and Directors" issued by the Stock Exchange in July 2018.

CORPORATE GOVERNANCE REPORT

Communication with Directors

The Company acknowledges the importance of providing sufficient and accurate information to all members of the Board on a timely basis so as to enable them to discharge their duties and responsibilities effectively. All Directors are entitled to have access to board papers and relevant materials. Agenda, board papers and those relevant materials are sent to all Directors in a timely manner before the date of a board or board committee meeting, to enable the Board to make informed decisions on matters placed before it at the meetings. All Directors are provided with monthly consolidated accounts of the Group and financial information updates giving a balanced and understandable assessment of the performance, financial position and prospects of the Group. Board briefings are issued and circulated to all members of the Board when necessary and appropriate, covering financial and operating highlights of the Group. All Directors are also provided from time to time the latest changes and development of the Listing Rules, corporate governance practice and other regulatory regime. The management is prepared to provide additional information and explanations if there are areas the Directors need to elaborate.

Independent Non-executive Directors are given the opportunity to discuss issues of the Group with the Chairman in the absence of Executive Directors. Besides, they are also given the opportunity to discuss issues of the Group with the management in the absence of Executive Directors. The Independent Non-executive Directors, also being the members of audit committee, regularly pay visit to major subsidiaries of the Company and meet the management of those subsidiaries. During the visits, Independent Non-executive Directors receive presentations from the management of subsidiaries in relation to the updated developments of those subsidiaries and review and comment on the issues concerning the internal control and risk management systems.

Insurance for Directors and Officers

The Company has arranged Directors' and Officers' Liability Insurance ("D&O Insurance") for Directors and officers of the Company. The Company undertakes an annual review of the Company's D&O Insurance policy in terms of the amount of cover, the reputation and financial strength of the potential insurer and the provisions of the insurance policy to ensure that sufficient cover and protection are provided to the Directors and officers of the Company.

Directors' Shareholding Interests

Directors' interests in the securities of the Company as at 31 December 2018 are disclosed in page 57 of this annual report.

BOARD COMMITTEES

The Board has delegated certain authority to four board committees which are established and perform their functions under specific terms of reference. The committees are provided with sufficient resources and opportunities to seek independent professional advice, at the Company's expense, to perform their responsibilities.



Audit Committee

The details of the audit committee of the Company and its work performed during the year ended 31 December 2018 are set out on pages 61 to 63 of this annual report.

Risk Management Committee

The details of the risk management committee of the Company and its work performed during the year ended 31 December 2018 are set out on pages 64 to 69 of this annual report.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") on 23 August 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company and are consistent with the requirements of the CG Code. The Remuneration Committee currently comprises following members:

Independent Non-executive Directors

Fung Tze Wa (*Committee Chairman*)
Kwong Chun Wai, Michael
Zhang Bin
Rudolf Heinrich Escher

Executive Directors

Hon Kwok Lung
Shang Jianguang

The Remuneration Committee makes 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. The Remuneration Committee also makes recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The Remuneration Committee ensures that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee also reviews the main elements of the Company's remuneration policy for Directors and senior management, and reviews and approves the specific remuneration packages of all Directors and senior management.

During the year, one meeting was held. The individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Fung Tze Wa (<i>Committee Chairman</i>)	1/1
Kwong Chun Wai, Michael	1/1
Zhang Bin	1/1
Rudolf Heinrich Escher	1/1
Hon Kwok Lung	0/1
Shang Jianguang	1/1

Nomination Committee

The details of the Nomination Committee of the Company and its work performed during the year ended 31 December 2018 are set out on pages 70 to 74 of this annual report.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Fong Chi Wah is the Chief Financial Officer and Company Secretary of the Company. The Company Secretary supports the Chairman in promoting the highest standards of corporate governance and facilitates the effective functioning of the Board and its committees. All Directors have direct access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that board procedures are followed and for facilitating timely and appropriate information flows among Directors. The Company Secretary also plays an essential role in the communication with investors, regulators and other stakeholders. The Company Secretary and the assistant company secretary participate in a variety of trainings organized by the professional accounting and company secretarial associations. Besides, the company secretarial officer is currently undertaking a Master course in Corporate Governance. During 2018, the Company Secretary and the assistant company secretary undertook over 20 hours of relevant professional training respectively to update their skills and knowledge.

The biography of the Company Secretary is set out in the Senior Management section in the page 39 of this annual report.

INTERNAL AUDIT

The Group Internal Audit, an independent department that reports directly to the audit committee of the Company and administratively to the Chief Executive Officer of the Company, provides independent assurances as to the existence and effectiveness of the risk management activities and controls in the Group's business operations by applying risk assessment methodology. The audit committee reviews the internal audit reports and activities as well as the adequacy and effectiveness of the internal audit function, at least annually.

The Group Internal Audit assists the audit committee and the Board by performing evaluations on the Group and its subsidiaries' internal controls, financial and accounting matters, compliance, business and financial risk management policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirements. The Group Internal Audit applies the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

EXTERNAL AUDITOR

The Group's external auditor for the year ended 31 December 2018 was BDO Limited ("BDO"). The audit committee reviews and monitors the independence of the external auditor to ensure the effectiveness of the audit process in accordance with applicable standards and the objectivity of the financial statements. BDO has made a written declaration to the audit committee that they are independent with respect to the Company and that they are not aware of any matters which may reasonably be thought to bear on their independence. The following table illustrates the fees paid/payable by the Group to BDO in the past two years for audit and non-audit services:

	2018	2017
Audit services	HK\$4,600,000	HK\$4,300,000
Non-audit services	HK\$300,000	HK\$300,000
Total	HK\$4,900,000	HK\$4,600,000

The non-audit services mainly included professional services in respect of interim financial information.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for preparing the financial statements for the year ended 31 December 2018, which give a true and fair view of the Group's state of affairs, results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2018, the Board:

- (a) selected suitable accounting policies and applied them consistently;
- (b) adopted appropriate Hong Kong Financial Reporting Standards;
- (c) made adjustments and estimates that are prudent and reasonable; and
- (d) ensured that the financial statements were prepared on the going concern basis.

The Board is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is committed to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders to be our goal. The Company may declare and distribute dividends to shareholders provided that the declaration and distribution of dividends does not affect the normal operations of the Group.

A dividend policy was approved and adopted on 31 December 2018 (the "Dividend Policy") in order to provide return to the shareholders of the Company whilst retaining adequate reserves for the Group's future development.

According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

- (a) the Group's retained earnings and distributable reserves;
- (b) the Group's future earnings;
- (c) the Group's capital requirements;
- (d) the Group's working capital requirements;
- (e) the general financial conditions of the Group;
- (f) the Group's business development strategies and future expansion plans;
- (g) contractual restrictions on payment of dividends;
- (h) the general economic and industrial conditions; and
- (i) any other factors that the Board considers relevant.

CORPORATE GOVERNANCE REPORT

The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board and shall be subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company. The Dividend Policy will continue to be reviewed from time to time. There can be no assurance that dividends will be proposed or declared in any particular amount for any given period.

SHAREHOLDERS' RIGHT

Pursuant to Article 72 of the Articles of Association of the Company, an extraordinary general meeting shall be convened on the written requisition of any two shareholders of the Company or any one or more shareholders of the Company together holding shares carrying not less than one tenth of the voting rights at general meetings of the Company deposited at the registered office of the Company specifying the objects of the meeting and signed by the requisitionists.

If the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as result of the failure of the Directors shall be reimbursed to them by the Company.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary of the Company. The Company Secretary will forward the enquiries or concerns to the CEO or the chairman of the board committees or senior management of the Company as appropriate within their area of responsibilities for handling.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the Articles of Association of the Company, shareholders who wish to put forward a proposal shall convene an extraordinary general meeting by following the procedures set out above.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company endeavors to maintain a high level of transparency in communicating with shareholders and the investment community at large. In order to ensure effective, clear and accurate communications with the shareholders and investors, all corporate communications are arranged and handled by the Executive Directors and designated senior executives according to established practices and procedures of the Company. The Company provides up-to-date and extensive information in its annual reports, interim reports, circulars and announcements in a timely manner and within the time limits set out in the Listing Rules to ensure that all shareholders are able to form an accurate understanding of the business performance and financial position of the Group and make informed investment decisions.

The Company treats annual general meetings as the principal forum for the Board of directors to meet and communicate with the shareholders face to face. The Chairman of the Board, all Executive Directors, chairmen of the board committees and the external auditors endeavor to attend the annual general meetings to report the business and operation of the Group to the shareholders, to answer questions and develop a balanced understanding of the view of the shareholders.

The most recent general meeting was the AGM 2018 held at Tang Room I, Third Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 28 May 2018. At the AGM 2018, separate resolutions were proposed on each substantially separate issue including the re-election of individual directors. The procedures for demanding a poll were explained in the circular to shareholders despatched together with the Annual Report 2017. The major items discussed at the AGM 2018 were:

- receiving and adopting the audited consolidated financial statements and the report of the directors and the independent auditor’s report for the year ended 31 December 2017;
- declaring the payment of a final dividend;
- re-electing Directors;
- re-appointing the auditor and authorising the Board to fix their remuneration;
- approving a general mandate to authorise the Directors to make share buy-backs; and
- approving a general mandate to authorise the Directors to allot and issue shares.

The poll results were posted on the websites of both the Company (www.irasia.com/listco/hk/citychamp) and the Stock Exchange on the same day after the AGM 2018.

The Company continues to enhance communications and relationships with investment community at large. Executive Directors and designated senior management will maintain open and active dialogues with shareholders, institutional investors, fund managers, analysts and the media. The management is pleased to help them better understand the Company and respond to enquiries raised by them during meetings, interviews and road shows, within the constraints of information already provided to the public.

Key shareholders’ events in 2018 are set out below.

Events	Date
Announcement in respect of change of Executive Directors	23 January 2018
Announcement in respect of annual results for the year ended 31 December 2017	28 March 2018
Publication and despatch of annual report 2017	24 April 2018
AGM 2018	28 May 2018
Announcement in respect of discloseable transaction – subscription of interest in a fund	20 July 2018
Payment of final dividend 2017	28 August 2018
Announcement in respect of unaudited interim results for the six months ended 30 June 2018	30 August 2018
Joint Announcement in respect of discloseable transaction in relation to the acquisition of 58.22% shares in Ernest Borel Holdings Limited (“Ernest Borel”) and possible unconditional mandatory cash offers	16 September 2018
Publication and despatch of interim report 2018	21 September 2018
Adoption of the amended terms of reference of nomination committee	31 December 2018

CORPORATE GOVERNANCE REPORT

Important shareholders' dates in the coming 2019 are set out below:

Events	Date
Annual general meeting 2019	30 May 2019

There was no change to the Memorandum and Articles of Association of the Company during the year ended 31 December 2018.

The Company website (www.irasia.com/listco/hk/citychamp) enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all corporate communications of the Company are made available on the Company's website and updated regularly.

Shareholders who wish to raise any queries with the Board may write to the Company Secretary at Units 1902–04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

There are no material events undertaken by the Company or by the Group after the reporting period.

REPORT OF THE DIRECTORS

The Board of directors of the Company are pleased to present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are engaged in manufacturing and distribution of watches and timepieces, property investments, and banking and financial businesses. Details of the principal activities of the principal subsidiaries are set out in note 57 to the consolidated financial statements. There were no other significant changes to the Group's principal activities during the year.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2018 and the financial positions of the Group as at that date are set out in the consolidated financial statements on pages 186 to 353.

FINAL DIVIDEND

The Board has resolved not to recommend to distribute a final dividend for the year ended 31 December 2018 (year ended 31 December 2017: HK6 cents per share).

BUSINESS REVIEW

Pursuant to the requirements under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance") for companies to have a "business review" section in report of the directors, a summary of the relevant sections in this annual report is set out below for ease reference:

Required disclosures	Relevant sections
a fair review of the Group's business for the year ended 31 December 2018	Chairman's Statement (pages 12 to 14) Management Discussion and Analysis (pages 15 to 33)
a description of the principal risks and uncertainties facing the Group	Risk Management Committee Report (pages 64 to 69)
particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2018 (if any)	Changes after Closure of Financial Year (page 52)
an indication of likely future development in the Group's business	Outlook (page 14 and 32)
an analysis using financial key performance indicators	Management Discussion and Analysis (pages 15 to 33)
a discussion on (i) the Group's environmental policies and performance; and (ii) the Group's compliance with the relevant laws and regulations that have a significant impact on the Group	Environmental, Social and Governance Report (pages 75 to 90)
an account of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends	Environmental, Social and Governance Report (pages 75 to 90)

REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 354 to 355. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and of the Group during the year are set out in notes 29 and 30 to the consolidated financial statements, respectively. Further details of the Group's principal investment properties are set out on page 356 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 44 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

During 2018, the permitted indemnity provision was in force for the benefits of directors. The Company has arranged appropriate directors' and officers' liability insurance for the directors and officers of the Group in respect of potential losses or liabilities which the directors and officers may incur in the performance of their duties.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 December 2018 are set out in note 57 to the consolidated financial statement.

BUY-BACK, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not buy back any Company's listed shares (whether on the Stock Exchange or otherwise) during the year ended 31 December 2018.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 46 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

In addition to the retained profits of the Company, the share premium account of the Company is also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

As at 31 December 2018, the Company had reserves of HK\$682,027,000 being the aggregate of retained profits and share premium account, available for cash distribution and/or distribution in specie.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales and purchases attributable to the Group's major customers and suppliers respectively is set out as follows.

	Percentage of the total sales/purchases	
	Sales	Purchases
Top five customers	17%	–
Top five suppliers	–	23%
The largest customer	6%	–
The largest supplier	–	9%

DIRECTORS

The directors of the Company as at the date of this report are as follows:

Executive Directors:

Mr. Hon Kwok Lung, *Chairman*

Mr. Shang Jianguang, *Chief Executive Officer*

Mr. Shi Tao

Mr. Lam Toi Man

Mr. Bi Bo

Ms. Sit Lai Hei

Mr. Hon Hau Wong

Mr. Teguh Halim (*appointed with effect from 23 January 2018*)

Independent Non-executive Directors:

Mr. Fung Tze Wa

Dr. Kwong Chun Wai, Michael

Mr. Zhang Bin

Mr. Rudolf Heinrich Escher

During the year ended 31 December 2018 and the period up to the date of this annual report, the following changes to the composition of the Board were effected:

- (1) Mr. Tao Li has resigned as an Executive Director of the Company with effect from 23 January 2018; and
- (2) Mr. Teguh Halim has been appointed as an Executive Director of the Company with effect from 23 January 2018.

REPORT OF THE DIRECTORS

In accordance with Article 116 of the Articles of Association of the Company, one-third of the directors for the time being shall retire from office, provided that every director shall be subject to retirement by rotation at least once every three years as prescribed by the Listing Rules. Accordingly, Mr. Hon Kwok Lung, Mr. Shi Tao, Mr. Lam Toi Man and Mr. Bi Bo will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation of independence from each of the four existing Independent Non-executive Directors that they have met all the factors concerning their independence as set out in Rule 3.13 of the Listing Rules and that there are no other factors which may affect their independence. The Board considers all the Independent Non-executive Directors to be independent.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company as at the date of this report are set out on pages 34 to 39 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2018.

DIRECTORS SERVICE CONTRACTS

Mr. Shang Jianguang, the Executive Director and CEO, has entered into service contract with the Company for a term of three years commencing from 18 November 2011, which is subject to termination by either party by giving not less than three-month written notice. The contract can be renewed upon both parties' consent. Each of other Executive Directors of the Company has entered into service contract with the Company for an initial term of two years commencing from the date of appointment, which is automatically renewed for successive terms unless it is terminated by either party by giving not less than two-month written notice. Each Independent Non-executive Director of the Company has entered into service contract with the Company for an initial term of two years commencing from the date of appointment, which is automatically renewed for successive terms unless it is terminated by either party by giving not less than one-month written notice.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees can be fixed by the Directors of the Company and are subject to shareholders' authorisation at general meetings. Other emoluments are determined by the Board with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

DIRECTORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2018, the interests or short positions of the Directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules, were as follows:

Directors and Chief Executive's long positions in shares of the Company

Name of director	Number of shares held			Total interests	Percentage of shareholding
	Beneficial owner	Corporate interests	Family interests		
Hon Kwok Lung	3,500,000	3,017,389,515 ⁽¹⁾	1,374,000 ⁽²⁾	3,022,263,515	69.45%
Shang Jianguang (<i>executive director and chief executive officer</i>)	5,300,000	–	–	5,300,000	0.12%
Shi Tao	5,000,000	–	–	5,000,000	0.11%
Lam Toi Man	2,400,000	–	–	2,400,000	0.06%
Sit Lai Hei	–	200,000,000 ⁽³⁾	–	200,000,000	4.60%
Hon Hau Wong	1,750,000	–	200,000,000 ⁽⁴⁾	201,750,000	4.64%
Teguh Halim	3,000,000	–	3,000,000 ⁽⁵⁾	6,000,000	0.14%
Fung Tze Wa	1,400,000	–	–	1,400,000	0.03%

Notes:

- The 3,017,389,515 shares comprise of 1,640,128,000 shares held by Full Day Limited ("Full Day"), which is wholly-owned by Mr. Hon Kwok Lung, and 1,377,261,515 shares held by Sincere View International Limited ("Sincere View"), which is owned as to 80% by Mr. Hon Kwok Lung and 20% by his spouse.
- 1,374,000 shares were held by Mr. Hon Kwok Lung's spouse, Ms. Lam Suk Ying.
- The 200,000,000 shares were held by Qiangda Limited, a wholly-owned subsidiary of Fengrong Investment (Hong Kong) Company Limited ("Fengrong Hong Kong"). Fengrong Hong Kong is wholly owned by Fujian Fengrong Investment Company Limited ("Fujian Fengrong"), which is owned as to approximately 68.5% by Ms. Sit Lai Hei.
- Mr. Hon Hau Wong is deemed to have an interest in 200,000,000 shares which were held by Qiangda Limited, a wholly-owned subsidiary of Fengrong Hong Kong. Fengrong Hong Kong is wholly owned by Fujian Fengrong which is owned as to approximately 31.5% by Ms. Lu Xiaojun, the spouse of Mr. Hon Hau Wong.

Directors and Chief Executive's long position in shares of the associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Percentage of shareholding
Sit Lai Hei	Zhuhai Rossini Watch Industry Limited ⁽¹⁾	Corporate ⁽²⁾	9%
Hon Hau Wong	Zhuhai Rossini Watch Industry Limited ⁽¹⁾	Family interest ⁽²⁾	9%

REPORT OF THE DIRECTORS

Notes:

- (1) Zhuhai Rossini Watch Industry Limited ("Rossini") is owned as to 91% indirectly by the Company and 9% by Fujian Fengrong. Rossini is an associated corporation of the Company within the meaning of Part XV of the SFO.
- (2) The interest in Rossini was held by Fujian Fengrong, which is owned as to approximately 68.5% by Ms. Sit Lai Hei, an Executive Director of the Company, and 31.5% by Ms. Lu Xiaojun. Both Ms. Sit Lai Hei and Ms. Lu Xiaojun are daughters-in-law of Mr. Hon Kwok Lung, an Executive Director of the Company. Mr. Hon Hau Wong, an Executive Director of the Company, being the husband of Ms. Lu Xiaojun, is also deemed to be interested in the 31.5% interest in Fujian Fengrong.

Senior Management's long position in shares of the Company

Save as disclosed above, as at 31 December 2018, no person had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme as disclosed below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

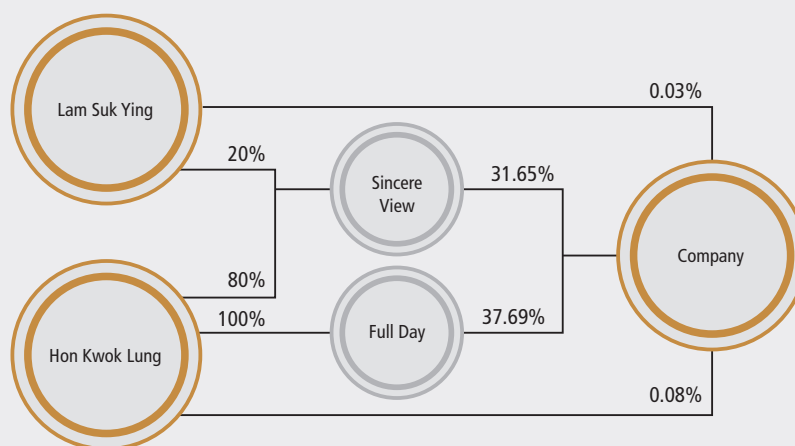
SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2018, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

	Nature of interest	No. of Shares	Percentage of existing issued capital
Sincere View International Limited	Beneficial owner	1,377,261,515	31.65%
Full Day Limited	Beneficial owner	1,640,128,000	37.69%
Hon Kwok Lung (Note)	Corporate interest, beneficial owner and family interest	3,022,263,515	69.45%
Lam Suk Ying (Note)	Beneficial owner and family interest	3,022,263,515	69.45%

Note:

Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of 3,022,263,515 shares, which comprise 1,377,261,515 shares held by Sincere View, 1,640,128,000 shares held by Full Day, 3,500,000 shares held by Mr. Hon Kwok Lung and 1,374,000 shares are held by Ms. Lam Suk Ying. The shareholding structure was summarised in the following chart:



Save as disclosed above, as at 31 December 2018, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors, chief executive and senior management's interests and short positions in shares and underlying shares" above, had registered an interest or short position in shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTION

There was no material connected transaction of the Group under the Listing Rules during the year under review.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 45 to the consolidated financial statements.

By the end of December 2018, all the share options under the share option scheme have been exercised or lapsed. The following table discloses movements in the Company's share options which was adopted by the Company in 2008 for the year ended 31 December 2018:

Name or category of participants	Number of share options			As at 31 December 2018
	As at 1 January 2018	Exercised during the year	Lapsed during the year	
Other eligible employees				
In aggregate	1,575,000	(1,575,000)	–	–
Other eligible persons				
In aggregate	5,480,000	–	(5,480,000)	–
Total	7,055,000	(1,575,000)	(5,480,000)	–

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year under review, no director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, other than those businesses to which the directors were appointed as directors to represent the interest of the Company and/or the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company's shares which are in the hands of the public represented approximately 25.46% of the Company's total issued share capital as at the date of this report, which satisfies the requirement of the Listing Rules.

CORPORATE GOVERNANCE

A report on the corporate governance practices of the Company is set out on pages 40 to 52 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2018.

AUDITOR

The financial statements for the year ended 31 December 2018 have been audited by BDO Limited.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Hon Kwok Lung

Chairman

Hong Kong, 29 March 2019

AUDIT COMMITTEE REPORT

The audit committee of the Company ("Audit Committee") currently comprises following members:

Independent Non-executive Directors

Fung Tze Wa (*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Rudolf Heinrich Escher

The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules.

AUTHORITY AND DUTIES

The Audit Committee, under the delegation of the Board, performs following duties:

Relationship with the Company's auditors	Review of the financial information
<ul style="list-style-type: none"> – be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal – review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences – develop and implement policy on engaging an external auditor to supply non-audit services. The committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed – act as the key representative body for overseeing the Company's relations with the external auditor 	<ul style="list-style-type: none"> – monitor integrity of the Company's financial statements, annual report and accounts, and interim reports, and to review significant financial reporting judgements contained in them; – review the reports before submission to the Board focusing particularly on: <ul style="list-style-type: none"> (i) any changes in accounting policies and practices (ii) major judgmental areas (iii) significant adjustments resulting from audit (iv) the going concern assumptions and any qualifications (v) compliance with accounting standards (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting – consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors

AUDIT COMMITTEE REPORT

Oversight of the financial reporting system and internal control procedures	Employees' Concerns
<ul style="list-style-type: none"> – review the Company's financial controls and internal control systems – discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function – consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings – where an internal audit function exists, ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness – review the Group's financial and accounting policies and practices – review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response – ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter – report to the Board on the matters related to the Listing Rules 	<ul style="list-style-type: none"> – review the Company's arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters. The committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action

WORK DONE IN 2018

During 2018, two meetings were held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Fung Tze Wa (<i>Committee Chairman</i>)	2/2
Kwong Chun Wai, Michael	2/2
Zhang Bin	2/2
Rudolf Heinrich Escher	2/2

The key members from the Finance Department of the Company and representatives of the external auditor attended all meetings to report and answer questions about their work.

During the year under review, the Audit Committee met with the Company's external auditor, the Board and senior management. The Audit Committee reviewed the financial reporting (including interim and annual results) and other information to shareholders, the accounting system, the system of internal controls, independency of the external auditor, effectiveness and objectivity of the audit process and perform other duties set out in the terms of reference. They also reviewed Company's and major subsidiaries' adequacy of resources, qualifications, experience and training of staff engaged in the accounting and financial reporting function. The Audit Committee also reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the six months ended 30 June 2018 and the year ended 31 December 2018.

The Committee received and considered internal audit reports on certain subsidiaries from the Group Internal Audit, and had detailed discussions on the matters covered by all the reports.

In 2018, the Audit Committee visited Shun Heng Finance Holdings (Hong Kong) Limited and discussed with the management on the matters related to system of accounting and financial reporting, internal controls and risk management and its manager-in-charge regime regulatory compliance.

RISK MANAGEMENT COMMITTEE REPORT

The risk management committee of the Company (the "Risk Management Committee") is currently comprises following members:

Executive Directors

Sit Lai Hei (*Committee Chairman*)

Shi Tao

Lam Toi Man

Bi Bo

AUTHORITY AND DUTIES

The Risk Management Committee, under the delegation of the Board, oversees the Group's risk management system, and conducts periodic reviews of such system to minimise potential risks that may occur and ultimately ensure good corporate governance practice. In accordance with the Group's development strategy, we have established a risk management system covering all business segments to assess and manage various risks in the Group's business activities.

- assist the Board to evaluate and determine the nature and extent of the risks the Group is willing to take in achieving the strategic objectives
- ensure that the Group establishes and maintains appropriate and effective risk management systems; oversee management in the design, implementation and monitoring of the risk management systems of the Group
- ensure that management provides confirmation to the Board on the effectiveness of these systems
- oversee the Group's risk management systems on an ongoing basis, and ensure that a review of the effectiveness of the Group's risk management systems is conducted at least once annually, which should cover all material controls, including financial, operational and compliance controls
- identify and consider significant risks to which the Group is exposed, and develop plans and measures to mitigate such significant risks
- review the changes in the nature and extent of significant risks, and the Group's ability to respond to changes in its business, the external environment and new risks from time to time
- report to the Board on any material adverse findings related to risk management of the Group, and make recommendations for improvement

WORK DONE IN 2018

During 2018, two meetings were held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Sit Lai Hei (<i>Committee Chairman</i>)	2/2
Shi Tao	2/2
Lam Toi Man	2/2
Bi Bo	2/2

RISK ASSESSMENT

Risk assessment is the process of identifying and evaluating risks and determining how to manage these risks. At every level within the Group are both internal and external risks that could prevent the accomplishment of established objectives. Ideally, management should seek to prevent these risks. However, sometimes we cannot prevent the risk from occurring. In such cases, we decide whether to accept the risk, reduce the risk to acceptable levels, or avoid the risk. To have reasonable assurance that the Group will achieve its objectives, we ensure each risk is assessed and handled properly.

PRINCIPAL RISKS AND UNCERTAINTIES

The following risks are the principal risks and uncertainties facing the Group and the Board will monitor the situation closely and adopt any necessary risk mitigation measures.

Economy risk

In respect of the segment of watches and timepieces, the continued growth in revenue is dependent on the growth of consumer spending on watches. Any continued economic slowdown domestically or globally may result in a decrease in consumer spending in watches and may lead to a material adverse effect upon the Group's business and results of operations. Currently, there are numerous challenges for both macro-economic outlook and market conditions, domestically or globally. Our Group will redefine the strategic mix to deal with the ever-changing economy and closely monitor the impact of the recent economic trend.

Industry risk

The watch industry is subject to rapidly changing market trends and competition amongst different players domestically or globally. The watch industry is a highly competitive market, and the pricing of and demand for our watches are greatly affected by the intensity of competition we face. Our competitors may have strong competitive edge in terms of financial positions, technology, design, customer relationship etc. In order to maintain our competitiveness, we have to continuously strengthen our products, distributions and our marketing as a whole.

The competition in the financial industry is intense. With the unrivalled language and cultural skills, Bendura Bank secures its position as an exclusive private bank. To cope with the heavy regulatory pressure, Bendura Bank spends a large amount on control and reporting systems so that it can remain a stable and secure institution.

E-commerce risk

In respect of the segment of watches and timepieces, e-commerce is increasingly popular and reshaping the traditional distribution model. Becoming more significant portion of the business, e-commerce is posing challenge to us through more intense competition, increasing expense level as well as lower margin. The Group has invested providently to maintain its competitive competence across all e-commerce platforms. In the foreseeable future, the Group will continue to invest in e-commerce and new marketing approaches, such as social media and mobile marketing. In 2017 and 2018, e-commerce accounted for approximately 18.0% and 31.3% of the Group's revenue, respectively, deriving from watch & timepieces business.

RISK MANAGEMENT COMMITTEE REPORT

Interest rate risk

Interest rate risk stems from the fluctuation of the fair value or cash flows of a financial instrument due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's due from client balance, debt obligations and bank deposits with a floating interest rate. As at 31 December 2017 and 2018, the interest-bearing loans amount to HK\$583,269,000 and HK\$1,047,189,000 respectively. The Group will keep monitoring the trend of interest rate of the global capital markets and adjust the mix of fixed-rate interest-bearing loans accordingly.

In respect of the banking business, interest rate risk is managed by taking into account market conditions and controlled at a reasonable level. Applying the prudent risk appetite and dealing with mainly the repricing risk, Bendura Bank continues to optimize the maturity structure of deposits and take the initiative to manage sensitive gaps in interest rates for the overall objective of achieving steady growth both in net interest income and economic value within a tolerable level of interest rate risk.

Exchange rate risk

In respect of the segment of watches and timepieces, most of our sales are dominated in Renminbi and some of our purchases are made in other currencies such as Swiss Francs. As a result, we are subject to foreign exchange rate risks and our profits may be adversely affected should other foreign currencies such as Swiss Francs appreciate against Renminbi.

Our reporting currency is Hong Kong Dollar. When we prepare our consolidated financial statements, the sales and purchases made in foreign currency are translated into Hong Kong Dollar at the average exchange rates of the relevant financial years whereas foreign currency balance sheets are translated in Hong Kong Dollar at the rates at the balance sheet date. Accordingly, the profits we derived in foreign currencies would be lower should there be any appreciation in the exchanges of Hong Kong Dollar against the respective currencies.

Fluctuations in exchange rates of foreign currencies may also affect our customers' purchasing power and their willingness to purchase watches. Our business and financial position could be adversely affected by fluctuations in exchange rates especially when fluctuations persist.

Exchange rate also affects the fair value of future cash flows of a financial instrument. The Group's exposure to exchange rate risk also primarily arise from certain financial instruments including various balance sheet items, which are dominated in United States Dollar, Euro, Swiss Francs, British Pound and Renminbi. The Group currently does not have a foreign currency hedging policy but the management continuously monitors the foreign exchange exposure.

Legal risk

Operating internationally, we have to comply with various laws and regulations in the jurisdictions in which we operate our business. Failure to comply with these laws and regulations may result in imposition of conditions on or the suspension of sales or seizure of products, or significant penalties or claims. In the event that the countries in which we operate increase the stringency of such laws and regulations, our operating costs may increase and we may not be able to pass these additional costs onto our customer. Further, in the event that any jurisdiction in which we operate impose any new laws, regulations, restrictions on opening new POS or other barriers of entry, our ability to expand our business may be limited and our growth and development may be adversely affected.

Legal risk is managed by means of internal rules and directives. External legal advisors are engaged to lower the legal risks.

Brand risk

Our brands are integral part of our competitive advantage. The Group continues to provide quality product, distribute products through quality channels and maintain good sale and marketing activities in order to maintain the good standing of the brands.

Intellectual property rights risk

Intellectual property rights, embodies in our watch-making technologies, designs and brand names, are also an integral part of our competitive advantage. Our operations are dependent upon the adequate protection of our intellectual property rights including trademarks, patents, and technological know-how. Intellectual property rights can be protected by means of proper registrations with various government authorities of the different jurisdictions in which we conduct business. However, there are jurisdictions that may not be able to offer sufficient protection. We are dedicated to work with professionals to protect our intellectual property rights all over the world.

Operational risk

We define operational risk as the potential of loss resulting from impact of external events and/or inadequacies in the areas of internal processes, manpower and systems. As operational risk arises from all activities carried out within the Group, the potential for operational risk events occurring across a large and complex international organization is a constant challenge. To address this challenge, we aim to achieve "industrial strength" process and standards for all activities, and benchmark practices against peers, other industries and regulatory requirements. Operation risk is managed by means of internal control procedures and directives.

Credit risk

In respect of non-banking and financial businesses, the Group's trading terms with a large proportion of customers are mainly on credit. The credit period is generally for a period of one to six months for major customers. The Group trades only with recognized and creditworthy parties in order to minimize the credit risk.

The account receivable is affected by the general economic conditions in the geographies in which the Group operates. As at 31 December 2017 and 2018, our aggregate trade receivables after loss allowance were around HK\$506 million and HK\$571 million, respectively. The Group sets limits on the exposure to any counterparty, and credit risk. The Group also follows up the delinquent account receivable based on established internal system.

In respect of banking business, Bendura Bank's interbank placements are secured or placed with banks that have an external rating of A or higher. Exceptions are individually assessed on a monthly basis and approved subject to a detailed evaluation if necessary.

In line with the Group's lending policy, Bendura Bank only grants collateralized loans generally. Loans are approved and monitored by the relevant managers, the credit committee and ultimately the board of the directors of Bendura Bank. Bendura Bank implements a framework to provide a holistic view of the credit risks, which assess credit risks against key criteria. Credit risk is also monitored using the concept of economic risk capital. Standardized processes are employed to oversee compliance with the risk requirements.

RISK MANAGEMENT COMMITTEE REPORT

Liquidity risk

Liquidity risk is the risk that we either do not have sufficient financial resources available to meet our obligation as they fall due, or we only access these financial resources at excessive cost. It is our policy to maintain adequate liquidity at all times in all geographical locations and for all currencies, and hence to be in a position to meet obligations as they fall due. We manage liquidity risk both on a short term and structural basis. In the short term, our focus is on ensuring that the cash flow demands can be met when required for periods up to 30 days. In the medium term, the focus is on ensuring that the balance sheet remains structurally sound and is aligned to our strategy. Liquid assets and liquidity coverage ratio against the regulatory requirements are analyzed and presented to the Board and senior management on a monthly basis.

Loans granted by Bendura Bank to its clients are usually granted as part of the securities business. Loans are granted prudently and almost exclusively against collateral. Most of the loans are provided to borrowers in Europe and thus the related country risk is limited. In case of interbank transactions, only first-rated counterparties are involved and limits are set.

Liquidity risk of Bendura Bank are monitored and controlled under statutory banking regulatory provisions. The Bank always holds an amount of liquid funds that is above the minimum required by the banking regulatory legislation.

Risk in trading and in the use of derivatives

Derivative financial instruments by Bendura Bank are used exclusively in client transactions or as hedging transactions. First-rated banks serve as counterparties, as is generally the case in trading business.

Equity price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of change in its market price, other than those unlisted equity investments held for strategic purposes and those valued at quoted market prices at the end of reporting period. The Group invests in various listed equity instruments in Hong Kong recognized under trading portfolio investments for trading purpose and is exposed to the equity price risk when the market price of the listed equity instruments decrease. The equity price risk managed by closely monitoring the price fluctuation of the listed equity instruments and establishing appropriate exit strategies.

Inventory risk

The demand for our watches is highly dependent on the customers' preferences and market trends, which are beyond our control. If the products of our Group fail to meet the changing consumer preferences and market trends, slow-moving inventory will increase. If we can't manage inventory to source or manufacture appropriate products to suit the consumer preference and market trends in the future, the volume of obsolete and slow-moving inventory may increase and we need to either sell off such inventory at a lower price or write off such inventory, in the event of which our performance may be materially and adversely affected. The Group has initiated measures to enhance sales efficiency at distribution outlet level, improve overall inventory management with more rapid information exchange between the distribution outlet, the regional sale office and the headquarters, and our increasingly strong efforts to clear inventory.

Impairment risk

Impairment risk is defined as the risk of written-off in respect of the amount by which the asset's carrying amount exceeds its recoverable amount on our individual business cash generation unit. As stated in the accounts as at 31 December 2017 and 2018, the total amount of goodwill and intangibles were HK\$919,172,000 and HK\$1,124,862,000, respectively. They are subject to impairment if the future performance of the related subsidiaries does not meet their expected performance. The Group will keep monitoring the business performance of the related subsidiaries and minimize the extent of impairment, if any.

Concentration risk

The bond portfolio of Bendura Bank is composed of bonds with different maturity, geography, segment and currency and hence, diversification is ensured. Risk concentration on assets and liabilities sides are analysed and presented to the Board and senior management on a monthly basis.

Risk related to potential breach of capital adequacy ratios

Bendura Banks seeks to maintain a strong capital base to support the development of its business and to meet regulatory capital and leverage requirements.

The fundamental goal is to generate an operative and suitable risk-adjusted return on invested capital for shareholders. To achieve this goal, we seek to identify advantageous risk-return ratios when managing capital. In doing so, the Group avoids extreme risks that could endanger its risk capacity and health and existence, and manage all risks within the risk budget. When managing capital, the group assesses both the required capital (minimum capital amount to cover risks on the basis of supervisory requirements) as well as the available eligible capital (available capital calculated according to the supervisory authorities' criteria) and evaluates the development of both as part of its capital planning.

Capital requirements as well as tier 1 and tier 2 capital are set on the basis of the IFRS consolidated financial statements, but with a stricter definition of core capital. The calculations on the total capital ratio, cash reserve ratio and leverage ratio are presented to the senior management and the board of directors on a monthly basis. Given its capital adequacy ratios, Bendura Bank is considered strongly capitalised.

NOMINATION COMMITTEE REPORT

The Nomination Committee currently comprises following members:

Executive Directors

Hon Kwok Lung (*Committee Chairman*)

Shang Jianguang

Independent Non-executive Directors

Fung Tze Wa

Kwong Chun Wai, Michael

Zhang Bin

Rudolf Heinrich Escher

The composition and members of the Nomination Committee comply with the requirements under CG Code A.5.1.

AUTHORITY AND DUTIES

The Nomination Committee, under the delegation of the Board, performs following duties:

- review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, independence from or relationship with other members of the Board, experience (professional or otherwise), skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- assess the independence of independent non-executive directors;
- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;
- to review the board diversity policy, to develop and review measurable objectives for the implementing the board diversity policy, to monitor the progress on achieving these objectives and to disclose the board diversity policy or a summary of the policy in the corporate governance report of the Company; and
- to develop and maintain a nomination policy for the nomination of the directors of the Company which includes the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship during the year, and to review periodically and disclose nomination policy in the corporate governance report of the Company.

The terms of reference of the Nomination Committee was adopted on 26 March 2012 and amended on 31 December 2018. The full updated version of the terms of reference is available on the website of the Stock Exchange and the website of the Company.

WORK DONE IN 2018

During 2018, one meeting was held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meeting Held
Hon Kwok Lung (<i>Committee Chairman</i>)	0/1
Shang Jianguang	0/1
Fung Tze Wa	1/1
Kwong Chun Wai, Michael	1/1
Zhang Bin	1/1
Rudolf Heinrich Escher	1/1

During the year under review, the Nomination Committee:

- approved and proposed to the Board for adoption the nomination policy of the Company (the “Nomination Policy”).

The Board approved and adopted the Nomination Policy on 31 December 2018 in order to set out the approach to guide the Nomination Committee in relation to the selection and recommendation of candidates for directorship during the year.

Nomination Policy	
Purpose	The Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business.
Nomination Criteria	<ul style="list-style-type: none"> – In assessing, selecting and recommending candidates for directorship to the Board, the Nomination Committee will give due consideration to the factors including but not limited to (collectively, the “Factors”): <ul style="list-style-type: none"> (a) reputation for character and integrity; (b) accomplishment and experience in the relevant industries in which the Company’s business is involved and other professional qualifications; (c) number of directorship the candidate holds in listed companies, commitment in respect of available time and relevant interest; (d) diversity in all aspects including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service; (e) contribution that the candidates can potentially bring to the Board; (f) whether cross-directorship or significant links with other Directors through involvements in other companies or bodies exists, and (g) plans in place for the orderly succession of the Board.

NOMINATION COMMITTEE REPORT

Nomination Policy

Nomination Criteria

The above Factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

- Retiring Directors, save for those who have served as independent non-executive Directors for a period of nine consecutive years, are eligible for nomination by the Board to stand for re-election at a general meeting. If an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. The circular to the shareholders accompanying that resolution should include the reasons why the Board believes he/she is still independent and should be eligible for re-election. For the avoidance of doubt, (a) the nine-year period for determining the eligibility of an independent non-executive Director for nomination by the Board to stand for election at a general meeting would count from his/her date of first appointment as an independent non-executive Director until the date of the forthcoming annual general meeting when his/her current term of service will expire at the end of that meeting; and (b) an independent non-executive Director who has been serving on the Board for a period of nine consecutive years or more may continue to hold office until expiry of his/her current term.
- In addition to the Factors, the Nomination Committee will assess, select and recommend candidates for the position of the independent non-executive director of the Company by giving due consideration to the factors including but not limited to those set out in Rules 3.10(2) and 3.13 of the Listing Rules (as amended from time to time).

Nomination Procedures

- The Board may from time to time and at any time to appoint any person as a Director or the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.
- The Nomination Committee will recommend candidates of directorship to the Board in accordance with the following procedures and process:
 - (a) the Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from third-party agency firm and proposals from shareholders of the Company with due consideration given to the Factors;
 - (b) the Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
 - (c) the proposed candidates will be asked to submit the necessary personal information for the Nomination Committee's consideration. The Nomination Committee may request the candidate(s) to provide additional information and documents, if considered necessary;

Nomination Policy

Nomination Procedures

- (d) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
 - (e) the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of remuneration package of such selected candidate;
 - (f) the Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package;
 - (g) the Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee;
 - (h) the Board will thereafter deliberate and decide the appointment or a shareholder circular will be issued and sent to shareholders of the Company in order to provide information of the candidates nominated by the Board to stand for election at a general meeting and to invite nominations from shareholders (as the case may be);
 - (i) a shareholder can serve a notice to the Company within the lodgement period of its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the Nomination Committee's consideration and nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular; and
 - (j) all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong and updating the Register of Directors of the Company. The Director shall consent to the public disclosure of their personal data on any documents or announcements in the relevant websites for the purpose of or in relation to their appointment as a Director.
- The Board shall have the final decision on all matters relating to the appointment of Directors and its recommendation of candidates to stand for election at any general meeting.

Review

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

NOMINATION COMMITTEE REPORT

- approved and proposed to the Board for adoption the board diversity policy of the Company (the “Board Diversity Policy”).

The Board approved and adopted the Board Diversity Policy on 31 December 2018 in order to set out the approach to achieve diversity on the Company’s board of directors.

Nomination Policy	
Vision	The Company recognises and embraces the benefits of diversity of Board members to enhance the quality of its performance. The Company upholds that a high performing board is one that composes directors with the combination of competencies and diversity of perspectives aligning with the Company’s strategy and objectives, and which is in the best position to deal with the key issues that the Company faces.
Policy Statement	With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, independence from or relationship with other members of the Board, experience (professional or otherwise), skills, knowledge and length of service. All board appointments will be made on a merit basis but the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business.
Measurable Objectives	Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, independence from or relationship with other members of the Board, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board’s composition (including gender, ethnicity, age, length of service) will be disclosed in the corporate governance report annually.
Review	The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a responsible and caring corporate citizen, the Group is not only focused on achieving business goals and financial targets, but also committed to contributing to its different stakeholders by way of supporting the well-beings of our employees and their families, the community and society at large, and advocating environment protection and efficient use of resources. The Group upholds the principle that good business practices and corporate social responsibility are vital for its sustainable success.

REPORTING PERIOD AND REPORTING SCOPE

This Report, pursuant to the Environmental, Social and Governance (ESG) Reporting Guide issued by the Stock Exchange, illustrates the policies implemented, duties and performances regarding environmental, social and governance aspects of the Group during the period from 1 January 2018 to 31 December 2018. This Report focuses on the main operating enterprises engaged in watches and timepieces businesses, namely Rossini in Zhuhai and EBOHR in Shenzhen (hereinafter known as "Reporting Companies").

	Rossini	EBOHR	Total
Area of Reporting Companies	48,000 sq.m.	44,427 sq.m.	92,427 sq.m.

Looking forward, the Group will expand the disclosure to cover other businesses and more operating companies and disclose more key performance indicators, to continuously increase the coverage and transparency of information.

PARTICIPATION AND SIGNIFICANCE OF STAKEHOLDERS

The Group highly values the communication with stakeholders, including Shareholders and investors, business partners, staff, customers, administrative authorities and local communities. We deeply understand that maintaining a good communication with stakeholders is highly important to business operation and corporate development.



For the past years, we have actively strived to carry out various activities to seize opportunities for communications with stakeholders. In the future, we will continue to develop a good relationship and maintain a close connection and communication with stakeholders. We will make a full understanding on their various concerns and take instant response with endeavors to develop a prosperous and communication-oriented society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<p>Shareholders and Investors</p> <ul style="list-style-type: none"> • General meetings • Annual Reports and interim reports, and results announcements • Announcements and circulars • Publication through Company's website 	<p>Business Partners</p> <ul style="list-style-type: none"> • Periodic assessment on suppliers • On-site inspection • Safety questionnaire • Corporation meetings • Supplier management system 	<p>Staff</p> <ul style="list-style-type: none"> • Staff gatherings • Recreational associations • Feedback sessions • Internal memos • Training courses • Voluntary activities
<p>Customers</p> <ul style="list-style-type: none"> • Regular operating interactions • Watch exhibitions • Customer hotline • Service/product feedback mechanism • Membership 	<p>Administrative Authorities</p> <ul style="list-style-type: none"> • Conferences relating to compliance operation and environmental protection • Document correspondence • On-site inspection • Selection and certification 	<p>Communities</p> <ul style="list-style-type: none"> • Social activities • Co-host of donation and charity events • Sponsorship and donation • Sponsorship on academic development

A. ENVIRONMENTAL

We adhere faithfully to the environmental principles and stringently comply with relevant laws and regulations, including Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law of the People's Republic of China on Appraising Environment Impacts (《中華人民共和國環境影響評價法》), Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and Measures of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Wastes (《廣東省固體廢物污染環境防治條例》).

A1. Emissions

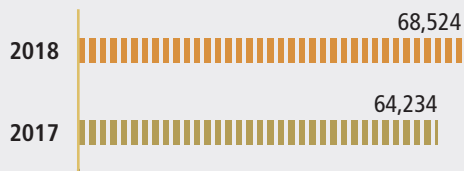
The Reporting Companies are mainly engaged in the manufacturing and distribution of watches and timepieces. There is no massive air pollutant, such as nitrogen oxide (NOx) and sulphur dioxide (SO₂), and greenhouse gases generated during the operation. Major types of emissions generated as follows:

Type(s) of emissions	Pollutant(s)	Treatment(s)
Industrial sewage	Polishing and cleaning sewage, COD _{Cr} , BOD ₅	Treated in a self-built sewage treatment purification station in the plant with the use of coagulating sedimentation and discharged into sewage treatment plant after reaching standard level.
Industrial exhaust	Particles, oil and mist in workshop	Emitted upward after water bath and water-mist dust removal devices.
Canteen cooking fumes	Cooking fumes	Emitted upward after water mist disposal and high-pressure electrostatic dust removal.
Solid wastes	Wasted mineral oils, wasted emulsion, wasted towels, wasted light bulbs and wasted ink cartridge	Stored separately and recycled regularly by certified recycle operators.

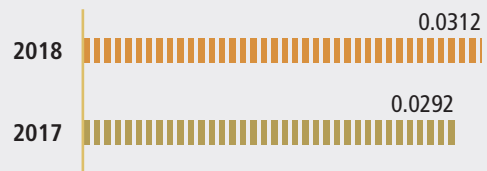
A2. Usage of Resources

Total Water Consumption and Intensity

Total water consumption (tonnes)

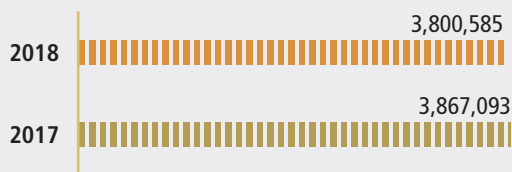


Water consumption per yield (ton per unit)

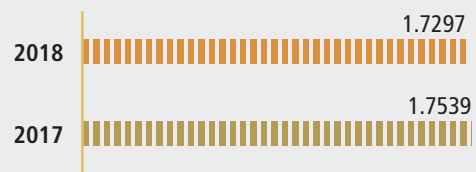


Total Electricity Consumption and Intensity

Total electricity consumption (kWh)



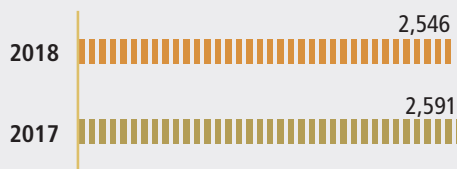
Electricity consumption per yield (kWh per unit)



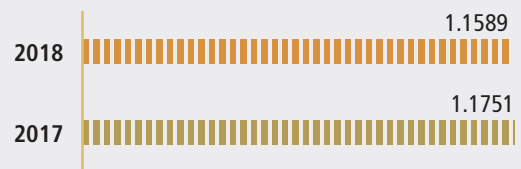
We aim to maximize the energy conservation for the manufacturing process by promoting efficient use of resources and adopting green technologies. Variable frequency drive air-conditioners and reactive power compensation systems have been installed in the factories which would help save electricity consumption.

Total Emission Of CO₂ and Emission Intensity

Total CO₂ emission (tonnes)



CO₂ emission (kg)



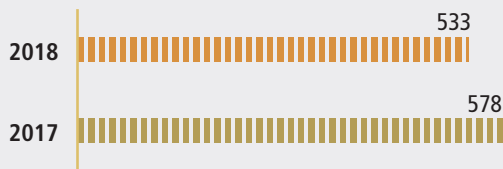
We focus on improving our carbon reduction targets and proactively monitor and minimize environmental impact through an array of energy saving and carbon reduction measures. Our main goal in environmental protection is to use energy and resources more efficiently across operation. With the continuous tightening of environment regulations, both in scope and stringency, we strive not just to comply with the obligations but also try to do more. To achieve this, we use environmental management oversight measures to set and review our goals, as well as track our performance for persistent improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

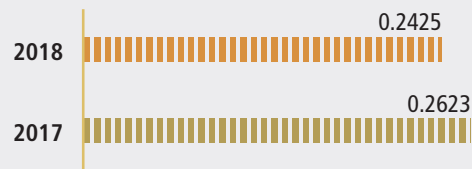
Total Packaging Materials and Per Unit Produced

Packaging materials mainly include watch boxes, handbags, paper boxes, foamed bags and electrostatic membranes, etc.

Total volume of used packaging materials (tonnes)



Volume of used packaging materials (kg per unit)



By recycling and re-usage of different categories of wastes, we systematically reduce the wastes and resources consumption from the sources, to achieve compound utilization of various resources.

We have established a safety production management committee and implemented Energy Management System (《能源管理制度》), Identification and Evaluation Procedures on Safe Environmental Elements (《安全環境因素識別與評價流程》) and Occupational Health and Safety/Daily Environmental Control and Supervision Procedures (《職業健康安全/環境日常監控流程》). We have compiled List of Important Environmental Factors (《重要環境因素清單》) and hold meetings to conduct evaluation according to the List. Environmental and Occupational Health and Safety Objectives, Indicators and Management Solution (《環境·職業健康安全目標與管理方案》) has been launched in order to achieve the goals of energy-saving and pollution reduction.

Pursuant to relevant environmental laws, we have formulated corresponding procedures and systems, including Procedures on Hazardous Chemicals Control (《化學危險品控制程序》), Procedures on Hazardous Wastes Management (《危險廢棄物管理流程》) and Standard for Classification of Waste (《廢棄物分類基準表》). Activities for energy-saving, consumption reduction, pollution reduction and efficiency enhancement are launched throughout the organization.

A3. The Environment and Natural Resources

Reporting Companies always place great emphasis on the sustainable development of environment and incorporate it in every aspects of their business. Since 2009, the manufacturing facilities of Rossini in Zhuhai have obtained ISO14001 Environmental Management System certification, demonstrating the effectiveness and efficiency of its environmentally-friendly manufacturing process. In addition to those stated otherwise in this Report, selected activities for mitigating impacts on the environment and natural resources include, but not limited to:

- Using environmental-friendly materials and incorporating energy-saving concepts in the design and construction of the facilities;
- Appropriately disposing of waste emissions and industrial waste in compliance with the relevant environmental laws and regulations;
- Building dust-proof clean manufacturing facilities which meets standards as strict as those required by the food and catering industry;
- Controlling and minimizing the density of smoke emitted by the dynamotors through Ringelman Smoke Chart;
- Monitoring and reducing volume of the noise generated the dynamotors; and
- Conducting environmental protection checks and reviewing the results for the entire facilities annually.

Environmental friendliness and energy conservation will continue to be one of the Group's sustainability principles throughout the manufacturing process. We will continue to enhance the awareness of environmental friendliness and the efficient use of resources by providing efficient trainings and education to our employees.

The headquarter in Hong Kong also implements management measures for eco-friendly offices, emphasizes the efficient use of resources, saves energy and operation costs. The management measures implemented for eco-friendly offices are set out as below:

Saving papers

We encourage employees to use duplex printing and use e-mail to communicate as far as possible. Recycled papers are used for drafting and internal purposes. The used document envelopes and letter envelopes are used for internal delivery. Recycling bins are placed at the public area in the offices to collect and separate waste papers for recycling, which are then collected by management office of the building.

Since 2016, we have recommended the shareholders of the Company to receive corporate communications of the Company by electronic means instead of printed copies, in a bid to reduce printed volume and lower paper consumption effectively. During the year, the printed copies of corporate communication dispatched by the Company to the shareholders were (namely, interim report and annual report) approximately 357kg (2017: 224kg), representing CO₂e emission of approximately 1,715kg (2017: 1,076kg).

Conservation of electricity

Energy-saving electric appliances such as fluorescent lamps, T5 tubes or LED lamps are chosen for offices. Equipment such as computers, printers and copiers are set to power-saving mode. After office hours or when workplaces are unused, all lightings and air-conditioners are required to be switched off, and notices are posted in proper areas for reminding staff to turn off energy. In summer, average room temperature of offices is maintained between 24°C to 25°C for reducing power consumption of air-conditioners.

Green pantry

We do not provide disposable tableware and paper cups, while encouraging employees to bring their own lunch boxes, so as to reduce Styrofoam lunch boxes and disposable tableware incurred from purchasing take-outs and offer a comfortable environment for employees to have lunch.

Reusing materials and saving use of stationeries

To reduce waste materials, we encourage employees to reuse stationeries, store old toner cartridges of printers and arrange suppliers to recycle toner cartridges on a regular basis.

Combined type office furniture

We use combined type office furniture for reducing use of custom-made office furniture, such that they can be reused even if we relocate office. Administrative department checks our office furniture on a regular basis and first studies the possibilities of renovating or repairing any defects discovered. We only dispose furniture that is impossible to renovate. Office furniture that is kept in good condition can generally be used for over ten years.

Reduction of carbon emission

We encourage staff to take mass public transportation when they travel for work. Video conference is used more often to reduce business trips and hence the carbon emission.

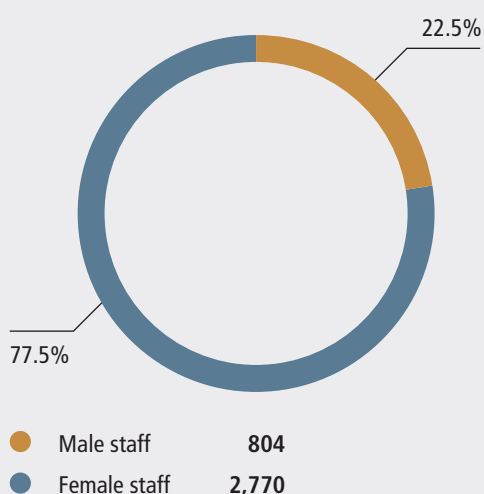
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

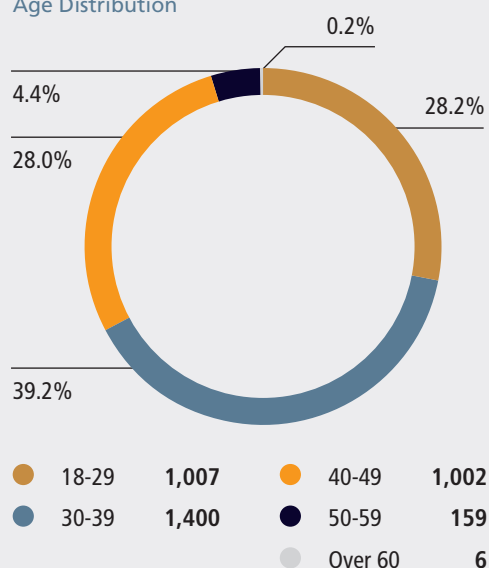
B1. Employment

We believe that a motivated and balanced workforce is crucial for developing a sustainable business model and delivering long-term returns. As at 31 December 2018, the Reporting Companies have 3,574 (as at 31 December 2017: 3,735) fulltime employees working in Mainland China. The Group has a diverse workforce in terms of gender and age, generating creative opinions and different level of capabilities.

Gender Proportion



Age Distribution



	Gender Proportion			
	2018		2017	
	Number of staff	%	Number of staff	%
Male staff	804	22.5%	782	20.9%
Female staff	2,770	77.5%	2,953	79.1%
Total	3,574	100%	3,735	100%

	Age Distribution			
	2018		2017	
	Number of staff	%	Number of staff	%
Aged 18-29	1,007	28.2%	961	25.7%
Aged 30-39	1,400	39.2%	1,542	41.3%
Aged 40-49	1,002	28.0%	1,069	28.6%
Aged 50-59	159	4.4%	156	4.2%
Aged 60 or above	6	0.2%	7	0.2%
Total	3,574	100%	3,735	100%

Fair and equitable work environment

We are committed to complying with relevant standards and regulations to provide a fair and equitable work environment. Equal opportunity is integrated in all aspects of employment and discrimination or harassment of any kind is not tolerated. We behave with courtesy and respect towards everyone we encounter in the course of our business. All relevant parties are expected to apply the same standards throughout all interactions with colleagues, contractors, suppliers, customers and any other stakeholders. Derogatory actions based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are strictly prohibited.

Work-life-balance philosophy

We value our employees and encourage them to grow with the Group.

We promote the work-life balance philosophy by encouraging our employees to participate in a wide variety of sport and recreational activities.

Multi-purpose recreation centers and multi-purpose sports field have been built at both Zhuhai Rossini and EBOHR's new facilities that has been operated in 2017. Zhuhai Rossini has founded an orchestra and put in place various instruments. Recreational associations have been established to organize and host regular recreational activities for employees at the expense of the Group, such as parties, anniversary ceremonies, annual dinner gatherings and group travelling. Various recreational associations, including 36 interest-oriented associations and art teams such as basketball, football, badminton, table tennis, billiards, cycling, photography, Chinese chess, fishing, cooking, military band, dragon dance team, lion dance team and zither team, have been set up, to offer platforms for staff to maintain good physical health and fitness and relieve pressure after work. The periodic art performances, sport competitions and other recreational activities arranged by those associations have certainly improved the communication among employees, strengthened their cohesiveness, and enhanced team spirit and work motivation. To extend the care to employees' families, the Group has also organized activities which employees' families are welcome to join.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee benefits and welfares

The compensation package for all our employees are designed to reward them for their work and contribution to our success. Compensation packages include various fringe benefits, depending on the particular situation of the individual subsidiary, such as medical insurance, travels, lunch allowance, free body check-ups, maternity leave, marriage leave, bereavement leave and other subsidies. EBOHR offers its employees free shuttle bus service and transportation and house allowances after it has been relocated to its new facilities.



"Helping Each Other" has been the corporate culture emphasized by the Group. In order to further promote the culture among the employees, Rossini has set up an emergency fund which aims at helping the employee in need of help. At the end of 2018, the accumulative amount of the emergency fund amounted to approximately RMB3.6 million. Committee members who manage the emergency fund ensure that the emergency fund is managed with fairness and high transparency. The emergency fund targets not only the employee but also their families as well.

B2. Health and Safety

We are committed to ensure the health and safety of our staff by, among other things, providing and maintaining healthy and safe workplaces to them, especially in our manufacturing facilities. Strict management systems and policies have been in place to maintain an environment qualified under occupational health and safety standards. The systems and policies are reviewed on an ongoing basis to ensure that standards are maintained under a diverse variety of circumstances. In general, our objective is to establish a sense of vigilance on safety, to continuously identify hazards, to assess risks, and to implement necessary control measures.

Zhuhai Rossini is certified to the Occupational Health and Safety Management System (OHSAS) 18001 standard. Various measures have been implemented including conducting periodical occupational health and safety assessments, providing free body check-ups to employees annually and upon employment, setting up alarming devices and CCTV systems to monitor and minimize the hazardous elements in office and manufacturing plants, as well as engaging third parties to conduct inspections and reviews on the occupational health and safety system on a regular basis.

In respect of fire prevention, Rossini has established a dedicated safety committee to handle the related matters. The safety committee efficiently conducts periodic inspections of potential hazards in safety production and monitors deployment through regular routine inspections. In 2018, Rossini’s voluntary fire brigade carried out fire service trainings and drills in compliance with the fire drill requirements set out in the domestic fire emergency response plan. In addition, fire safety facilities have been optimized through the establishment of micro-fire stations and the purchase of mini fire vans.

In 2018, there was no work-related fatality occurred, and the number of lost days due to work injury was nil (2017: 0).

The factory premises have been covered with trees and green plants to build a pleasant and clean green working environment for the employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3. Development and Training

We regard employees' personal developments and well-being as of the highest importance. As such, we aim at creating a quality community and an environment that motivate our employees, in order to enhance staff development and staff retention.

We strive to motivate our employees with a clear career path, which provides them with opportunities for advancement and upgrading their professional knowledge, qualifications and skills. In this regard, we provide a wide range of tailor-made training programs to enhance their professionalism. We identify and determine what skill sets are crucial to achieving our business goals and maintaining sustainability and then designate individual staff to the appropriate training programs. These programs play a strategic role and will be sustainably executed to generate superior, competent and professional human resources in line with the current requirements and business development.

Training programs conducted internally or through external organisations are addressed to all levels and types of job positions without differentiating the employees' background, race, gender, religion, age or class. The Reporting Companies organized different training courses with different curriculums in during the year, the scope of which ranged from professional and technical training to individual skill development. The training types included lectures and workshops hosted by in-house trainers, and seminars delivered by outside experts.

The highlights of employee training are as follows:

- New employees are provided with corporate orientation and induction programs upon appointment to help them adjust to the new working environment and familiarize them with their job duties, as well as the business, operations and corporate culture of the Group as soon as possible;
- Trainings on corporate culture and ethical training are provided for the existing employees;
- Sales staff is provided with intensive training programs on customer services and product knowledge; ;
- Watch craftsmen and technicians participate in on-going, structured and formalized technical trainings to ensure excellence in the product innovation and quality, which include sending watch craftsmen and technicians of our Chinese brands to Switzerland to learn the most exquisite craftsmanship and cutting-edge technologies and designs; and
- Management personnel are invited to attend management courses to update and refresh their business management expertise and the most updated developments and trends regarding the market and industry the individual company operates in; intensive leadership development programs and rotational assignment program motivate and help middle-level managers transit into new or more advanced leadership roles.



In May 2018, the Group organized a financial training and seminar at the Rossini Watch Culture and Industrial Park in Zhuhai, with an aim to enhance the overall financial management level and improve the quality of reporting of the Group. A number of directors, independent non-executive directors, senior management and auditors of the Company were invited to attend the financial training and seminar to give guidance and participate in sharing. There were a total of more than 40 participants, including related directors of the group companies and financial staff of each of the subsidiaries. The following areas were covered in the seminar:

Accounting and financial knowledge

- Informed the subsidiaries of the Group the specifications of the financial statements required by the Group and illustrated the importance of financial functions.
- Explained in details of the disclosures and accounting treatments of the new HKFRS 9 Financial Instruments, HKFRS 15 Revenue from Contracts with Customers and HKFRS 16 Leases.

Corporate governance of Hong Kong listed companies

Explained in details the requirement of Corporate Governance Code for Hong Kong listed companies and conducted case sharing of the enforcement actions taken by related regulatory authorities.

Legal knowledge

Knowledge relating to the Contract Law and its practical application.



In 2018, the number of training hours was 6,371 hours and number of staff who attended trainings was up to 8,721 (2017: number of training hours was 6,651 hours and number of staff who attended trainings was 9,299).

Number of Employees Trained by Different Employee Categories:

	Number of Employees Trained			
	2018		2017	
	Number of staff	%	Number of staff	%
Executive management	1,187	13.6%	1,537	16.5%
Professional technician	1,616	18.5%	1,720	18.5%
Production workers	2,749	31.5%	2,716	29.2%
Sale personnel	3,169	36.4%	3,326	35.8%

We also encourage our staff on self-enhancement. Employees are provided with examination leave and benefits if they join relevant courses and trainings approved by the Group. The Group continuously arranges and offers intensive trainings to equip its staff with the qualifications and skills and to encourage them to work as a cohesive team in order to provide consistently high-quality products and services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B4. Labour Standards

The Reporting Companies strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and formulate control procedures on labour employment, which prohibits child and forced labour.

B5. Supply Chain Management

We have established Safety Program on Suppliers and Supply Chain Management (《供應商供應鏈管理安全程式》), to make sure of suppliers' safety status during the selection of suppliers through on-site investigation and suppliers safety questionnaire. During the engagement, we request suppliers to enter into the Agreement on Supply Chain Safety (《供應鏈安全協定》) and Statement of Safety Agreement (《安全協定聲明》). Safety assessment on suppliers will be conducted annually after engagement.

Number of Suppliers by Regions

Region	2018 Number	2017 Number
Guangdong	89	97
Shanghai	–	–
Hong Kong	–	4
Japan	2	4
Switzerland	1	1
Others	8	5

B6. Product Responsibility

We established Market Management Department, responsible for product sales and service and, Corporate Planning Department, responsible for advertising and brand promotion. There are no quality issues with sold or delivered products which would lead to personal injuries and product recall due to safety and health issues. After-Sales Service Department is responsible for provision of after-sales service and follow-up of defective products to customers.

Control Processes and Indicators of Quality Safety and Public Hygiene

Type	Affected item(s)	Corresponding risk(s)	Internal control indicator(s)	Methodology(ies) of evaluation	Control process(es) and methodology(ies)
Safety production	hit by objects, hurt by machinery, electric shock, fire and poisoning, etc.	casualties, loss of properties and social instability	no casualty, no occurrence of fire, no casualty caused by electric shock and no occurrence of food poisoning	safety assessment and regular check	1. managed by occupational health and safety mechanism; 2. Implementation of safety assessment.
Quality safety	Hazardous substances and radioactive elements	health impacts	personal injury caused by product quality	regular monitoring	control on product quality and supplier management
Public hygiene	dust and noise, etc.	Occupational diseases	rate of occupational illness and rate of body-checked	regular monitoring	managed by occupational health and safety mechanism

The Company implemented quality and safety policies and regulations, highlighting the belief of "quality being the life of an enterprise". In addition, it established and optimized the system to assume primary responsibility for quality and safety, developed monitoring system for material quality incident reporting and product damages, published annual quality credit report on the Company's official website for consumers' reference and supervision, developed a well-designed risk management system to manage product quality and safety risk and implemented whole process tracing of product quality through the identification system of "one code for each watch" embedded in watches.

We fulfilled our commitments made in "Three Guarantees Policy", which covers the provisions of 1) return services for all goods sold, 2) goods exchange services, and 3) maintenance services, to protect consumers' interests. We offered 7 days return for no reason to our e-commerce customers, with 103 authorized after-sales service outlets set up nationwide which provide consumers across the country with premium after-sales services; we established a factory-style garage and aligned the maintenance standards to that of factories, with an aim to lay a solid foundation for professionalization, scalable operation and technicalization, while providing quality after-sales maintenance and repair services. We also innovated our after-sales service model to further improve customer satisfaction metrics. In 2018, we were granted the highest ranking of "Customer Satisfaction 3A Benchmarking Enterprise(用戶滿意3A級標杆企業)" (seven domestic enterprises) by China Association for Quality and National User Council(全國用戶委員會).

B7. Anti-corruption

The management takes initiatives to set an example of establishing a value of "Harmonious Development", actively promotes the principles of "Integrity Orientation" and "Corporate Prosperity with Integrity" and is committed in performing business ethics. Based on our robust credibility mechanism as well as concrete segregation between responsibilities and supervision, we develop win-win cooperations with our key suppliers by strengthening existing trust and integrity, building credit assessment mechanism and establishing credit record.

The management requires our staff that all should take high concerns on honouring the spirit of contracts, trustworthiness, morality and rules based on the corporate principle of honesty and trustworthiness, and has formulated relevant requirements to restrain staff's behaviours:

- Formulating a series of management systems, such as staff guidelines, to standardize all staff's moral behaviours based on our corporate missions, prospects and values.
- Audit is conducted by external auditor annually with supervision in key aspects, such as marketing, procurement, undergoing projects and finance under the oversight of the finance department. Various types of contracts are reviewed to ensure that we run the business in compliance with law.
- Establishing stringent financial management system and marketing staff management system to select business partners on openness and arm's length basis by open bidding, centralized purchases and qualification certification.
- New staff will have intensive training on business ethics and education on corporate culture and business ethics are included in the induction trainings for all new staff.
- By internal/external audit, staff monitoring and whistle-blowing, supervisions by security guards and society, information is collected and issues are addressed in a timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B8. Community Investments

The Group has been actively engaged in various types of social charity activities, academic sponsorship, civil education and cultural advocacy, as well as promoting social advancement and development.



Social Responsibility

In 2018, Rossini received "The Most Socially Responsible Enterprise in Guangdong Province 2018 (2018年廣東省最具社會責任感企業)" jointly granted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs, in recognition of Rossini's efforts of promoting economic development as well as its contributions towards the society in Guangdong Province.



Charity and Caring for Hardships

"An 18-year Promise" (一諾十八年)

"An 18-year Promise" is a long-term philanthropic program of EBOHR held in cooperation with the China Women's Development Foundation of the All-China Women's Federation, under which EBOHR is committed in financing the maintenance cost of children who became orphans after the Wenchuan earthquake until they are 18 years old. The program has continued for the ninth successive year since the Wenchuan earthquake happened in 2008 and has provided financial assistance to approximately 160 children. Further, EBOHR has provided continuous financial assistance to those who were admitted to university till their graduation. In addition to making donations, volunteers from EBOHR visit the children in Sichuan with lots of materials every year. They have made visits to Sichuan for 12 times for consecutive 10 years as of 2018. Up to the end of 2018, EBOHR had contributed donations of approximately RMB2.2 million under the "An 18-year Promise" program.

We encourage our staff to make personal donations to people suffering from the natural disasters of the Wenchuan earthquake, the Ya'an earthquake and the Southwestern drought or participate in volunteering activities in any way that would help those afflicted by disaster through the difficult times. We are glad to hear our staff sharing their feelings that they can realise their true value as a member of society and build a deeper relationship with society through the charity activities and volunteer programs in which they participate.



Teaching Assistance

- "Zhuhai Rossini Hope Primary School" was built in 1997. "2014-2018 5-year Plan of Teaching Assistance for Zhuhai Rossini Hope Primary School" was established in 2013 with RMB500,000 of donation used for improvement in school facilities, student scholarships and trainings for teachers.
- Shiyen Primary School was jointly established with the Government in 1995 and was ranked as the first level of privately-owned school in Guangdong Province in 2003.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Community donations

- In 2018, Rossini launched an employee donation campaign which resulted in more than 1,000 kilograms of clothing donated, and received a plaque donated by the "one piece of paper for each of the clothing donated charitable campaign (一張紙一件衣愛心行動)" as jointly advocated and organized by the Central Propaganda Department, the Ministry of Civil Affairs, the Central Committee of the Communist Youth League and the China Charity Federation.



Promotion of Scientific Education

- We have launched watch repair courses jointly with Zhuhai Technician College.
- We have launched industry university research collaboration projects with Zhuhai College of Beijing Institute of Technology, Zhuhai College of Beijing Normal University, Zhuhai College of Jilin University and Guangdong Polytechnic of Science and Technology.
- We have been named as "National Science Education Base" by China Association for Science and Technology.

Promotion of Watch Culture

Rossini has built a watch museum and developed watch industrial and cultural tourism on an industrial site of 11,280.60m², with approximately 1,600 exhibits in the museum. The watch museum has been approved by the China National Tourism Administration as a AAAA National Tourist Attraction and named as the Outstanding Contribution Organisation for Preservation of Cultural Heritage in Guangdong Province. In addition, the watch cultural museum located at the new EBOHR facilities has been opened to the public in 2018.



INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF CITYCHAMP WATCH & JEWELLERY GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

致冠城鐘錶珠寶集團有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Citychamp Watch & Jewellery Group Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 186 to 353, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

意見

本核數師(以下簡稱「我們」)已審計載於第186至353頁冠城鐘錶珠寶集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此等綜合財務報表包括於二零一八年十二月三十一日之綜合財務狀況表,以及截至該日止年度之綜合全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括主要會計政策概要)。

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

我們認為,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」)頒佈之香港財務報告準則真實而公平地反映 貴集團於二零一八年十二月三十一日之綜合財務狀況以及 貴集團截至該日止年度之綜合財務表現及綜合現金流量,並已遵守香港公司條例之披露規定妥為編製。

BASIS FOR OPINION

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

意見基礎

我們已根據香港會計師公會頒佈之香港核數準則(「香港核數準則」)進行審計。我們就該等準則承擔之責任在本報告「核數師就審計綜合財務報表須承擔之責任」部分進一步闡述。根據香港會計師公會之「專業會計師道德守則」(「守則」),我們獨立於 貴集團,並已根據該守則履行其他道德責任。我們相信,我們所獲審計憑證能充足及適當地為我們之意見提供基礎。

KEY AUDIT MATTERS

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

關鍵審計事項

關鍵審計事項乃根據我們專業判斷,認為對我們審計本期綜合財務報表最為重要之事項。我們於審計整體綜合財務報表及就其作出意見時處理該等事項,但不會就該等事項提供單獨意見。

Impairment assessment on goodwill and intangible assets

Refer to notes 33 and 32 to the consolidated financial statements and the significant accounting policies in notes 4.6 and 4.12 to the consolidated financial statements

As at 31 December 2018, the Group had goodwill and intangible assets with carrying amounts of HK\$1,071,552,000 and HK\$53,310,000 respectively arising from the acquisitions of bank, financial and watch businesses.

Management will perform impairment assessment on the amount of goodwill and intangible assets with indefinite useful lives annually, and will perform impairment assessment when there is an indication that an intangible asset with definite useful lives may be impaired. For the purpose of assessing impairment, management assessed the recoverable amount of these assets based on higher of its fair value less costs of disposal and value-in-use. These assets were allocated to cash generating units ("CGU"), and the recoverable amount of each CGU was determined by management based on either value-in-use calculations using cash flow projections or fair value less cost of disposal.

The impairment test involves significant judgements and assumptions by the management under the value-in-use calculation and the determination of fair value less cost of disposal.

Management concluded that, based on the impairment assessment, no impairment losses would be recognised for the year.

How the matter was addressed in our audit

Our procedures on the management's impairment assessment on goodwill and intangible assets included:

- (i) Assessing the reasonableness of market data, discount rates and growth rates applied in determining the recoverable amount;
- (ii) Reviewing the reasonableness of other key assumption based on our knowledge of the business and industry; and
- (iii) Checking input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Revenue recognition relating to sales of goods

Refer to note 7 to the consolidated financial statements and the significant accounting policies in note 4.19 to the consolidated financial statements

A substantial portion of the Group's revenue was derived from sales of watches and timepieces.

For sales of watches and timepieces, the amount of revenue recognised during the year is dependent on a point in time the control of the goods transfers from the Group to the customers.

We identified the recognition of revenue relating to sales of goods as key audit matter because revenue is one of the key performance indicators of the Group and there is a significant inherent risk over the recognition of revenue by the management to meet specific targets or expectations.

商譽及無形資產之減值評估

參照綜合財務報表附註33及32以及綜合財務報表附註4.6及4.12之主要會計政策

於二零一八年十二月三十一日，貴集團擁有賬面值分別為1,071,552,000港元及53,310,000港元之商譽及無形資產，乃由於收購銀行、金融及鐘錶業務所致。

管理層將每年就商譽及無限可使用年期之無形資產之金額進行減值評估，並將於有跡象顯示具有有限可使用年期之無形資產可能減值時進行減值評估。就評估減值而言，管理層按其較高公平值減少出售成本及使用價值評估該等資產之可收回金額。該等資產獲分配至現金產生單位（「現金產生單位」），而各個現金產生單位之可收回金額由管理層根據現金流量預測按使用價值或按公平值減出售成本計算。

減值測試需要管理層利用使用價值計算及釐定公平值減出售成本作出重大判斷及假設。

管理層總結，根據減值評估，於本年度並無確認減值虧損。

在審計中之處理方法

我們關於管理層就商譽及無形資產之減值評估程序如包括以下方面：

- (i) 評估應用於釐定可收回金額之市場數據、貼現率及增長率之合理性；
- (ii) 根據我們對業務及行業之認知審閱其他重要假設之合理性；及
- (iii) 檢查附加證據之輸入數據，如核准預算及考慮該等預算之合理性。

有關銷售貨品之收入確認

參照綜合財務報表附註7及綜合財務報表附註4.19之主要會計政策

貴集團大部分收入來自銷售鐘錶及時計產品。

就銷售鐘錶及時計產品而言，年內確認之收入金額視乎貴集團向客戶轉讓貨品控制權之時間點而定。

我們已識別有關銷售貨品之收入確認作為主要審計事項，此乃由於收入為貴集團其中一項主要業績表現指標，管理層就達到特定目標或預期確認收入時存在重大固有風險。

How the matter was addressed in our audit

Our procedures on the revenue recognition relating to sales of goods included:

- (i) Assessing, on a sample basis, whether sales transactions recorded during the financial year had been recognised properly by inspecting the transactions selected with relevant underlying documentations;
- (ii) assessing, on a sample basis, whether sales transactions before and after the financial year end had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentations; and
- (iii) reviewing if there are any significant adjustments to revenue during the reporting period, understanding the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentations.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in the regard.

在審計中之處理方法

我們關於銷售貨品之收入確認之審計程序包括：

- (i) 透過檢查附有相關支持文件之所選交易以抽樣方式評估於財務年度記錄之銷售交易是否已妥善確認；
- (ii) 透過比較附有相關支持文件之所選交易，抽樣評估財政年結日前後之銷售交易是否於適當期間獲確認；及
- (iii) 審閱於報告期間收入是否有任何重大調整、瞭解有關調整之原因及比較附有相關支持文件之調整詳情。

年報之其他資料

董事須對其他資料負責。其他資料包括已納入 貴公司年報之資料，但並不包括綜合財務報表及我們之核數師報告。

我們對綜合財務報表之意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式之鑒證結論。

於我們審計綜合財務報表而言，我們之責任是閱覽其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審計過程中所瞭解之情況有重大抵觸，或者似有重大錯誤陳述。基於已執行之工作，倘我們認為此其他資料有重大錯誤陳述，則須報告該事實。我們概無有關此方面之任何報告。

董事就綜合財務報表須承擔之責任

董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製真實公平之綜合財務報表，以及落實董事認為必要之內部控制，以確保編製綜合財務報表時不存在由於欺詐或錯誤而導致之重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估 貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營會計基礎，除非董事有意將 貴集團清盤或停業，或別無其他現實之替代方案。

董事負責監督 貴集團財務報告過程，並在審核委員會協助下履行彼等之責任。

AUDITOR'S RESPONSIBILITY 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. This report is made solely to you, as a body, in accordance with the terms of our 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

核數師就審計綜合財務報表承擔之責任

我們之目標為就綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並發出包括我們意見之核數師報告。我們僅根據委聘條款向全體股東作出報告，除此之外，本報告並無其他用途。我們不會就本報告之內容向任何其他人士負責或承擔任何責任。

合理保證屬高度保證，但並非關於根據香港核數準則進行之審計總能發現某一存在之重大錯誤陳述之擔保。錯誤陳述可由欺詐或錯誤引起，倘個別或整體合理預期情況下可影響使用者根據該等綜合財務報表作出之經濟決定，則有關錯誤陳述可被視作重大。

作為根據香港核數準則進行之審計工作之一部分，我們於整個審計過程中行使專業判斷並抱持專業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致之重大錯誤陳述風險，設計及執行審計程序以應對該等風險，以及獲取充分及適當審計憑證為我們之意見提供基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或僭越內部控制，故因未能發現欺詐而導致之重大錯誤陳述風險高於因未能發現錯誤而導致之重大錯誤陳述風險。
- 瞭解有關審計之內部控制，以設計在各類情況下適當之審計程序，但並非旨在對 貴集團內部控制之成效發表意見。
- 評估董事所用會計政策之恰當性及作出會計估計及相關披露之合理性。
- 總結董事採用持續經營會計基礎是否恰當，並根據已獲得之審計憑證，總結是否存重大不明朗因素涉及可能令 貴集團之持續經營能力嚴重成疑之事件或情況。倘我們得出結論認為存在重大不明朗因素，我們須於核數師報告中提請使用者注意綜合財務報表內之相關披露，或倘相關披露不足，則修訂我們之意見。我們之結論以截至核數師報告日期所獲得之審計憑證為基礎。然而，未來事件或情況可能導致 貴集團不再持續經營。
- 評估綜合財務報表(包括披露)之整體列報、架構及內容，以及綜合財務報表是否已中肯反映相關交易及事件。
- 就 貴集團內實體或業務活動之財務資料獲得充足及適當之審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們為我們之審計意見承擔全部責任。

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

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

From the matters communicated with the directors, 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.

我們與審核委員會溝通(其中包括)審計工作之計劃範圍、時間及重大審計發現,該等發現包括我們於審計期間識別出內部控制之任何重大缺陷。

我們亦向審核委員會提交聲明,說明我們已遵守有關獨立性之相關道德要求,並與彼等溝通可能被合理認為會影響我們獨立性之所有關係及其他事宜以及(倘適用)相關保障措施。

從與董事溝通之事項中,我們決定該等事項對本期綜合財務報表之審計最為重要,因而構成關鍵審計事項。我們在核數師報告中描述該等事項,除非法律或法規不允許公開披露該事項,或於極端罕見情況下,倘合理預期在報告中溝通某事項造成之負面後果超過其產生之公眾利益,則我們決定不應在報告中溝通該事項。

BDO Limited
Certified Public Accountants

Lui Chi Kin
Practising Certificate Number P06162
Hong Kong, 29 March 2019

香港立信德豪會計師事務所有限公司
執業會計師

呂智健
執業證書號碼 P06162
香港,二零一九年三月二十九日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收入表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income from banking business	銀行業務之利息收入	221,648	120,604
Interest expenses from banking business	銀行業務之利息開支	(40,817)	(25,612)
Net interest income from banking business	銀行業務之利息收入淨額	180,831	94,992
Service fees and commission income from banking business	銀行業務之服務費及佣金收入	325,614	307,041
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支	(89,253)	(94,425)
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	236,361	212,616
Trading income from banking business	銀行業務之交易收入	63,172	65,227
Service fees and commission income from financial business	金融業務之服務費及佣金收入	3,342	9,307
Interest income from financial business	金融業務之利息收入	193	128
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,444,364	2,583,495
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	9,586	16,936
Total revenue	總收入	2,937,849	2,982,701
Cost of sales from non-banking and financial businesses	非銀行及金融業務之銷售成本	(1,022,568)	(1,226,494)
Other income and other net gains or losses	其他收入及其他收益或虧損淨額	79,486	1,300,392
Selling and distribution expenses	銷售及分銷費用	(849,551)	(800,923)
Administrative expenses	行政費用	(737,985)	(774,011)
Share of loss of joint ventures	應佔合營企業虧損	(2,678)	(1,159)
Share of profit of associates	應佔聯營公司溢利	8,387	20,711
Finance costs from non-banking business	非銀行業務之財務費用	(65,828)	(68,453)
Profit before income tax	除所得稅前溢利	347,112	1,432,764
Income tax expense	所得稅開支	(105,664)	(221,566)
Profit for the year	本年度溢利	241,448	1,211,198
Other comprehensive income	其他全面收入		
Items that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目		
– Remeasurement of net defined benefit obligations	– 重新計量定額福利責任淨額	33,025	15,186
– Change in fair value of financial assets at fair value through other comprehensive income	– 按公平值計入其他全面收入之金融資產公平值變動	(123,352)	–
– Revaluation gain upon transfer of owner occupied land and buildings to investment properties	– 將自用土地及樓宇轉撥至投資物業時之重估收益	57,128	–
– Deferred tax arising from transfer of owner occupied land and buildings to investment properties	– 將自用土地及樓宇轉撥至投資物業產生之遞延稅項	(22,212)	–
		(55,411)	15,186
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類至溢利或虧損之項目		
– Exchange differences on translation to presentation currency	– 換算呈列貨幣之匯兌差額	(162,086)	233,906
– Release of exchange reserve to profit or loss upon disposal of subsidiaries	– 於出售附屬公司後解除外匯儲備至溢利或虧損	–	(2,809)
– Share of exchange differences on translation of associates	– 應佔聯營公司匯兌差額	(117)	96
– Changes in fair value of available-for-sale financial assets	– 可供出售金融資產公平值變動	–	(5,041)
		(162,203)	226,152
Other comprehensive income for the year	本年度其他全面收入	(217,614)	241,338
Total comprehensive income for the year	本年度全面收入總額	23,834	1,452,536

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit for the year attributable to:	以下人士應佔本年度溢利：			
Owners of the Company	本公司擁有人		201,372	1,170,484
Non-controlling interests	非控股權益		40,076	40,714
			241,448	1,211,198
Total comprehensive income for the year attributable to:	以下人士應佔本年度全面收入總額：			
Owners of the Company	本公司擁有人		(9,083)	1,395,850
Non-controlling interests	非控股權益		32,917	56,686
			23,834	1,452,536
Earnings per share attributable to owners of the Company	本公司擁有人應佔每股盈利			
– Basic	– 基本	14	HK4.63 cents 港仙	HK26.91 cents 港仙
– Diluted	– 攤薄		HK4.63 cents 港仙	HK26.87 cents 港仙

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

			2018	2017
		Notes	二零一八年	二零一七年
		附註	HK\$'000	HK\$'000
			千港元	千港元
Assets	資產			
Cash and deposits	現金及存款	17	7,701,743	7,420,678
Due from clients	應收客戶款項	18	1,575,438	1,011,516
Due from banks	應收銀行款項	18	3,387,836	5,921,878
Trading portfolio investments	交易組合投資	19	123,606	641,031
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	20	627,200	–
Derivative financial assets	衍生金融資產	21	7,694	4,680
Trade receivables	應收賬款	22	571,424	506,287
Other financial assets at amortised cost	按攤銷成本列賬之其他金融資產	23	1,034,773	–
Available-for-sale financial assets	可供出售金融資產	24	–	488,368
Held-to-maturity investments	持至到期投資	25	–	1,138,704
Inventories	存貨	26	2,314,545	2,027,191
Income tax recoverable	可收回所得稅		13,269	10,133
Interests in joint ventures	所佔合營企業權益	27	2,439	5,117
Interests in associates	所佔聯營公司權益	28	102,919	99,648
Property, plant and equipment	物業、廠房及設備	29	1,036,736	1,027,303
Investment properties	投資物業	30	179,133	125,384
Prepaid land lease payments	預付土地租賃款項	31	47,605	51,083
Intangible assets	無形資產	32	53,310	13,136
Goodwill	商譽	33	1,071,552	906,036
Deferred tax assets	遞延稅項資產	42	9,437	6,900
Other assets	其他資產	34	397,570	450,598
Total assets	總資產		20,258,229	21,855,671
Liabilities	負債			
Due to banks	應付銀行款項		4,181	3,042
Due to clients	應付客戶款項	35	12,504,591	14,270,089
Derivative financial liabilities	衍生金融負債	21	20,866	35,656
Trade payables	應付賬款	36	324,106	305,798
Contract liabilities	合約負債	37	30,918	–
Corporate bonds	公司債券	38	760,244	732,978
Income tax payables	應付所得稅		73,867	101,985
Borrowings	借貸	39	1,047,189	583,269
Provisions	撥備	40	476	721
Subordinated debt	次級債務	41	–	95,674
Deferred tax liabilities	遞延稅項負債	42	60,369	8,188
Due to a shareholder	應付一名股東之款項	50	73,000	–
Other liabilities	其他負債	43	548,931	570,145
Total liabilities	總負債		15,448,738	16,707,545

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		Notes 附註		
Equity	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	44	435,189	435,032
Reserves	儲備	46	4,004,602	4,369,849
			4,439,791	4,804,881
Non-controlling interests	非控股權益		369,700	343,245
Total equity	權益總額		4,809,491	5,148,126
Total liabilities and equity	負債及權益總額		20,258,229	21,855,671

The consolidated financial statements on pages 186 to 353 were approved and authorised for issue by the board of directors on 29 March 2019 and are signed on its behalf by:

第186至353頁之綜合財務報表於二零一九年三月二十九日獲董事會批准及授權刊發，並由以下董事代表簽署：

Hon Kwok Lung
韓國龍
Director
董事

Shang Jianguang
商建光
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益											
		Share capital	Share premium account*	Share option reserve*	Other reserve*	Goodwill arising on consolidation*	Statutory reserve*	Exchange reserve*	Investment revaluation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
		股本	溢價賬*	儲備*	其他儲備*	產生之商譽*	法定儲備*	外匯儲備*	儲備*	保留溢利*	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(note 44)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)
		(附註 44)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)	(附註 46)
Balance at 1 January 2017	於二零一七年一月一日之結餘	434,682	773,749	1,601	22,692	(15,300)	60,148	(247,187)	122,573	2,479,923	3,632,881	219,809	3,852,690
Transactions with owners	與擁有人交易												
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份所得款項	350	788	-	-	-	-	-	-	-	1,138	-	1,138
Exercise of share options	行使認購股份權	-	531	(531)	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	-	-	-	-	22,145	22,145
Partial deemed disposal of interest in subsidiaries without loss of control	部分視為出售附屬公司權益而不失去控制權	-	-	-	(2,935)	-	-	-	-	-	(2,935)	33,743	30,808
Acquisition of non-controlling interests	收購非控股權益	-	-	-	(4,537)	-	-	-	-	-	(4,537)	(11,556)	(16,093)
2016 special dividend (note 13.1)	二零一六年特別股息(附註 13.1)	-	(3,866)	-	-	-	-	-	-	(213,650)	(217,516)	-	(217,516)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	(17,630)	(17,630)
Capital injection from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	40,048	40,048
Total transactions with owners	與擁有人交易總額	350	(2,547)	(531)	(7,472)	-	-	-	-	(213,650)	(223,850)	66,750	(157,100)
Comprehensive income	全面收入												
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	1,170,484	1,170,484	40,714	1,211,198
Other comprehensive income	其他全面收入												
Remeasurement of defined benefit obligations	重新計量定額福利責任	-	-	-	-	-	-	-	-	16,162	16,162	(976)	15,186
Exchange differences on translation to presentation currency	換算呈列貨幣產生之匯兌差額	-	-	-	-	-	-	216,965	-	-	216,965	16,941	233,906
Release of exchange reserve to profit or loss upon disposal of subsidiaries	於出售附屬公司後解除外匯儲備至溢利或虧損	-	-	-	-	-	-	(2,809)	-	-	(2,809)	-	(2,809)
Share of exchange differences on translation of associates	應佔聯營公司匯兌差額	-	-	-	-	-	-	96	-	-	96	-	96
Change in fair value of available-for-sale financial assets	可供出售金融資產公平值變動	-	-	-	-	-	-	-	(5,048)	-	(5,048)	7	(5,041)
Total comprehensive income for the year	本年度全面收入總額	-	-	-	-	-	-	214,252	(5,048)	1,186,646	1,395,850	56,686	1,452,536
Appropriation to statutory reserve	轉撥至法定儲備	-	-	-	-	-	31,045	-	-	(31,045)	-	-	-
Release of statutory reserve upon disposal of subsidiaries	出售附屬公司時解除法定儲備	-	-	-	-	-	(115)	-	-	115	-	-	-
Balance at 31 December 2017	於二零一七年十二月三十一日之結餘	435,032	771,202	1,070	15,220	(15,300)	91,078	(32,935)	117,525	3,421,989	4,804,881	343,245	5,148,126

		Equity attributable to owners of the Company 本公司擁有人應佔權益													
		Share capital	Share premium account*	Share option reserve*	Other reserve*	Goodwill arising on consolidation*	Statutory reserve*	Exchange reserve*	Investment revaluation reserve*	Fair value through other comprehensive income reserve**	Revaluation reserve for property, plant and equipment	Retained profits*	Total	Non-controlling interests	Total equity
		股本	股份溢價*	認購股份儲備*	其他儲備*	綜合賬目產生之商譽*	法定儲備*	外匯儲備*	投資重估儲備*	儲備**	重估儲備	保留溢利*	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(note 44)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)	(note 46)
		(附註44)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)	(附註46)
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日之結餘	435,032	771,202	1,070	15,220	(15,300)	91,078	(32,935)	117,525	-	-	3,421,989	4,804,881	343,245	5,148,126
Impact on initial application of HKFRS 9 (note 24(i))	首次應用香港財務報告準則第9號之影響 (附註24(i))	-	-	-	-	-	-	-	(117,525)	250,536	-	(141,491)	(8,480)	(758)	(9,238)
At 1 January 2018, as restated	於二零一八年一月一日，經重列	435,032	771,202	1,070	15,220	(15,300)	91,078	(32,935)	-	250,536	-	3,280,498	4,796,401	342,487	5,138,888
Transactions with owners	與擁有人交易														
Proceeds from shares issued under share option scheme	根據認購股份儲備計劃發行股份所得款項	157	354	-	-	-	-	-	-	-	-	-	511	-	511
Exercise of share options	行使認購股份儲備	-	239	(239)	-	-	-	-	-	-	-	-	-	-	-
Lapse of share option	認購股份儲備失效	-	-	(831)	-	-	-	-	-	-	-	831	-	-	-
Arising from acquisition of subsidiaries (note 51.1)	產生自收購附屬公司 (附註51.1)	-	-	-	-	-	-	-	-	-	-	-	-	123,973	123,973
Early redemption of convertible bonds	提早贖回可換股債券	-	-	-	808	-	-	-	-	-	-	-	808	-	808
Deemed acquisition of interest in subsidiaries (note 52(a))	視為收購附屬公司權益 (附註52(a))	-	-	-	(87,202)	-	-	-	-	-	-	-	(87,202)	(68,875)	(156,077)
Acquisition of non-controlling interests (note 52(b))	收購非控股權益 (附註52(b))	-	-	-	(531)	-	-	-	-	-	-	-	(531)	(2,225)	(2,756)
2017 final dividend (note 13.2)	二零一七年末期股息 (附註13.2)	-	(89,767)	-	-	-	-	-	-	-	-	(171,346)	(261,113)	-	(261,113)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	-	-	(56,536)	(56,536)
Net investment by non-controlling interests	來自非控股權益之投資淨額	-	-	-	-	-	-	-	-	-	-	-	-	(2,041)	(2,041)
Total transactions with owners	與擁有人交易總額	157	(89,174)	(1,070)	(86,925)	-	-	-	-	-	-	(170,515)	(347,527)	(5,704)	(353,231)
Comprehensive income	全面收入														
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	-	201,372	201,372	40,076	241,448
Other comprehensive income	其他全面收入														
Remeasurement of defined benefit obligations	重新計量定額福利責任	-	-	-	-	-	-	-	-	-	-	31,278	31,278	1,747	33,025
Change in fair value of financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產公平值變動	-	-	-	-	-	-	-	-	(123,352)	-	-	(123,352)	-	(123,352)
Revaluation gain upon transfer of owner occupied land and buildings to investment properties	將自用土地及樓宇轉撥至投資物業時之重估收益	-	-	-	-	-	-	-	-	-	57,128	-	57,128	-	57,128
Deferred tax arising from transfer of owner occupied land and buildings to investment properties	將自用土地及樓宇轉撥至投資物業產生之遞延稅項	-	-	-	-	-	-	-	-	-	(22,212)	-	(22,212)	-	(22,212)
Exchange differences on translation to presentation currency	換算呈列貨幣產生之匯兌差額	-	-	-	-	-	-	(153,180)	-	-	-	-	(153,180)	(8,906)	(162,086)
Share of exchange differences on translation of associates	應佔聯營公司匯兌差額	-	-	-	-	-	-	(117)	-	-	-	-	(117)	-	(117)
Total comprehensive income for the year	本年度全面收入總額	-	-	-	-	-	-	(153,297)	-	(123,352)	34,916	232,650	(9,083)	32,917	23,834
Appropriation to statutory reserve	轉撥至法定儲備	-	-	-	-	-	12,184	-	-	-	-	(12,184)	-	-	-
Balance at 31 December 2018	於二零一八年十二月三十一日之結餘	435,189	682,028	-	(71,705)	(15,300)	103,262	(186,232)	-	127,184	34,916	3,330,449	4,439,791	369,700	4,809,491

* These reserve accounts comprise the consolidated reserves of HK\$4,004,602,000 (2017: HK\$4,369,849,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表內之綜合儲備4,004,602,000港元(二零一七年: 4,369,849,000港元)。

The entire balance of fair value through other comprehensive income reserve belongs to non-recycling portion.

按公平值計入其他全面收入儲備之全部結餘均屬非結轉部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash flows from operating activities	經營活動產生之現金流量		
Profit before income tax	除所得稅前溢利	347,112	1,432,764
Adjustments for:	經調整：		
Depreciation and amortisation	折舊及攤銷	10 128,913	122,797
Provision and impairment losses	撥備及減值虧損	21,729	198,933
Net deficit/(surplus) on revaluation of investment properties	投資物業重估之虧絀／(盈餘)淨額	30 4,066	(17,605)
Share of profit of associates	應佔聯營公司溢利	28 (8,387)	(20,711)
Share of loss of joint ventures	應佔合營企業虧損	2,678	1,159
Interest income from non-banking business	非銀行業務之利息收入	8 (5,648)	(9,723)
Finance costs	財務費用	9 65,828	68,453
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損／(收益)	8 1,589	(1,711)
Fair value loss on early redemption of convertible bonds	提早贖回可換股債券之公平值虧損	8 978	–
Gain on disposal of a subsidiaries	出售附屬公司之收益	12 –	(1,382,042)
Dividend income	股息收入	(12,413)	(4,842)
Operating profit before working capital changes	營運資金變動前之經營溢利	546,445	387,472
(Decrease)/increase in due to clients	應付客戶款項(減少)／增加	(1,692,930)	3,294,092
Increase in due from clients	應收客戶款項增加	(585,396)	(346,798)
Increase/(decrease) in due to banks	應付銀行款項增加／(減少)	1,165	(122)
Decrease/(increase) in due from banks	應收銀行款項減少／(增加)	2,519,173	(344,243)
Increase in trade receivables	應收賬款增加	(35,718)	(35,523)
Decrease in inventories	存貨減少	25,031	10,592
Decrease/(increase) in other assets	其他資產減少／(增加)	44,088	(211,580)
Increase in derivative financial assets	衍生金融資產增加	(3,134)	(2,199)
(Decrease)/increase in derivative financial liabilities	衍生金融負債(減少)／增加	(14,680)	33,606
Increase/(decrease) in trade payables	應付賬款增加／(減少)	21,334	(39,539)
Increase in contract liabilities	合約負債增加	32,335	–
Decrease/(increase) in trading portfolio investments	交易組合投資減少／(增加)	102,370	(443,429)
(Decrease)/increase in other liabilities	其他負債(減少)／增加	(41,566)	50,025
Cash generated from operations	經營業務產生之現金	918,517	2,352,354
Income tax paid	已付所得稅	(131,585)	(87,327)
Net cash generated from operating activities	經營業務產生之現金淨額	786,932	2,265,027
Cash flows from investing activities	投資活動產生之現金流量		
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	–	12,177
Net cash inflow from disposal of subsidiaries	出售附屬公司現金流入淨額	12 –	1,560,381
Dividends received	已收股息	12,413	24,842
Increase in held-to-maturity Investments	持至到期投資增加	–	(773,608)
Decrease in other financial assets at amortised cost	按攤銷成本列賬之其他金融資產減少	274,866	–
Purchase of property, plant and equipment	購買物業、廠房及設備	29 (113,030)	(202,252)
Capital injection for joint ventures	向合營企業注資	27 –	(6,276)
Interest received from non-banking business	非銀行業務之已收利息	5,648	9,723
Decrease in short-term investments	短期投資減少	–	112,969
Net cash (outflow)/inflow from acquisition of subsidiaries	收購附屬公司現金(流出)／流入淨額	51 (348,495)	71,295
Increase in available-for-sales financial assets	可供出售金融資產增加	–	(133,817)
Net cash (used in)/generated from investing activities	投資活動(所用)／產生之現金淨額	(168,598)	675,434

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash flows from financing activities	融資活動產生之現金流量			
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份所得款項		511	1,138
Proceeds from disposal of interest in subsidiaries to non-controlling interest	出售附屬公司權益予非控股權益之所得款項		–	30,808
Proceeds from sales of repurchased corporate bonds	銷售購回公司債券之所得款項		27,566	392
Acquisition of non-controlling interests	收購非控股權益		(158,833)	(16,093)
Interest paid	已付利息		(63,990)	(68,282)
Proceeds from borrowings	借貸所得款項		710,999	136,573
Repayment of borrowings	償還借貸		(188,285)	(703,737)
Dividends paid to the owners of the Company	向本公司擁有人派付股息	13	(261,113)	(217,516)
Dividends paid to the non-controlling interests	向非控股權益派付股息		(56,536)	(17,630)
Capital injection from non-controlling interests	非控股權益注資		(2,041)	40,048
(Decrease)/increase in subordinate debt	次級債務(減少)/增加		(95,767)	16,627
Repayment of convertible bond	償還可換股債券		(100,000)	–
Repayment of notes payable	償還應付票據		(100,000)	–
Advance from a shareholder	來自一名股東之墊款		73,000	–
Net cash used in financing activities	融資活動所用之現金淨額		(214,489)	(797,672)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額		403,845	2,142,789
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物		7,366,212	4,949,188
Effect of foreign exchange rate changes, net	匯率變動影響淨額		(83,136)	274,235
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物		7,686,921	7,366,212
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析			
Cash and deposits	現金及存款	17	7,654,811	7,373,427
Cash held on behalf of client	代客戶持有之現金	17	46,932	47,251
Bank overdraft	銀行透支	39	(14,822)	(54,466)
			7,686,921	7,366,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION

Citychamp Watch & Jewellery Group Limited (the "Company") is a limited liability company incorporated in Cayman Islands. Its registered office address is P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands and its principal place of business is Units 1902-04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

- Manufacturing and distribution of watches and timepieces;
- Property investments; and
- Banking and financial businesses.

In September 2018, the Group has completed the acquisition of 58.22% of the issued share capital of Ernest Borel Holdings Limited and its subsidiaries (together the "Ernest Borel"), which is listed on the Stock Exchange with stock code 1856 at HK\$1.85 per share with the total consideration of HK\$374,209,000. Since then, Ernest Borel becomes a subsidiary of the Group. In October 2018, the Group has further acquired an additional 24.28% of the issued share capital of Ernest Borel at HK\$1.85 per share with the total consideration of HK\$156,077,000.

Other than the aforementioned transactions, there was no other significant change in the Group's operations during the year.

The Group's principal places of the business are in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the People's Republic of China (the "PRC").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective 1 January 2018

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the "new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2018:

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15)
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations

1. 一般資料

冠城鐘錶珠寶集團有限公司(「本公司」)為於開曼群島註冊成立之有限公司，其註冊辦事處地址為P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands，主要辦事處位於香港九龍柯士甸道西1號環球貿易廣場19樓1902-04室。本公司股份於香港聯合交易所有限公司(「聯交所」)上市。

年內，本公司及其附屬公司(統稱「本集團」)之主要業務包括：

- 鐘錶及時計產品製造及分銷；
- 物業投資；及
- 銀行及金融業務。

於二零一八年九月，本集團以每股1.85港元完成收購依波路控股有限公司及其附屬公司(統稱「依波路」)，於聯交所上市，股份代號：1856)已發行股本58.22%，總代價為374,209,000港元。自此，依波路成為本集團之附屬公司。於二零一八年十月，本集團進一步以每股1.85港元額外收購依波路已發行股本24.28%，總代價為156,077,000港元。

除上述交易外，本集團經營之業務於本年度並無其他重大變動。

本集團之主要營業地點位於香港、瑞士、英國、列支敦士登及中華人民共和國(「中國」)。

2. 採納香港財務報告準則(「香港財務報告準則」)

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效

於本年度，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之新訂或經修訂之準則、修訂及詮釋(「新訂或經修訂香港財務報告準則」)，該等準則與本集團於二零一八年一月一日開始之年度期間綜合財務報表相關及有效：

香港財務報告準則二零一四年至二零一六年度之年度改進	香港財務報告準則第1號之修訂，首次採納香港財務報告準則
香港財務報告準則二零一四年至二零一六年度之年度改進	香港會計準則第28號之修訂，於聯營公司及合營企業之投資
香港會計準則第40號之修訂	轉撥投資物業
香港財務報告準則第9號	金融工具
香港財務報告準則第15號	與客戶訂立合約之收入
香港財務報告準則第15號之修訂	與客戶訂立合約之收入(對香港財務報告準則第15號之澄清)
香港(國際財務報告詮釋委員會)—詮釋第22號	外匯交易及預付代價

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies

This is the first set of the Group’s financial statements in which HKFRS 9 and HKFRS 15 have been adopted. The impact of the adoption of HKFRS 9 Financial Instruments (see note (A) below) and HKFRS 15 Revenue from Contracts with Customers (see note (B) below) have been summarised below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group’s accounting policies.

(A) HKFRS 9 Financial Instruments (“HKFRS 9”)

- (i) Classification and measurement of financial instruments
HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日起生效(續) 會計政策變動

此乃本集團首份採納香港財務報告準則第9號及香港財務報告準則第15號之財務報表。採納香港財務報告準則第9號金融工具(見下文附註(A))及香港財務報告準則第15號與客戶訂立合約之收入(見下文附註(B))之影響已於下文概述。其他新訂或經修訂香港財務報告準則自二零一八年一月一日起生效，對本集團會計政策並無任何重大影響。

(A) 香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)

- (i) 金融工具之分類及計量
於二零一八年一月一日或之後開始之年度期間，香港財務報告準則第9號取代香港會計準則第39號金融工具：確認及計量。該準則合併金融工具會計之所有三個方面：(1) 分類及計量；(2) 減值；及(3) 對沖會計。自二零一八年一月一日起採納香港財務報告準則第9號導致本集團會計政策及綜合財務報表之確認金額出現變動。

	HK\$'000 千港元
Retained profits	保留溢利
Retained profits as at 31 December 2017	於二零一七年十二月三十一日之 保留溢利 3,421,989
Increase in expected credit losses (“ECL”) (note (A)(ii) below)	預期信貸虧損(「預期信貸虧損」) 增加(下文附註(A)(ii)) (12,280)
Reclassification of trading portfolio investments to financial assets at fair value through other comprehensive income (“FVOCI”) (note (A)(i)(a) below)	重新分類交易組合投資至按公平值 計入其他全面收入(「按公平值 計入其他全面收入」)之金融資產 (下文附註(A)(i)(a)) (131,974)
Reclassification of the entire convertible bond investment to trading portfolio investments (note (A)(i)(f) below)	重新分類全部可換股債券投資至 交易組合投資(下文附註(A)(i)(f)) 1,621
Reclassification of available-for-sale financial assets to other financial assets at amortised cost (note (A)(i)(c) below)	重新分類可供出售金融資產至 按攤銷成本列賬之其他金融 資產(下文附註(A)(i)(c)) (134)
Reclassification of available-for-sale financial assets to trading portfolio investments (note (A)(i)(e) below)	重新分類可供出售金融資產至 交易組合投資(下文附註(A)(i)(e)) (903)
Recognition of deferred tax assets arising from the recognition of ECL	確認由確認預期信貸虧損所產生之 遞延稅項資產 2,179
Restated retained profits as at 1 January 2018	於二零一八年一月一日之經重列 保留溢利 3,280,498
Non-controlling interests	非控股權益
Non-controlling interests as at 31 December 2017	於二零一七年十二月三十一日之 非控股權益 343,245
Increase in ECL (note (A)(ii) below)	預期信貸虧損增加(下文附註(A)(ii)) (868)
Recognition of deferred tax assets arising from the recognition of ECL	確認由確認預期信貸虧損所產生之 遞延稅項資產 110
Restated non-controlling interests as at 1 January 2018	於二零一八年一月一日之經重列 非控股權益 342,487

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(i) 金融工具之分類及計量（續）

		HK\$'000 千港元
Investment revaluation reserve	投資重估儲備	
Investment revaluation reserve at 31 December 2017	於二零一七年十二月三十一日之投資重估儲備	117,525
Reclassification of available-for-sale financial assets to financial assets at FVOCI (note (A)(i)(b) below)	重新分類可供出售金融資產至按公平值計入其他全面收入之金融資產（下文附註(A)(i)(b)）	(118,562)
Reclassification of available-for-sale financial assets to other financial assets at amortised cost (note (A)(i)(c) below)	重新分類可供出售金融資產至按攤銷成本列賬之其他金融資產（下文附註(A)(i)(c)）	134
Reclassification of available-for-sale financial assets to trading portfolio investments (note (A)(i)(e) below)	重新分類可供出售金融資產至交易組合投資（下文附註(A)(i)(e)）	903
Restated investment revaluation reserve as at 1 January 2018	於二零一八年一月一日之經重列投資重估儲備	–
FVOCI reserve	按公平值計入其他全面收入儲備	
FVOCI reserve as at 31 December 2017	於二零一七年十二月三十一日之按公平值計入其他全面收入儲備	–
Reclassification of trading portfolio investments to financial assets at FVOCI (note (A)(i)(a) below)	重新分類交易組合投資至按公平值計入其他全面收入之金融資產（下文附註(A)(i)(a)）	131,974
Reclassification of available-for-sales financial assets to financial assets at FVOCI (note (A)(i)(b) below)	重新分類可供出售金融資產至按公平值計入其他全面收入之金融資產（下文附註(A)(i)(b)）	118,562
Restated FVOCI reserve as at 1 January 2018	於二零一八年一月一日之經重列按公平值計入其他全面收入儲備	250,536

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments except for the embedded derivatives. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

香港財務報告準則第9號基本上保留香港會計準則第39號有關金融負債之分類及計量之現有規定。然而，該準則取消先前香港會計準則第39號之金融資產類別，包括持至到期金融資產、貸款及應收款以及可供出售金融資產。採納香港財務報告準則第9號對本集團有關金融負債及衍生金融工具之會計政策並無重大影響，惟嵌入式衍生工具除外。香港財務報告準則第9號對本集團金融資產之分類及計量之影響載列如下。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

- (i) Classification and measurement of financial instruments (Continued)
Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at FVOCI; or (iii) financial assets at FVPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the “solely payments of principal and interest” criterion, also known as “SPPI criterion”). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FVPL:

- It 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 meet the SPPI criterion.

A debt investment is measured at FVOCI if both of the following conditions are met and it has not been designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日起生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

- (i) 金融工具之分類及計量（續）
根據香港財務報告準則第9號，除若干應收賬款（應收賬款並不包含根據香港財務報告準則第15號之重大融資組成部分）外，實體於初步確認時須按公平值（倘屬並非按公平值計入溢利或虧損（「按公平值計入溢利或虧損」）之金融資產，則加上交易成本）計量金融資產。金融資產分類為：(i) 按攤銷成本列賬之金融資產；(ii) 按公平值計入其他全面收入之金融資產；或(iii) 按公平值計入溢利或虧損之金融資產。根據香港財務報告準則第9號，金融資產之分類一般基於兩個標準：(i) 管理金融資產之業務模式及(ii) 其合約現金流量特徵（「僅用於支付本金及利息」標準，亦稱為「僅用於支付本金及利息標準」）。根據香港財務報告準則第9號，嵌入式衍生工具不再需要與主體金融資產分開列示，而混合金融工具會就分類獲整體評估。

本集團僅於金融資產同時符合以下條件且並無指定為按公平值計入溢利或虧損時方會將其按攤銷成本計量：

- 資產以目的為持有金融資產以收取合約現金流量之業務模式持有；及
- 金融資產之合約條款於指定日期產生符合僅用於支付本金及利息標準之現金流量。

本集團僅於債務投資同時符合以下條件且並無指定為按公平值計入溢利或虧損時方會將其按公平值計入其他全面收入：

- 投資以透過收取合約現金流量及出售金融資產達成目的之業務模式持有；及
- 金融資產之合約條款於指定日期產生符合僅用於支付本金及利息標準之現金流量。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

- (i) Classification and measurement of financial instruments (Continued)
On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI or FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group’s financial assets as follows:

Financial assets at FVPL	Financial assets at FVPL are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Financial assets at amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
Financial assets at FVOCI (debt investments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Financial assets at FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

- (i) 金融工具之分類及計量（續）
於初步確認並非持作買賣之股本投資時，本集團可不可撤銷地選擇於其他全面收入呈列投資公平值之其後變動。該選擇乃按逐項投資進行。並無如上文所述分類為按攤銷成本列賬或按公平值計入其他全面收入之所有其他金融資產分類為按公平值計入溢利或虧損。此包括所有衍生金融資產。於初步確認時，本集團可不可撤銷地指定符合規定之金融資產按攤銷成本或按公平值計入其他全面收入或按公平值計入溢利或虧損計量，前提為此舉能消除或大大減低可能會產生之會計錯配。

以下會計政策將適用於本集團下列金融資產：

按公平值計入溢利或虧損之金融資產	按公平值計入溢利或虧損之金融資產其後按公平值計量。公平值變動、股息及利息收入均於溢利或虧損確認。
按攤銷成本列賬之金融資產	按攤銷成本列賬之金融資產其後採用實際利率法計量。利息收入、匯兌收益及虧損以及減值均於溢利或虧損確認。終止確認之任何收益均於溢利或虧損確認。
按公平值計入其他全面收入之金融資產（債務投資）	按公平值計入其他全面收入之債務投資其後按公平值計量。採用實際利率法計算之利息收入、匯兌收益及虧損以及減值均於溢利或虧損確認。其他收益及虧損淨額於其他全面收入確認。於終止確認時，於其他全面收入累計之收益及虧損重新分類至溢利或虧損。
按公平值計入其他全面收入之金融資產（股本投資）	按公平值計入其他全面收入之股本投資按公平值計量。股息收入於溢利或虧損確認，除非股息收入明確指收回部分投資成本。其他收益及虧損淨額於其他全面收入確認，且並無重新分類至溢利或虧損。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

(a) As at 1 January 2018, certain listed equity investments were reclassified from trading portfolio investments to financial assets at FVOCI. The Group intends to hold these equity investments for long term strategic purposes. Under HKFRS 9, the Group has designated these equity investments at the date of initial application as financial assets at FVOCI. As a result, financial assets with a fair value of HK\$506,863,000 were reclassified from trading portfolio investments to financial assets at FVOCI and accumulated fair value gains of HK\$131,974,000 were reclassified from retained profits to FVOCI reserve on 1 January 2018. The fair value of these listed equity investments at 31 December 2018 is HK\$492,759,000 and a fair value loss of HK\$14,104,000 would be recognised in profit or loss for the year as if no reclassification was made upon the adoption of HKFRS 9.

(b) In addition to (a) above, certain listed equity investments were reclassified from available-for-sale financial assets to financial assets at FVOCI. The Group intends to hold these equity investments for long term strategic purposes. As a result, the carrying amount of these listed equity investments of HK\$237,959,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and accumulated fair value surplus of HK\$118,562,000 were reclassified from investment revaluation reserve to FVOCI reserve on 1 January 2018.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(i) 金融工具之分類及計量（續）

(a) 於二零一八年一月一日，若干上市股本投資從交易組合投資重新分類至按公平值計入其他全面收入之金融資產。本集團擬因長期策略部署而持有該等股本投資。根據香港財務報告準則第9號，本集團已於首次應用日期指定該等股本投資為按公平值計入其他全面收入之金融資產。因此，於二零一八年一月一日，公平值為506,863,000港元之金融資產從交易組合投資重新分類至按公平值計入其他全面收入之金融資產，而累計公平值收益131,974,000港元則從保留溢利重新分類至按公平值計入其他全面收入儲備。於二零一八年十二月三十一日，該等上市股本投資的公平值為492,759,000港元，而公平值虧損14,104,000港元將於年內於溢利或虧損內確認，猶如於採納香港財務報告準則第9號時並無重新分類。

(b) 除上述(a)外，若干上市股本投資從可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產。本集團擬因長期策略部署而持有該等股本投資。因此，於二零一八年一月一日，該等賬面值為237,959,000港元之上市股本投資從可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產，而累計公平值盈餘118,562,000港元則從投資重估儲備重新分類至按公平值計入其他全面收入儲備。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

- (c) As at 1 January 2018, listed debt instruments were reclassified from available-for-sale financial assets to other financial assets at amortised cost as the Group’s business model is hold-to-collect contractual cash. These listed debt instruments meet the SPPI criterion. As such, listed debt instruments with a carrying amount of HK\$178,747,000 were reclassified from available-for-sale financial assets to other financial assets at amortised cost and accumulated fair value deficits of HK\$134,000 were reclassified from investment revaluation reserve to retained profits on 1 January 2018. The fair value of these listed debt instruments as at 31 December 2018 is HK\$147,573,000; the carrying amount of HK\$27,162,000 would be mature for the year; and a fair value gain of HK\$1,091,000 would be recognised in other comprehensive income for the year as if no reclassification was made upon the adoption of HKFRS 9.

- (d) As at 1 January 2018, certain equity investments were reclassified from available-for-sale financial assets to financial assets at FVOCI. These equity investments were previously stated at cost as they do not have quoted price in an active market. The Group intends to hold these equity investments for long term strategic purposes. Therefore, the Group has now designated these equity investments at the date of initial application as financial assets at FVOCI. As at 1 January 2018, the previous carrying amount of these equity investments of HK\$6,023,000 was assessed as approximate to the fair value.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則－於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(i) 金融工具之分類及計量（續）

- (c) 於二零一八年一月一日，上市債務工具從可供出售金融資產重新分類至按攤銷成本列賬之其他金融資產，原因為本集團之業務模式為持有以收取合約現金。該等上市債務工具符合僅用於支付本金及利息標準。因此，於二零一八年一月一日，賬面值為178,747,000港元之上市債務工具從可供出售金融資產重新分類至按攤銷成本列賬之其他金融資產，而累計公平值虧絀134,000港元則從投資重估儲備重新分類至保留溢利。於二零一八年十二月三十一日，該等上市債務工具的公平值為147,573,000港元；賬面值27,162,000港元將於年內到期；而公平值收益1,091,000港元將於年內於其他全面收入內確認，猶如於採納香港財務報告準則第9號時並無重新分類。

- (d) 於二零一八年一月一日，若干股本投資從可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產。由於該等股本投資於活躍市場並無報價，故先前乃按成本列賬。本集團擬因長期策略部署而持有該等股本投資。因此，本集團現已於首次應用日期指定該等股本投資為按公平值計入其他全面收入之金融資產。於二零一八年一月一日，該等股本投資先前賬面值6,023,000港元被評估為與公平值相若。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

- (e) As at 1 January 2018, certain investments in other financial products stated at fair value were reclassified from available-for-sale financial assets to trading portfolio investments as these unlisted investments failed to meet the SPPI criterion. As such, these investments at fair value of HK\$65,639,000 were reclassified from available-for-sale investments to trading portfolio investments and the fair value deficits of HK\$903,000 were reclassified from investment revaluation reserve to retained profits on 1 January 2018.

- (f) As at 1 January 2018, the entire of debt component and conversion option component of the convertible bond investment were combined and reclassified to trading portfolio investments. The conversion option component causes the financial assets to fail to meet the SPPI criterion. This is because the embedded feature cannot be separated under HKFRS 9 and the contractual terms of that convertible bond receivable as a whole do not give rise solely to payments of principal and interest on the principal amount outstanding of the convertible bond investment. As a result, that convertible bond investment as a whole is classified as trading portfolio investments. As at 1 January 2018, the difference between the previous carrying amount and the fair value of HK\$1,621,000 has been adjusted in the opening retained profits.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(i) 金融工具之分類及計量（續）

- (e) 於二零一八年一月一日，於按公平值列賬之其他金融產品之若干投資從可供出售金融資產重新分類至交易組合投資，原因為該等非上市投資並不符合僅用於支付本金及利息標準。因此，於二零一八年一月一日，該等按公平值列賬之投資65,639,000港元從可供出售投資重新分類至交易組合投資，而公平值虧絀903,000港元則從投資重估儲備重新分類至保留溢利。

- (f) 於二零一八年一月一日，可換股債券投資的全部債務部分及換股權部分合併並重新分類至交易組合投資。該換股權部分導致金融資產並不符合僅用於支付本金及利息標準，原因為於香港財務報告準則第9號中嵌入式部分無法分開列示，而該應收可換股債券整體之合約條款並無產生僅用於支付可換股債券投資本金及未償還本金利息。因此，整體可換股債券投資分類為交易組合投資。於二零一八年一月一日，先前賬面值與公平值之間的差額1,621,000港元已於期初保留溢利內調整。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

- (i) Classification and measurement of financial instruments (Continued)
The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group’s financial assets as at 1 January 2018:

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

- (i) 金融工具之分類及計量（續）
下表概述本集團於二零一八年一月一日各類金融資產根據香港會計準則第39號之原有計量類別及根據香港財務報告準則第9號之新計量類別：

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39 根據香港會計準則第39號 於二零一八年一月一日 之賬面值 HK\$'000 千港元	Effect of adoption of HKFRS 9 採納香港財務報告準則第9號 之影響 HK\$'000 千港元	Carrying amount as at 1 January 2018 under HKFRS 9 根據香港財務報告準則第9號 於二零一八年一月一日 之賬面值 HK\$'000 千港元
金融資產	根據香港會計準則第39號之原有類別	根據香港財務報告準則第9號之新類別			
Cash and deposits 現金及存款	Loans and receivable 貸款及應收款	Amortised cost 按攤銷成本列賬	7,420,678	–	7,420,678
Due from clients 應收客戶款項	Loans and receivable 貸款及應收款	Amortised cost 按攤銷成本列賬	1,011,516	(3,335)	1,008,181
Due from banks except for precious metal 應收銀行款項（貴金屬除外）	Loans and receivable 貸款及應收款	Amortised cost 按攤銷成本列賬	5,875,901	(2,179)	5,873,722
Due from banks – Precious metal 應收銀行款項—貴金屬	Financial assets at FVPL 按公平值計入溢利或虧損 之金融資產	FVPL 按公平值計入溢利 或虧損	45,977	–	45,977
Trading portfolio investments 交易組合投資	Financial assets at FVPL 按公平值計入溢利或虧損 之金融資產	FVPL 按公平值計入溢利 或虧損	134,168	–	134,168
Trading portfolio investments 交易組合投資	Financial assets at FVPL (note (A)(i)(a)) 按公平值計入溢利或虧損 之金融資產（附註(A)(i)(a)）	FVOCI 按公平值計入其他 全面收入	506,863	–	506,863
Derivative financial assets except for conversion option component 衍生金融資產（換股權部分除外）	Financial assets at FVPL 按公平值計入溢利或虧損 之金融資產	FVPL 按公平值計入溢利 或虧損	4,609	–	4,609
Trade receivables 應收賬款	Loans and receivable 貸款及應收款	Amortised cost 按攤銷成本列賬	506,287	(1,793)	504,494
Available-for-sales financial assets 可供出售金融資產	Available-for-sale (at fair value) (note (A)(i)(b)) 可供出售（按公平值列賬） （附註(A)(i)(b)）	FVOCI 按公平值計入其他 全面收入	237,959	–	237,959
Available-for-sales financial assets 可供出售金融資產	Available-for-sale (at fair value) (note (A)(i)(c)) 可供出售（按公平值列賬） （附註(A)(i)(c)）	Amortised cost 按攤銷成本列賬	178,747	(28)	178,719
Available-for-sales financial assets 可供出售金融資產	Available-for-sale (at fair value) (note (A)(i)(e)) 可供出售（按公平值列賬） （附註(A)(i)(e)）	FVPL 按公平值計入溢利 或虧損	65,639	–	65,639

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(i) 金融工具之分類及計量（續）

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39 根據香港會計準則第39號 於二零一八年一月一日之賬面值 HK\$'000 千港元	Effect of adoption of HKFRS 9	Carrying amount as at 1 January 2018 under HKFRS 9 根據香港財務報告準則第9號 於二零一八年一月一日之賬面值 HK\$'000 千港元
Available-for-sales financial assets	Available-for-sale (at fair value) (note (A)(i)(d))	FVOCI	6,023	–	6,023
可供出售金融資產	可供出售（按公平值列賬）（附註(A)(i)(d)）	按公平值計入其他全面收入			
Held-to-maturity investments	Loans and receivable	Amortised cost	1,138,704	(500)	1,138,204
持至到期投資	貸款及應收款	按攤銷成本列賬			
Other assets except for debt component	Loans and receivable	Amortised cost	442,177	(5,313)	436,864
其他資產（債務部分除外）	貸款及應收款	按攤銷成本列賬			
Convertible bond investment	Conversion option component: Financial assets at FVPL	As a whole: FVPL	8,492	1,621	10,113
可換股債券投資	Debt component: Loans and receivables (note (A)(i)(f)) 換股權部分：按公平值計入溢利或虧損之金融資產 債務部分：貸款及應收款（附註(A)(i)(f)）	整體：按公平值計入溢利或虧損			

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

- (i) Classification and measurement of financial instruments (Continued)
At the date of initial application of HKFRS 9, the Company’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate HKFRS 9 categories.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves, retained profits and non-controlling interests as of 1 January 2018 as follows (increase/ (decrease)):

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

- (i) 金融工具之分類及計量（續）
於香港財務報告準則第9號之首次應用日期，本公司管理層已評估哪項業務模式適用於本集團持有之金融資產，並已將其金融資產分類至適當之香港財務報告準則第9號類別。

下表概列於二零一八年一月一日過渡至香港財務報告準則第9號對儲備、保留溢利及非控股權益年初結餘之影響（扣除稅項）如下（增加／（減少））：

As at 1 January 2018	於二零一八年一月一日	Trading portfolio investments 交易組合投資 HK\$'000 千港元	Financial asset at FVOCI 按公平值計入其他全面收入之金融資產 HK\$'000 千港元	Derivative financial assets 衍生金融資產 HK\$'000 千港元	Other financial assets at amortised cost 按攤銷成本列賬之其他金融資產 HK\$'000 千港元	Available-for-sale financial assets 可供出售金融資產 HK\$'000 千港元	Held-to-maturity investments 持至到期投資 HK\$'000 千港元	Other assets 其他資產 HK\$'000 千港元
Opening balance – HKAS 39	年初結餘—香港會計準則第39號	641,031	-	4,680	-	488,368	1,138,704	450,598
Reclassification of trading portfolio investments to financial assets FVOCI	重新分類交易組合投資至按公平值計入其他全面收入之金融資產	(506,863)	506,863	-	-	-	-	-
Reclassification of available-for-sale financial assets to other financial assets at amortised cost	重新分類可供出售金融資產至按攤銷成本列賬之其他金融資產	-	-	-	178,747	(178,747)	-	-
Reclassification of available-for-sale financial assets to trading portfolio investments	重新分類可供出售金融資產至交易組合投資	65,639	-	-	-	(65,639)	-	-
Reclassification of available-for-sale financial assets to financial assets at FVOCI	重新分類可供出售金融資產至按公平值計入其他全面收入之金融資產	-	243,982	-	-	(243,982)	-	-
Reclassification of held-to-maturity investments to other financial assets at amortised cost	重新分類持至到期投資至按攤銷成本列賬之其他金融資產	-	-	-	1,138,704	-	(1,138,704)	-
Reclassification of entire convertible bond investment to trading portfolio investments	重新分類全部可換股債券投資至交易組合投資	8,492	-	(71)	-	-	-	(8,421)
Effect of initial adoption of HKFRS 9	首次採納香港財務報告準則第9號之影響	1,621	-	-	-	-	-	-
Recognition of additional expected credit losses	確認額外預期信貸虧損	-	-	-	(528)	-	-	(5,313)
Opening balance – HKFRS 9	年初結餘—香港財務報告準則第9號	209,920	750,845	4,609	1,316,923	-	-	436,864

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group’s impairment model by replacing the HKAS 39 “incurred loss model” to the “expected credit losses (“ECL”) model”. HKFRS 9 requires the Group to recognise ECL for due from clients, due from banks, trade receivables and other financial assets at amortised costs and other assets earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is assessed to be immaterial.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECL: these are the ECL that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(ii) 金融資產之減值

採納香港財務報告準則第9號改變本集團之減值模式，以「預期信貸虧損（「預期信貸虧損」）模式」取代香港會計準則第39號「已發生虧損模式」。香港財務報告準則第9號規定本集團在早於香港會計準則第39號所規定時間就應收客戶款項、應收銀行款項、應收賬款及按攤銷成本列賬之其他金融資產以及其他資產確認預期信貸虧損。現金及現金等價物須受預期信貸虧損模式所限，惟減值被評估為並不重大。

根據香港財務報告準則第9號，虧損撥備按以下其中一項基準計量：(1) 12個月預期信貸虧損：為於報告日後12個月內之可能違約事件產生之預期信貸虧損；及(2) 全期預期信貸虧損：為於金融工具預期年期內所有可能違約事件產生之預期信貸虧損。

預期信貸虧損之計量

預期信貸虧損乃基於根據合約應付合約現金流量與本集團預期收到之所有現金流量之間的差額。該差額其後按接近資產原實際利率貼現。

本集團選擇採用香港財務報告準則第9號之簡化方法計量應收賬款虧損撥備，並已根據全期預期信貸虧損計算預期信貸虧損。本集團已基於本集團歷史信貸虧損經驗制定撥備矩陣，並就債務人之特定前瞻性因素及經濟環境作出調整。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECL (Continued)

For other debt financial assets, the ECL are based on the 12-months ECL. The 12-months ECL is the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information. The Group’s debt investment at FVOCI are considered to have low credit risk since the issuers’ credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則－於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(ii) 金融資產之減值（續）

預期信貸虧損之計量（續）

就其他債務金融資產而言，預期信貸虧損乃基於12個月預期信貸虧損。12個月預期信貸虧損為金融工具於報告日後12個月內之可能違約事件產生之全期預期信貸虧損部分。然而，於自發放貸款起信貸風險大幅增加時，撥備將基於全期預期信貸虧損。於釐定金融資產之信貸風險是否自初步確認起大幅增加時，以及於估計預期信貸虧損時，本集團考慮相關且無需不必要成本或工作即可獲得之合理有據資料。此包括根據本集團歷史經驗及知情信貸評估之定量及定性資料及分析，包括前瞻性資料。由於發行人之信貸評級較高，本集團按公平值計入其他全面收入之債務投資被視為具有低信貸風險。

本集團假設金融資產之信貸風險於逾期超過30日時大幅增加。

本集團於以下情況下認為金融資產出現違約情況：(1) 借款人大可能向本集團全數支付其信貸責任，而本集團並無追索權進行變現抵押品（倘持有）等行動；或(2) 金融資產逾期超過90日。

估計預期信貸虧損時考慮之最長期間為本集團面臨信貸風險之最長合約期間。

預期信貸虧損之呈列

按攤銷成本計量之金融資產減值撥備於資產賬面總值內扣減。就按公平值計入其他全面收入之債務投資而言，虧損撥備於其他全面收入確認，而非扣減資產賬面值。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECL which adopts a life time ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(b) Impairment of debt investments

The Group’s debt investments are measured at amortised costs and are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months ECL.

(c) Impairment of due from clients and due from banks

The Group’s due from clients and due from banks except for precious metal are measured at amortised costs. ECL is determined by reference to the estimation of the exposure at default (“EAD”), probability of default (“PD”) as well as a loss given default (“LGD”). At the initial recognition, 12 months ECL (stage 1) would be considered resulting from the possible default event within next 12 months. Lifetime ECL (stage 2) would be considered resulting from the significant increase in credit risk on the balances. Lifetime ECL (stage 3) would be considered resulting from the occurrence of credit impaired on the balances.

(d) Impairment of other assets

Other assets at amortised cost of the Group includes dividend receivable from an associate, amounts due from an associate and related companies, other interest receivables and other receivables.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日起生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(ii) 金融資產之減值（續）

預期信貸虧損模式之影響

(a) 應收賬款之減值

誠如上文所述，本集團應用香港財務報告準則第9號之簡化方法計量預期信貸虧損，而其就所有應收賬款採用全期預期信貸虧損。為計量預期信貸虧損，應收賬款已根據共同信貸風險特徵及逾期日數進行分組。

(b) 債務投資的減值

本集團債務投資按攤銷成本計量，並被視為具有低信貸風險。因此，於期內確認之虧損撥備限於12個月預期信貸虧損。

(c) 應收客戶款項及應收銀行款項之減值

本集團應收客戶款項及應收銀行款項（貴金屬除外）按攤銷成本計量。預期信貸虧損乃經參考估計違約風險承擔（「違約風險承擔」）、違約或然率（「違約或然率」）及違約損失率（「違約損失率」）後釐定。在初步確認時，12個月預期信貸虧損（第1階段）將被視為在未來12個月內可能發生違約事件所致。全期預期信貸虧損（第2階段）將被視為因結餘信貸風險顯著增加所致。全期預期信貸虧損（第3階段）將被視為因結餘發生信貸減值所致。

(d) 其他資產之減值

本集團按攤銷成本列賬之其他資產包括應收一間聯營公司股息、應收一間聯營公司款項及應收關連公司款項、其他應收利息及其他應收款。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model (Continued)

As a result of the above change, the following table summarises the impact of the new HKFRS 9 impairment model results in additional expected credit losses as at 1 January 2018 as follows:

		HK\$'000 千港元
Loss allowance at 31 December 2017 under HKAS 39	根據香港會計準則第39號 於二零一七年十二月三十一日之虧損撥備	56,279
Recognition of additional expected credit losses on:	就以下項目確認額外預期信貸虧損：	
– Due from clients	– 應收客戶款項	3,335
– Due from banks	– 應收銀行款項	2,179
– Trade receivables	– 應收賬款	1,793
– Other financial assets at amortised cost	– 按攤銷成本列賬之其他金融資產	528
– Other assets	– 其他資產	5,313
Loss allowance at 1 January 2018 under HKFRS 9	根據香港財務報告準則第9號 於二零一八年一月一日之虧損撥備	69,427

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則－於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(ii) 金融資產之減值（續）

預期信貸虧損模式之影響（續）

由於上述變動，下表概述新香港財務報告準則第9號減值模式之影響導致於二零一八年一月一日產生額外預期信貸虧損如下：

(iii) 過渡

本集團已應用香港財務報告準則第9號之過渡條文，以使香港財務報告準則第9號獲一般採納而毋須重列比較資料。因此，新預期信貸虧損規則所引起之重新分類及調整並未於二零一七年十二月三十一日之綜合財務狀況表反映，惟已於二零一八年一月一日之綜合財務狀況表確認，意指採納香港財務報告準則第9號所導致金融資產與金融負債賬面值之差額於二零一八年一月一日之保留溢利及儲備確認。因此，二零一七年呈列的資料並不反映香港財務報告準則第9號之規定，而反映香港會計準則第39號之規定。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(A) HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(iii) Transition (Continued)

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the date of initial application of HKFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

(B) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect transition method. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (that is, 1 January 2018) if any. As a result, the financial information presented for 2017 has not been restated.

HKFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The management of the Group has assessed the impacts of adopting HKFRS 15 on its consolidated financial statements and considered there is no significant impact on the Group’s revenue recognition policy.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(A) 香港財務報告準則第9號金融工具（「香港財務報告準則第9號」）（續）

(iii) 過渡（續）

以下評估乃根據香港財務報告準則第9號之首次應用日期存在之事實及情況作出：

- 釐定持有金融資產之業務模式；
- 指定及撤銷過往指定若干金融資產及金融負債為按公平值計入溢利或虧損；及
- 指定若干並非持作買賣之於股本投資的投資為按公平值計入其他全面收入。

倘於債務投資的投資於首次應用香港財務報告準則第9號日期時具有低信貸風險，則本集團已假設資產之信貸風險自其初步確認起並無大幅增加。

(B) 香港財務報告準則第15號與客戶訂立合約之收入

香港財務報告準則第15號取代香港會計準則第11號建築合約、香港會計準則第18號收入及相關詮釋。香港財務報告準則第15號已建立五步模式將與客戶訂立合約之收入入賬。根據香港財務報告準則第15號，收入按反映實體預期有權獲取向客戶轉讓貨品或服務所收取之代價金額確認。

本集團於採納香港財務報告準則第15號時採用累計影響過渡法。本集團已確認首次應用香港財務報告準則第15號之累計影響為對於首次應用日期（即二零一八年一月一日）之期初保留溢利結餘（如有）之調整。因此，二零一七年呈列的資料並無重列。

香港財務報告準則第15號規定實體於應用模式各步驟於與客戶訂立合約時經考慮所有相關事實及情況後作出判斷。本集團管理層已評估採納香港財務報告準則第15號對其綜合財務報表之影響，且認為對本集團收入確認政策並無造成重大影響。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(B) HKFRS 15 Revenue from Contracts with Customers (Continued)

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customers and there is no unfulfilling performance obligation after the acceptance of the goods. Service fees and commission income are recognised at a point in time basis when the relevant services provided to the customers and there is no unfulfilling performance obligation after the services rendering. Revenue from custody account service and asset management service is recognised over time so as to depict the pattern of delivery of services.

Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset. No contract asset is recognised upon transition. If the Group does not satisfied any performance obligation but the Group has an unconditional right to consideration, the Group should recognised contract liabilities. No contract liabilities is recognised upon transition.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no significant impact on these consolidated financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(B) 香港財務報告準則第15號與客戶訂立合約之收入（續）

貨品銷售收入於貨品控制權已轉移至客戶且於貨品獲接受後並無尚未履行履約責任之某一時間點確認。服務費及佣金收入於向客戶提供相關服務且於提供服務後並無尚未履行履約責任之某一時間點確認。託管賬戶服務及資產管理服務收入隨時間確認，以描述提供服務之模式。

於採納香港財務報告準則第15號後，倘本集團完成任何履約責任但並無收取代價之無條件權利，則本集團應確認合約資產。於過渡時概無確認合約資產。倘本集團並無完成任何履約責任但本集團擁有收取代價之無條件權利，則本集團應確認合約負債。於過渡時概無確認合約負債。

香港財務報告準則第15號之修訂—與客戶訂立合約之收入（對香港財務報告準則第15號之澄清）

香港財務報告準則第15號之修訂包括澄清對履行責任之識別；應用委託人或代理人；知識產權許可；及過渡規定。

由於本集團先前並無採納香港財務報告準則第15號並首次於本年度採納該等澄清，故採納該等修訂對該等綜合財務報表並無重大影響。

香港會計準則第40號之修訂，投資物業—轉撥投資物業

該修訂澄清投資物業轉入及轉出均必須存在用途改變，並就釐定用途有否改變提供指引。該澄清述明，倘物業符合或不再符合投資物業之定義及有憑證證明用途改變，則出現用途改變。

該修訂亦將該準則中之憑證清單重新定性為非詳盡清單，因此，其他形式之憑證亦可證明轉撥。

由於澄清後的處理與本集團先前評估轉撥的方式一致，故採納該等修訂對該等綜合財務報表並無影響。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

Changes in accounting policies (Continued)

(B) HKFRS 15 Revenue from Contracts with Customers (Continued)

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of this interpretation has no impact on the consolidated financial statements as the Group has not paid or received advance consideration in a foreign currency.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRS 16	Leases ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2020

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(a) 採納新訂或經修訂香港財務報告準則—於二零一八年一月一日生效（續）

會計政策變動（續）

(B) 香港財務報告準則第15號與客戶訂立合約之收入（續）

香港（國際財務報告詮釋委員會）—詮釋第22號—外匯交易及預付代價

該詮釋就如何為釐定用於涉及以外幣支付或收取預付代價之交易之匯率而釐定交易日期，以及如何確認非貨幣資產或非貨幣負債提供指引。該詮釋明確指出，釐定首次確認相關資產、開支或收入（或當中部分）所用匯率之交易日期為實體首次確認支付或收取預付代價所產生非貨幣資產或非貨幣負債之日。

由於本集團並無以外幣支付或收取墊款代價，故採納此詮釋對綜合財務報表並無影響。

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則

下列可能與本集團綜合財務報表有關之新訂或經修訂香港財務報告準則已頒佈但尚未生效，亦未獲本集團提早採納。

香港財務報告準則第16號	租賃 ¹
香港會計準則第1號及香港會計準則第8號之修訂	重大之定義 ²
香港（國際財務報告詮釋委員會）—詮釋第23號	所得稅處理之不確定因素 ¹
香港財務報告準則第9號之修訂	具有負補償之預付特性 ¹
香港會計準則第28號之修訂	於聯營公司及合營企業之長期權益 ¹
香港財務報告準則二零一五年至二零一七年期之年度改進	香港財務報告準則第3號之修訂，業務合併 ¹
香港財務報告準則二零一五年至二零一七年期之年度改進	香港財務報告準則第11號之修訂，合營安排 ¹
香港財務報告準則二零一五年至二零一七年期之年度改進	香港會計準則第12號之修訂，所得稅 ¹
香港財務報告準則二零一五年至二零一七年期之年度改進	香港會計準則第23號修訂本，借貸成本 ¹
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之資產出售或注資 ³

¹ 於二零一九年一月一日或之後開始之年度期間生效

² 於二零二零年一月一日或之後開始之年度期間生效

³ 該等修訂原訂於二零一七年一月一日或之後開始之期間生效。生效日期現已延遲／刪除。有關修訂繼續獲允許提前應用。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group may be required to recognise a right-of-use assets and corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result in change in measurement, presentation and disclosure as indicated above. The Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Group completes the review.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$112,456,000. HKAS17 does not require the recognition of any right-of-use assets and liabilities for future payments for these leases; instead, certain information is disclosed as operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS16, and hence the Group may be required to recognise a right-of-use assets and corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS16.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則（續）

香港財務報告準則第16號 – 租賃

香港財務報告準則第16號由生效當日起將取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就為期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認使用權資產（表示其有權使用相關租賃資產）及租賃負債（表示其有責任支付租賃付款）。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，以於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或並無行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人會計處理顯著不同，後者適用於根據舊準則香港會計準則第17號分類為經營租賃之租賃。

就出租人會計處理而言，香港財務報告準則第16號大致繼承香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並對兩類租賃進行不同之會計處理。

初步評估顯示該等安排將符合根據香港財務報告準則第16號項下租賃之定義，因此，一經採納香港財務報告準則第16號，除非該等租賃僅構成低價值或短期租賃外，本集團或須確認有關此等租賃之資產使用權及相關負債。此外，應用新要求或會更改上述計量、呈列及披露。本集團現時正評估其潛在影響。直至本集團完成審閱前，就財務影響提供合理估計並不實際。

於二零一八年十二月三十一日，本集團擁有不可撤銷經營租賃承擔112,456,000港元。香港會計準則第17號並無規定確認該等租賃的未來付款的任何使用權資產及負債，反之，若干資料披露作經營租賃承擔。初步評估顯示該等安排將符合香港財務報告準則第16號項下租賃之定義，故此本集團可能被要求就所有該等租賃確認使用權資產及相關負債，除非應用香港財務報告準則第16號後符合資格為低價值或短期租賃。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments clarify that, in assessing whether an information could reasonably be expected to influence decisions of the primary users, an entity must consider the characteristics of those users as well as its own circumstances.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests (“LTI”) in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則（續）

香港會計準則第1號及香港會計準則第8號之修訂－重大之定義

該等修訂澄清，重大與否將視乎資料之性質或數量而定。實體需要評估有關資料（不論屬於獨立或與其他資料合併）就財務報表而言是否重大。倘錯誤陳述資料可合理地預期會對主要使用者作出之決策造成影響，則有關資料屬於重大。

該等修訂澄清，於評估資料是否合理地預期會對主要使用者作出之決策造成影響時，實體必須考慮有關使用者之特質及其自身狀況。

香港（國際財務報告詮釋委員會）－詮釋第23號－所得稅處理之不確定因素

該詮釋透過就如何反映所得稅會計處理涉及之不確定性因素之影響提供指引，為香港會計準則第12號所得稅之規定提供支持。

根據該詮釋，實體須釐定分開或集中考慮各項不確定稅項處理，以更準確預測不確定性因素之解決方法。實體亦須假設稅務機關將會查驗其有權查驗之金額，並在作出上述查驗時全面知悉所有相關資料。如實體釐定稅務機關可能會接受一項不確定稅項處理，則實體應按與其稅務申報相同方式計量即期及遞延稅項。倘實體釐定稅務機關不可能會接受一項不確定稅項處理，則採用「最可能金額」或「預期值」兩個方法中能更準確預測不確定性因素解決方式之方法，以反映釐定稅項涉及之不確定性因素。

香港財務報告準則第9號之修訂－具有負補償之預付特性

該等修訂澄清，如符合特定條件，附帶負補償之可預付金融資產可按攤銷成本或按公平值計入其他全面收入之方式計量，而非按公平值計入溢利或虧損之方式計量。

香港會計準則第28號之修訂－於聯營公司及合營企業之長期權益

該修訂澄清香港財務報告準則第9號應用於構成於聯營公司或合營企業之投資淨額一部分的於聯營公司或合營企業之長期權益（「長期權益」），並規定香港財務報告準則第9號先於香港會計準則第28號減值虧損指引應用於該等長期權益。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則（續）

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－香港財務報告準則第3號之修訂，業務合併

根據年度改進過程頒佈之該等修訂對現時並不明確之多項準則作出微細及非急切修改。其中包括對香港財務報告準則第3號之修訂，釐清當於業務的一名聯合經營者取得聯合經營的控制權時，則該業務合併已初步達成，故此先前持有之股權應重新計量為其收購日期之公平值。

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－香港財務報告準則第11號之修訂，合營安排

根據年度改進過程頒佈之該等修訂對現時並不明確之多項準則作出微細及非急切修改。其中包括對香港財務報告準則第11號之修訂，釐清於參與（但並非擁有共同控制權）為一項業務的聯合經營的一方隨後取得聯合經營之共同控制權時，先前持有之股權不得重新計量至其收購日期之公平值。

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－香港會計準則第12號之修訂，所得稅

根據年度改進過程頒佈之該等修訂對現時並不明確之多項準則作出微細及非急切修改。其中包括對香港會計準則第12號之修訂，釐清股息之所有所得稅後果與產生可分派溢利之交易採取一致的方式於溢利或虧損、其他全面收入或直接於權益內確認。

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－香港會計準則第23號之修訂，借貸成本

根據年度改進過程頒佈之該等修訂對現時並不明確之多項準則作出微細及非急切修改。其中包括對香港會計準則第23號之修訂，釐清為取得合資格資產而專門作出之借貸，於相關合資格資產可用於其擬定用途或進行銷售時仍未償還，則該借貸將成為該實體一般所借資金的一部分並因此計入一般資產池內。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group is in the progress of making assessments of the potential impact of these new or revised HKFRSs upon initial application.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the HKICPA. The consolidated financial statements also included the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3.2 Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties and certain financial instruments, which are measured at fair value. The adoption of new or revised HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparing these consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The Company’s financial statements have been prepared on a going concern basis though the Company was in a net current liability position of HK\$696,822,000 as at 31 December 2018. The directors are of the opinion, after considering the distribution of profits available from its subsidiaries when necessary, that the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements and the Company can be operated as a going concern for the next twelve months.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則（續）

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之資產出售或注資

該等修訂釐清實體向其聯營公司或合營企業出售或注入資產時將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易不涉及構成一項業務資產，則僅須就無關投資者於合營企業或聯營公司之權益確認收益或虧損。

本集團正在評估於初步採納該等新訂或經修訂香港財務報告準則之潛在影響。

3. 編製基準

3.1 合規聲明

綜合財務報表乃根據香港會計師公會頒佈之所有適用個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（以下統稱「香港財務報告準則」）編製。綜合財務報表亦包括香港公司條例及香港聯合交易所有限公司證券上市規則（「上市規則」）之披露規定。

3.2 計量基準

綜合財務報表乃根據歷史成本法編製，惟投資物業及若干金融工具則按公平值計量。採納新訂或經修訂香港財務報告準則及其對本集團綜合財務報表之影響（如有）於附註2披露。

務請注意，在編製該等綜合財務報表時會採用會計估計及假設。儘管管理層就當時之事項及行動之最佳認知及判斷作出此等估計，惟實際結果最終或會與該等估計存有差異。

儘管本公司於二零一八年十二月三十一日的流動負債淨額為696,822,000港元，惟本公司的財務報表乃按持續經營基準編製。經考慮於必要時自本公司附屬公司獲取可供分派溢利後，董事認為，本公司將擁有足夠的現金資源應付其未來的營運資金及其他財務需求，而本公司可於未來十二個月按持續經營基準經營。

3.3 功能及呈列貨幣

綜合財務報表以本公司功能貨幣港元（「港元」）呈列，除另有指明外，所有金額均已約整至最接近千位數（「千港元」）。

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest 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 is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. 主要會計政策

4.1 業務合併及綜合基準

綜合財務報表包括本公司及其附屬公司之財務報表。集團內公司間交易及結餘連同未變現溢利於編製綜合財務報表時全數對銷。未變現虧損亦可對銷，惟有關交易可證明所轉讓資產出現減值除外，於該情況下，虧損於溢利或虧損確認。

年內所收購或出售附屬公司之業績自收購生效日期起或直至出售生效日期為止（視適用情況而定）計入綜合全面收入表。倘有必要，將對附屬公司之財務報表作出調整，以令其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務採用收購法列賬。一項收購之成本乃按所轉讓資產、所產生負債及本集團（作為收購方）發行之股權於收購當日之公平值總額計量。所收購可識別資產及所承擔負債則主要按收購當日公平值計量。本集團先前所持被收購方之股權以收購當日公平值重新計量，而所產生之收益或虧損則於溢利或虧損內確認。本集團可按逐筆交易基準選擇以被收購方之可識別資產淨值公平值或應佔比例計算代表於該附屬公司現有擁有權益之非控股權益。除香港財務報告準則規定須使用另一計量基準外，所有其他非控股權益均按公平值計量。所產生之收購相關成本列作開支，惟於發行股本工具時產生之成本除外，在此情況下，成本於權益中扣除。

收購方將予轉讓之任何或然代價均按收購日期之公平值確認。倘其後代價調整僅於計量期間（最長為自收購日期起計12個月）內取得有關收購日期公平值新資料時產生，則於商譽確認。分類為資產或負債之或然代價所有其他其後調整均於溢利或虧損中確認。

收購日期為二零一零年一月一日（即本集團首次應用香港財務報告準則第3號（二零零八年）之日）前之業務合併所產生之或然代價結餘，已根據該準則之過渡規定入賬。有關結餘於首次應用該準則時並未作出調整。其後對有關代價估計之修訂被視為對該等業務合併成本之調整，並確認為商譽之一部分。

本集團於附屬公司之權益變動（並無導致失去控制權）列作權益交易入賬。本集團之權益與非控股權益之賬面值均予以調整，以反映其於附屬公司之相對權益變動。非控股權益之調整金額與已支付或收取代價公平值之間之任何差額，均直接於權益中確認，並歸屬於本公司擁有人。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Business combination and basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests is the amount of those interests at initial recognition plus such non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

4.3 Structured entities

The collective investment instruments of the Group are structured entities as defined under HKFRS 12. If the Group operates such an investment instrument acting as an agent primarily in the interests of investors, this structured entity is not consolidated. Investments in such investment instruments held by the Group are recognised as financial instruments. If the Group acts as principal primarily in its own interests, the investment instrument is consolidated.

4.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

4. 主要會計政策 (續)

4.1 業務合併及綜合基準 (續)

倘本集團失去附屬公司之控制權，出售溢利或虧損乃按下列兩者之差額計算：(i) 所收取代價之公平值與任何保留權益之公平值總額，與(ii) 該附屬公司之資產（包括商譽）及負債與任何非控股權益過往之賬面值。先前就該附屬公司於其他全面收入確認之款額按出售相關資產或負債時所規定之相同方式列賬。

收購後，代表現有擁有權益之非控股權益賬面值為該等權益於初步確認時之款額另加有關非控股權益應佔權益其後變動之部分。即使會導致非控股權益出現虧絀結餘，全面收入總額仍歸屬於有關非控股權益。

4.2 附屬公司

附屬公司指本公司可對其行使控制權之被投資方。倘下列三項因素全部存在，則本公司控制被投資方：對被投資方擁有權力、就被投資方可變回報承受風險或享有權利及能夠運用其權力影響該等可變回報。當事實及情況顯示任何該等控制權因素可能發生變動，則會重新評估控制權。

於本公司之財務狀況表中，於附屬公司之投資按成本減任何減值虧損（如有）列賬。本公司按已收或應收股息將附屬公司業績入賬。

4.3 結構實體

本集團集體投資工具為香港財務報告準則第12號所界定之結構實體。倘本集團主要為投資者之利益充當代理人經營該投資工具，則本結構實體不予綜合入賬。本集團持有於該投資工具之投資確認為金融工具。倘本集團主要為其自身利益作為當事人行事，則投資工具綜合入賬。

4.4 聯營公司

聯營公司為本集團可對其行使重大影響力，且並非附屬公司或共同安排之實體。重大影響力指參與被投資方之財務及經營政策決定，但並非對該等政策實施控制或共同控制之權力。

本集團以權益會計法將聯營公司入賬，初步按成本確認，其後按本集團應佔聯營公司之資產淨值於收購後之變動調整其賬面值。惟數額超出本集團於聯營公司權益之虧損不予確認，除非本集團有責任彌補該等虧損。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Associates (Continued)

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets. Accounting policies on impairment of interests in associates are described in note 4.7 below.

4.5 Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. 主要會計政策(續)

4.4 聯營公司(續)

本集團與其聯營公司之間進行交易產生之溢利或虧損僅以聯營公司之無關投資者權益確認。投資者因進行該等交易而分佔聯營公司之溢利及虧損與聯營公司賬面值對銷。當未變現虧損有證據顯示已轉讓資產減值，則即時於溢利或虧損確認。

任何就聯營公司支付之溢價高於本集團應佔所收購可識別資產、負債及或然負債公平值之差額會撥充資本，並於聯營公司賬面值入賬。倘有客觀證據表明於聯營公司之投資已減值，則有關投資賬面值按與其他非金融資產相同之方式測試減值。有關於聯營公司權益減值之會計政策載於下文附註4.7。

4.5 合營安排

倘合約安排賦予本集團及至少一名其他訂約方對安排之相關活動之共同控制權時，則本集團為合營安排之訂約方。共同控制權乃根據與附屬公司控制權之相同原則予以評估。

本集團將其於合營安排之權益分類為：

- 合營企業：本集團僅對合營安排之資產淨值擁有權利；或
- 合營業務：本集團對合營安排之資產擁有權利並有責任承擔合營安排之負債。

評估於合營安排之權益之分類時，本集團會考慮：

- 合營安排之結構；
- 透過獨立工具組織之合營安排之法律形式；
- 合營安排協議之合約條款；及
- 任何其他事實及情況(包括任何其他合約安排)。

任何就合營企業投資支付之溢價高於本集團應佔所收購可識別資產、負債及或然負債公平值之差額會撥充資本，並於合營企業投資賬面值入賬。倘有客觀證據表明於合營企業之投資已減值，則有關投資賬面值按與其他非金融資產相同之方式測試減值。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired. The consideration transferred is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units that are expected to benefit from the synergies of the acquisition. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash generating unit ("CGU") to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.7 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid land lease payments;
- intangible assets; and
- interests in subsidiaries, associates and joint ventures.

4. 主要會計政策 (續)

4.6 商譽

商譽初始按成本確認，即所轉讓代價與就非控制權益確認之款項總額超出所收購可識別資產、負債及或然負債公平值之部分。轉讓代價按本集團於交換日期所給予資產、所招致或所承擔負債及所發行股本工具之合計公平值計量。

倘可識別資產、負債及或然負債之公平值高於所付代價之公平值，收購中任何非控股權益之金額及收購方先前持有之收購股權於收購當日之公平值，則超出部分於重估後在收購日期之溢利或虧損中確認。

商譽按成本扣除累計減值虧損計量。就減值測試而言，收購產生之商譽分配至預期會受惠於收購協同效益之各相關現金產生單位。現金產生單位為資產之最小可識別組別，該組別產生之現金流入在很大程度上獨立於其他資產或資產組別之現金流入。獲分配商譽之現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值測試。

於某個財政年度之收購所產生之商譽而言，獲分配商譽之現金產生單位（「現金產生單位」）於該財政年度完結前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值，則會先分配減值虧損以減少該單位獲分配之任何商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。然而，分配至各資產之虧損不會將個人資產賬面值減至低於其公平值減出售成本（如可計量）或其使用價值（如可釐定），以較高者為準。商譽之任何減值虧損於溢利或虧損內確認，於往後期間不予撥回。

4.7 非金融資產減值

於各報告期末，本集團審閱下列資產之賬面值以釐定是否有任何跡象顯示該等資產出現減值虧損或過往確認之減值虧損不再出現或可能已有所減少：

- 物業、廠房及設備；
- 預付土地租賃款項；
- 無形資產；及
- 於附屬公司、聯營公司及合營企業之權益。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Impairment of non-financial assets (Continued)

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

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

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (note 4.6), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4.8 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

4. 主要會計政策 (續)

4.7 非金融資產減值 (續)

倘預計資產之可收回金額(即公平值減出售成本與使用價值之較高者)低於其賬面值,則該資產之賬面值將減至其可收回金額。減值虧損即時於溢利或虧損中確認,除非相關資產根據另一香港財務報告準則以重估金額計值,在此情況下,減值虧損則根據該香港財務報告準則被視為重估減少。

當減值虧損於其後撥回,該資產之賬面值乃增加至其可收回金額修訂後之估計數額,惟增加之賬面值不可超出於過往年度未就該資產確認減值虧損原應釐定之賬面值。減值虧損撥回即時於溢利或虧損中確認。

使用價值乃基於預期從該資產或現金產生單位(附註4.6)產生之估計未來現金流量,採用反映貨幣時間價值及該資產或現金產生單位特定風險之當前市場評估之稅前貼現率而貼現至現值。

4.8 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) 為本集團或本公司母公司之主要管理層成員。

(b) 倘符合下列任何條件,即實體與本集團有關連:

- (i) 實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
- (ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
- (iii) 兩間實體均為同一第三方之合營企業。
- (iv) 一間實體為第三方實體之合營企業,而另一實體為該第三方實體之聯營公司。
- (v) 實體為本集團或與本集團有關連之實體就僱員福利設立之離職福利計劃。
- (vi) 實體受(a)項所識別人士控制或共同控制。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Related parties (Continued) (b) (Continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4.9 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the buildings could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment, other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any identified impairment.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

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

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Land and buildings	Over the terms of the leases or estimated useful lives, ranging between 10 years and 50 years, whichever is shorter
Leasehold improvements	Over the terms of the leases, or estimated useful life of 5 years, whichever is shorter
Plant and machinery	6% to 20%
Furniture, fixtures and office equipment	6% to 50%
Motor vehicles	9% to 30%

4. 主要會計政策 (續)

4.8 關連人士 (續) (b) (續)

- (vii) 於(a)(i)項所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員。
- (viii) 實體或其所屬集團之任何成員公司向本集團或本集團母公司提供主要管理人員服務。

某一人士之近親指預期可影響該人士與實體進行買賣或於買賣時受該人士影響之有關家屬成員，並包括：

- (i) 該名人士之子女及配偶或家庭夥伴；
- (ii) 該名人士之配偶或家庭夥伴之子女；及
- (iii) 該名人士或該名人士之配偶或家庭夥伴之受養人。

4.9 物業、廠房及設備

於租賃土地上持作自用之樓宇，倘其公平值可與租約開始時租賃土地之公平值分開計算，則連同其他廠房及設備項目(在建工程(「在建工程」)除外)按收購成本減累計折舊及任何可識別減值後列賬。

資產成本包括其購買價及任何使其投入擬定用途之運作狀況及地點之直接應佔成本。

其後成本僅在項目相關之未來經濟利益可能流入本集團及能夠可靠計量項目成本時，在適當情況下入賬資產賬面值或確認為獨立資產。重置部分之賬面值取消確認。所有其他維修及保養成本，均於產生年度於溢利或虧損確認為開支。

折舊按估計可使用年期以直線法撇銷成本減估計剩餘價值計算，年率如下：

土地及樓宇	租賃年期或估計可使用年期(一般介乎10年至50年間)，以較短者為準
租賃物業裝修	租賃年期或估計可使用年期5年，以較短者為準
廠房及機器	6%至20%
傢具、裝置及辦公室設備	6%至50%
汽車	9%至30%

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Property, plant and equipment (Continued)

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

CIP, which mainly represents renovation work on buildings and installation of machinery, is stated at cost less any impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of CIP until it is completed and ready for its intended use.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.10 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either change in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

4.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) The Group as lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the year in which they are incurred.

4. 主要會計政策 (續)

4.9 物業、廠房及設備 (續)

資產估計可使用年期、估計剩餘價值及折舊方法於各報告期末檢討及視適當情況調整。

在建工程主要指樓宇翻新工程以及機器安裝，按成本減任何減值虧損列賬。成本包括於建造、安裝及測試期間產生之直接成本。當使資產投入擬定用途所必須之絕大部分準備工作完成時，在建工程會重新分類至物業、廠房及設備之適當組別。在建工程於完成及準備作擬定用途前，毋須計提折舊撥備。

廢棄或出售時所產生之收益或虧損按銷售所得款項淨額與資產賬面值之差額釐定，並於溢利或虧損確認。

4.10 投資物業

投資物業指就賺取租金收入及／或資本增值而擁有或以租賃權益持有之土地及／或樓宇。

倘本集團以經營租約持有物業權益以賺取租金收入及／或為了資本增值，有關權益會以每項物業為基準分類及入賬為投資物業。任何分類為投資物業之有關物業權益會按以融資租賃持有者入賬。

於初步確認時，投資物業按成本計量，包括任何直接應佔開支。於初步確認後，投資物業按公平值列賬。公平值由具足夠資歷之外聘專業估值師就投資物業之所在地及性質釐定。於綜合財務狀況表確認之賬面值反映於報告日之當時市況。

投資物業公平值變動或銷售產生之收益或虧損於產生期間計入溢利或虧損。

4.11 租約

倘本集團釐定有關安排於協定期內將特定資產使用權出讓以換取一筆或一連串付款，則包含一項交易或連串交易之安排則屬於或包括一項租約。該項釐定乃基於安排內容之評估而作出，而不論該項安排是否採取租約之法律形式。

(i) 本集團作為承租人

擁有權絕大部分風險及回報並無轉移至本集團之租約分類為經營租約。倘若本集團以經營租約持有資產使用權，根據租約作出之付款將於租期內採用直線法自溢利或虧損扣除，惟倘有另一種更能反映租賃資產衍生利益之時間模式之基準除外。所獲租賃減免在溢利或虧損確認為已付淨租金總額一部分。或然租金將於其產生之年度自溢利或虧損扣除。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Leases (Continued)

(i) *The Group as lessee (Continued)*

Where the Group acquires the use of assets under finance lease, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Subsequent accounting for assets under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals charged to profit or loss in the accounting period in which they are incurred.

(ii) *The Group as lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

Rental income receivable from operating leases is recognised in profit or loss on the straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) *Prepaid land lease payments*

Prepaid land lease payments are up-front payments to acquire the long-term interests in usage of land on which the buildings are situated. These payments are stated at cost less accumulated amortisation and any impairment loss. Amortisation is calculated using straight-line method over the respective lease terms.

4.12 Intangible assets

(i) *Acquired intangible assets*

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Supplier and distribution networks	10 years
Brand names	10 years
Patents	10 years

Intangible assets with indefinite useful lives shall not be amortised.

4. 主要會計政策 (續)

4.11 租約 (續)

(i) *本集團作為承租人 (續)*

本集團以融資租賃收購資產之使用權，則代表租賃資產公平值款額或(如為較低者)該資產最低租賃付款之現值計入固定資產，而相關負債(扣除融資費用)入賬列作融資租賃承擔。根據融資租賃協議持有之資產後續會計處理與類似購入資產所應用者相一致。相應融資租賃負債會按租賃付款減融資費用扣除。

租賃付款內含之融資費用在租賃期扣自溢利或虧損，使各會計期間之融資費用佔承擔餘額比率大致相同。或然租金將於其產生之會計期間自溢利或虧損扣除。

(ii) *本集團作為出租人*

經營租約項下之出租資產根據資產之性質計量及呈列。於協商及安排經營租約時所產生之初步直接成本計入租賃資產之賬面值，並於租期內以與租金收入相同之基準確認為開支。

來自經營租約之應收租金收入於租賃期間按直線法於溢利或虧損確認，除非有其他基準更能反映來自使用租賃資產利益之模式。所獲租賃減免在溢利或虧損確認為應收淨租金總額之一部分。或然租金在其賺取之會計期間確認為收入。

(iii) *預付土地租賃款項*

預付土地租賃款項為收購樓宇所在土地使用長期權益支付之首筆付款。該等付款按成本減累計攤銷及任何減值虧損列賬。攤銷採用直線法於相關租賃期內計算。

4.12 無形資產

(i) *已收購無形資產*

獨立收購之無形資產初步以成本確認。於業務合併中收購之無形資產成本為收購日期之公平值。其後，可使用年期有限之無形資產以成本減累計攤銷及累計減值虧損列賬。

攤銷按直線法於以下可使用年期作出撥備。具無限可使用年期之無形資產按成本減任何累計減值虧損列賬。攤銷費用於溢利或虧損確認。

供應商及分銷網絡	10年
品牌名稱	10年
專利權	10年

具無限可使用年期之無形資產毋須作攤銷。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Intangible assets (Continued)

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Impairment

Intangible assets with definite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (note 4.7).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

4. 主要會計政策(續)

4.12 無形資產(續)

(ii) 內部產生之無形資產(研發成本)

內部開發產品之支出如能夠證實以下各項，則可撥充資本：

- 開發產品以供出售在技術上可行；
- 具備足夠資源以完成開發；
- 有意完成及銷售該產品；
- 本集團有能力銷售該產品；
- 銷售該產品將帶來未來經濟利益；及
- 有關項目之開支能夠可靠計量。

已撥充資本之開發成本於本集團預期將取得銷售所開發產品之利益期間攤銷。攤銷費用於溢利或虧損中確認。

不符合上述標準之開發支出及內部項目在研究階段之支出於產生時在溢利或虧損中確認。

(iii) 減值

當有跡象顯示資產可能減值時，具有限可使用年期之無形資產將作減值測試。具無限可使用年期之無形資產及尚未可使用之無形資產會每年進行減值測試，不論是否有跡象顯示該等資產可能減值。無形資產透過比較其賬面值與其可收回金額進行減值測試(附註4.7)。

當資產之估計可收回金額少於賬面值時，該資產之賬面值將調低至其可收回金額。

減值虧損會即時確認為開支。

倘其後撥回減值虧損，則資產之賬面值會增至其修訂後之估計可收回金額；然而，賬面值不得增至超過其可收回金額與假設該資產於過往年度並無確認減值虧損而可能產生之賬面值兩者中之較低者。所有撥回即時於溢利或虧損確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

Debt instruments

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

4. 主要會計政策 (續)

4.13A 金融工具 (自二零一八年一月一日起應用之會計政策)

(i) 金融資產

金融資產 (並無重大融資部分的應收賬款除外) 初步按公平值加上 (倘項目並非按公平值計入溢利或虧損 (「按公平值計入溢利或虧損」)) 其收購或發行直接應佔交易成本計量。並無重大融資部分的應收賬款初步按交易價格計量。

所有按常規方式買賣的金融資產均於交易日 (即本集團承諾購買或出售該資產的日期) 確認。常規方式買賣指按一般市場規例或規定須於指定期間內交付資產的金融資產買賣。

於確定其現金流量是否僅為本金及利息付款時會全面考慮附帶嵌入式衍生工具的金融資產。

債務工具

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

攤銷成本：倘為收取合約現金流量而持有的資產的現金流量僅為本金及利息付款，則該等資產按攤銷成本計量。按攤銷成本計量的金融資產其後採用實際利率法計量。利息收入、外匯收益及虧損以及減值於溢利或虧損確認。終止確認的任何收益於溢利或虧損確認。

按公平值計入其他全面收入 (「按公平值計入其他全面收入」)：倘為收取合約現金流量及出售金融資產而持有的資產的現金流量僅為本金及利息付款，則該等資產按公平值計入其他全面收入計量。按公平值計入其他全面收入的債務投資其後按公平值計量。採用實際利率法計算的利息收入、外匯收益及虧損以及減值於溢利或虧損確認。其他收益及虧損淨額於其他全面收入確認。於其他全面收入累計的收益及虧損在終止確認時重新分類至溢利或虧損。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018) (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss on derecognition. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. 主要會計政策 (續)

4.13A 金融工具 (自二零一八年一月一日起應用之會計政策) (續)

(i) 金融資產 (續)

債務工具 (續)

按公平值計入溢利或虧損 (「按公平值計入溢利或虧損」): 按公平值計入溢利或虧損的金融資產包括持作買賣的金融資產、於初步確認時指定按公平值計入溢利或虧損的金融資產或強制要求按公平值計量的金融資產。倘為於近期出售或購回而收購金融資產, 則該等金融資產分類為持作買賣。衍生工具 (包括獨立嵌入式衍生工具) 亦分類為持作買賣, 惟該等衍生工具被指定為有效對沖工具則除外。現金流量並非純粹支付本金及利息的金融資產, 不論其業務模式如何, 均按公平值計入溢利或虧損分類及計量。儘管如上文所述債務工具可按攤銷成本或按公平值計入其他全面收入分類, 但於初始確認時, 倘能夠消除或顯著減少會計錯配, 則債務工具可指定為按公平值計入溢利或虧損。

股本工具

於初步確認並非持作買賣之股本投資時, 本集團可不可撤銷地選擇於其他全面收入呈列投資公平值之其後變動。該選擇乃按逐項投資進行。按公平值計入其他全面收入的股本投資按公平值計量。股息收入於溢利或虧損確認, 除非股息收入明確表示收回部分投資成本。終止確認時其他收益及虧損淨額於其他全面收入確認且不會重新分類至溢利或虧損。所有其他股本工具分類為按公平值計入溢利或虧損, 而因此產生的公平值、股息及利息收入變動於溢利或虧損確認。

(ii) 金融資產減值虧損

本集團就應收賬款、合約資產、按攤銷成本計量的金融資產及按公平值計入其他全面收入計量的債務投資的預期信貸虧損 (「預期信貸虧損」) 確認虧損撥備。預期信貸虧損將採用以下基準計量: (1) 12個月預期信貸虧損: 指報告日期後12個月內可能發生的違約事件而導致的預期信貸虧損; 及 (2) 全期預期信貸虧損: 指金融工具的預期年內所有可能發生的違約事件導致的預期信貸虧損。於估計預期信貸虧損時考慮的最長期限為本集團面臨的信貸風險的最長合約期限。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018) (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets at amortised cost or at FVOCI, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

For the due from clients and due from banks, except for precious metal, ECL is determined by reference to the estimation of the exposure at default ("EAD"), probability of default ("PD") as well as a loss given default ("LGD"). The 12-months and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. 主要會計政策(續)

4.13A 金融工具(自二零一八年一月一日起應用之會計政策)(續)

(ii) 金融資產減值虧損(續)

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損乃按根據合約應付本集團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計量。該差額其後按資產原有實際利率相近的差額貼現。

本集團已選用香港財務報告準則第9號簡化法將應收賬款之虧損撥備進行計量，並已根據全期預期信貸虧損計算預期信貸虧損。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

就其他按攤銷成本或按公平值計入其他全面收入計量之債務金融資產而言，預期信貸虧損乃基於12個月預期信貸虧損。然而，當信貸風險自發放貸款起大幅增加，撥備將以全期預期信貸虧損為基準。

就應收客戶款項及應收銀行款項(貴金屬除外)，預期信貸虧損乃參考違約風險承擔(「違約風險承擔」)、違約或然率(「違約或然率」)以及違約損失率(「違約損失率」)。12個月及全期違約或然率分別代表未來12個月內違約發生的概率以及該工具的剩餘期限。違約風險承擔指預期違約結餘，經計及自結算日起至違約事件連同任何預期根據承諾取用融資的本金及利息還款。違約損失率指因違約事件而產生的違約風險承擔預期虧損，乃經計及(其中包括)預期將會變現時抵押品價值的緩減作用及金錢的時間價值。

於釐定金融資產之信貸風險是否自首次確認起已大幅增加，並於估計預期信貸虧損時，本集團會考慮相關及毋須付出過多成本或努力即可獲得之合理及可靠資料。此包括根據本集團過往經驗及已知信貸評估之定量及定性資料及分析以及包括前瞻性資料。

本集團假設，倘逾期超過30日，金融資產之信貸風險會大幅增加。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018) (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

4. 主要會計政策(續)

4.13A 金融工具(自二零一八年一月一日起應用之會計政策)(續)

(ii) 金融資產減值虧損(續)

本集團認為金融資產於以下情況下屬信貸減值：(1) 借款人不大可能在本集團並無追索權採取行動(如變現抵押品)(如持有)的情況下向本集團悉數支付其信貸義務；或(2) 該金融資產逾期超過90日。

信貸減值金融資產的利息收入乃基於攤銷成本(即總賬面值減虧損撥備)計算。非信貸減值金融資產的利息收入乃基於總賬面值計算。

(iii) 金融負債

本集團根據負債產生的原因分類其金融負債。按公平值計入溢利或虧損的金融負債初始按公平值計量及按攤銷成本計量的金融負債初始按公平值計量，扣除產生的直接應佔成本。

按公平值計入溢利或虧損的金融負債

按公平值計入溢利或虧損的金融負債包括持作買賣的金融負債及於初始確認時指定按公平值計入溢利或虧損的金融負債。

倘收購金融負債的目的為於短期內出售，則彼等分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類持作買賣，除彼等指定為有效對沖工具除外。持作買賣負債的收益或虧損於溢利或虧損內確認。

倘一項合約包括一項或多項嵌入式衍生工具，則整份混合合約可指定為按公平值計入溢利或虧損的金融負債，除非該嵌入式衍生工具不會對現金流量產生重大改變，或明確禁止將嵌入式衍生工具分開列賬。

倘符合下列條件，金融負債或會於初始確認時被指定為按公平值計入溢利或虧損的負債：(i) 該項指定撇銷或大幅減低因按不同基準而計量負債或確認有關負債的收益或虧損而另行引起的不一致處理方法；(ii) 負債乃一組金融負債的一部分，而該等金融負債乃根據已明文規定的風險管理策略管理及按公平值評定表現；或(iii) 該金融負債包括嵌入式衍生工具須獨立記錄。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018) (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, borrowings, corporate bonds, subordinate debt and other financial liabilities issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in 4.13(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

4. 主要會計政策 (續)

4.13A 金融工具 (自二零一八年一月一日起應用之會計政策) (續)

(iii) 金融負債 (續)

按公平值計入溢利或虧損的金融負債 (續)

於初始確認後，按公平值計入溢利或虧損的金融負債乃按公平值計量，公平值變動於彼等產生的期間內於溢利或虧損確認，惟本集團擁有的於其他全面收入內呈報且其後不會重新分類至溢利或虧損表的信貸風險產生的收益及虧損除外。於溢利或虧損表內確認的公平值收益或虧損淨額並不包括就該等金融負債收取的任何利息。

按攤銷成本列賬的金融負債

按攤銷成本列賬的金融負債 (包括應付賬款、借貸、公司債券、次級債務及本集團發行的其他金融負債) 隨後使用實際利率法按攤銷成本計量。有關利息開支於溢利或虧損內確認。

終止確認負債及於攤銷過程中產生的收益或虧損於溢利或虧損內確認。

(iv) 實際利率法

實際利率法是計算金融資產或金融負債的攤銷成本以及於有關期間分配利息收入或利息開支的方法。實際利率為於金融資產或負債的預計年期或適用的較短期間內準確貼現估計未來現金收入或付款的利率。

(v) 股本工具

本公司發行的股本工具按所得款項扣除直接發行成本記賬。

(vi) 財務擔保合約

財務擔保合約乃規定發出人向持有人支付指定金額，以補償持有人由於指定欠債人未能根據債務工具原訂或經修訂條款於到期時付款而蒙受的損失。由本集團發出的並非指定為按公平值計入溢利或虧損的財務擔保合約初步按公平值減發出財務擔保合約直接產生的交易成本予以確認。初步確認後，本集團按以下各項較高者計量財務擔保合約：(i) 虧損撥備金額，即根據 4.13(ii) 所載會計政策原則計量的預期信貸虧損撥備；及 (ii) 初步確認金額減 (如適當) 根據香港財務報告準則第 15 號的原則確認的累計攤銷。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13A Financial instruments (accounting policies applied from 1 January 2018) (Continued)

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.13B Financial Instruments (accounting policies applied until 31 December 2017)

(i) Financial assets

The Group's financial assets are classified as trading portfolio investments, loans and receivables, available-for-sale financial assets, held-to-maturity investments and derivative financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash inflows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

4. 主要會計政策 (續)

4.13A 金融工具 (自二零一八年一月一日起應用之會計政策) (續)

(vii) 終止確認

凡收取金融資產所帶來的未來現金流量的合約權利屆滿，或金融資產經已轉讓，而轉讓符合香港財務報告準則第9號規定的終止確認準則，則本集團終止確認該金融資產。

當有關合約中訂明的責任獲解除、註銷或屆滿時，則會終止確認金融負債。

倘本集團因重新磋商負債條款而向債權人發行本身之股本工具以償付全部或部分金融負債，所發行之股本工具即所付代價，乃初步按有關金融負債 (或當中部分) 註銷當日之公平值確認及計量。倘已發行股本工具之公平值無法可靠計量，則股本工具按已註銷金融負債之公平值計量。已註銷金融負債 (或當中部分) 之賬面值與所付代價間之差額乃於年內在溢利或虧損確認。

4.13B 金融工具 (二零一七年十二月三十一日前應用之會計政策)

(i) 金融資產

本集團金融資產分類為交易組合投資、貸款及應收款、可供出售金融資產、持至到期投資及衍生金融資產。管理層視乎收購金融資產之目的，於初步確認時釐定其金融資產之分類，並於許可及適當情況下，於各報告期末重新評估其分類。

所有金融資產僅在本集團訂立工具合約條款時確認，日常方式買賣之金融資產於交易日期確認，即本集團承諾買賣資產之日期。金融資產初步確認時按公平值計量，如屬並非按公平值計入溢利或虧損之投資，則加上直接應佔之交易成本計量。

倘自投資收取現金流入之權利屆滿或被轉讓且絕大部分擁有權之風險及回報均已轉讓，則取消確認金融資產。

於各報告期末，金融資產將予進行檢討，以評估有否客觀證據顯示減值。倘出現任何該等證據，則會按該金融資產之分類釐定及確認減值虧損。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss mainly represent trading portfolio investments, which are mainly financial assets held for trading and they may be designated upon initial recognition as at fair value through profit or loss. They are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or
- the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's accounting policies in note 4.19.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees and costs that are an integral part of the effective interest rate and transaction cost.

4. 主要會計政策(續)

4.13B 金融工具(二零一七年十二月三十一日前應用之會計政策)(續)

(i) 金融資產(續)

(a) 按公平值計入溢利或虧損之金融資產

按公平值計入溢利或虧損之金融資產主要指交易組合投資，主要為持作買賣及初步確認時可能指定為按公平值計入溢利或虧損之金融資產。倘收購該等金融資產之目的為為了於短期內銷售，或該等金融資產屬共同管理且有證據顯示其近期模式屬短期獲利之已識別金融工具組合之其中一部分，則該等金融資產分類為持作買賣。

倘符合以下準則，金融資產則可於初步確認時指定作按公平值計入溢利或虧損：

- 有關指定能消除或大大減低因按照不同基準計量有關資產或確認其收益或虧損而出現之不一致處理情況；或
- 根據列明之風險管理策略，該等資產為一組受管理而其表現按公平值基準評估之金融資產之其中一部分，有關該組金融資產之資料按該基準提供予內部主要管理人員；或
- 有關金融資產包含需要分開記賬之嵌入式衍生工具。

初步確認後，計入此類別之金融資產按公平值計量，而公平值變動在溢利或虧損確認。公平值乃參考活躍市場交易釐定，倘無活躍市場則運用估值方法釐定。公平值收益或虧損並不包括就此等金融資產賺取之任何股息或利息。股息及利息收入根據附註4.19之本集團會計政策確認。

(b) 貸款及應收款

貸款及應收款為具固定或有待釐定付款金額而並無在活躍市場報價之非衍生金融資產。該等資產其後以實際利率法按攤銷成本減任何減值虧損計量。攤銷成本之計算經計及任何收購時產生之折讓或溢價，包括構成實際利率及交易成本之費用及成本。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(b) Loans and receivables (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(c) Available-for-sale financial assets

These include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the investment revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recycled to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

For available-for-sale investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

(d) Investments in convertible bonds

The component parts of the convertible instruments are classified separately as debt component and conversion option derivative.

At the date of acquisition of investments in convertible bonds, the initial value of the debt component is the residual value after separating out the initial fair value of conversion option component. In subsequent periods, the debt component of the convertible instruments is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the acquisition of the convertible investments are allocated to debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible instruments using the effective interest method.

4. 主要會計政策 (續)

4.13B 金融工具 (二零一七年十二月三十一日前應用之會計政策) (續)

(i) 金融資產 (續)

(b) 貸款及應收款 (續)

實際利率法是指計算金融資產或金融負債以及於相關期間分配利息收入或利息支出攤銷成本之方法。實際利率是將估計未來現金收入或付款透過金融資產或負債之預期年期或 (倘適用) 較短期間準確貼現之利率。

(c) 可供出售金融資產

當中包括並不符合資格歸類為任何其他金融資產類別之非衍生金融資產。

本類別內之所有金融資產其後以公平值計量。除減值虧損 (見下文政策) 及貨幣資產外匯收益及虧損外，公平值變動產生之收益或虧損 (不包括任何股息及利息收入) 於其他全面收入確認，並於權益之投資重估儲備獨立累計，直至有關金融資產取消確認為止，屆時以往於權益確認之累計收益或虧損將重新撥至溢利或虧損。使用實際利率法計算之利息於溢利或虧損確認。出售有關資產時，過往於權益確認之累計收益或虧損轉撥至溢利或虧損。

就並無在活躍市場報價且公平值不能可靠計量之可供出售股本證券投資以及與無報價股本工具掛鉤及必須透過支付該等工具結清之衍生工具而言，於初步確認後各報告期末，按成本減任何已識別減值虧損計量。

(d) 可換股債券投資

可換股工具之組成部分可獨立分類為債務部分及換股權衍生工具。

於收購可換股債券投資之日，債務部分之初步價值為剔除換股權部分之初步公平值後之剩餘價值。期後，可換股工具之債務部分乃使用實際利率法按攤銷成本列賬。換股權衍生工具乃按公平值計量，而公平值變動於溢利或虧損中確認。

有關收購可換股投資之交易成本乃按相關公平值分配至債務部分及衍生部分。有關衍生部分之交易成本會即時於溢利或虧損中支銷，而有關債務部分之交易成本則計入債務部分之賬面值，並使用實際利率法於可換股工具期內攤銷。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(e) Due from banks and clients

Balances due from banks and clients include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as at FVTPL;
- Those that the Group, upon initial recognition, designates as available-for-sale; or
- Those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts due from banks and clients are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. Therefore, the Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges). If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the profit or loss.

(f) Securities borrowing and lending transactions

Securities borrowing and lending transactions are backed by collateral. In such transactions, the Group lends or borrows securities against securities or cash deposits as collateral. The Group also borrows securities from the securities portfolios of individual clients. Shares and debt instruments are used for securities borrowing and lending operations. Securities received or delivered within the scope of securities borrowing or lending transactions are recognised or derecognised in the consolidated statement of financial position only if control over the contractual rights connected with the securities is transferred.

In securities lending operations, the cash deposit received is recognised under "cash and deposits" in the consolidated statement of financial position and a corresponding liability is recognised under "cash deposits for loaned securities".

In securities borrowing transactions, the cash deposit made is eliminated from the consolidated statement of financial position and a corresponding receivable is recognised.

4. 主要會計政策(續)

4.13B 金融工具(二零一七年十二月三十一日前應用之會計政策)(續)

(i) 金融資產(續)

(e) 應收銀行及客戶款項

應收銀行及客戶結餘包括於活躍市場並無報價之固定或可予釐定付款之非衍生金融資產，但不包括：

- 本集團擬立即或近期出售者及初步確認後，本集團指定為按公平值計入溢利或虧損者；
- 初步確認後，本集團指定為可供出售者；或
- 本集團可能無法收回其絕大部分初步投資者(因信貸情況惡化而無法收回者除外)。

初步計量後，應收銀行及客戶金額其後以實際利息法按攤銷成本減減值撥備計量。攤銷成本之計算經計及任何收購時產生之任何折讓或溢價以及構成實際利率不可或缺部分之費用及成本。因此，本集團按回報率確認利息收入，回報率指對預期貸款行為壽命之穩定回報率之最佳估計，因此確認不同利率於不同階段變動之潛在影響及產品生命週期之其他特徵(預付款項、罰金利息及費用)。倘修改預期，則利息收入增加或減少之調整於綜合財務狀況表之賬面值按正調整或負調整入賬。調整於其後透過利息及類似收入在溢利或虧損中攤銷。

(f) 證券借入及借出交易

證券借入及借出交易由抵押品作擔保。於該等交易中，本集團借出或借入證券，以證券或保證金作抵押品。本集團亦從個別客戶之證券組合中借入證券。股份及債務工具用於證券借入及借出業務。僅於已轉移證券相關合約權利之控制權時，證券借入或借出交易範圍內已收取或交付之證券方會於綜合財務狀況表確認或取消確認。

於證券借出業務中，已收保證金於綜合財務狀況表之「現金及存款」項下確認，而相應負債則於「借出證券之保證金」項下確認。

於證券借入交易中，已抵押之保證金從綜合財務狀況表撤銷，而相應應收款則獲確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.138 Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(g) Financial assets held/sold under resale/repurchase agreements

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the consolidated statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the consolidated statement of financial position.

The difference between the sale and repurchase consideration, and that between the purchase and resale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

(h) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment losses.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

4. 主要會計政策 (續)

4.138 金融工具 (二零一七年十二月三十一日前應用之會計政策) (續)

(i) 金融資產 (續)

(g) 返售/購回協議項下所持有/所出售之金融資產

返售協議項下所持有之金融資產為本集團根據轉售協議先買入再於未來日期按事先釐定之價格返售之金融資產交易。購回協議項下所出售之金融資產為本集團根據購回協議先賣出再於未來日期按事先釐定之價格購回之金融資產交易。

提前墊付或所收之現金於綜合財務狀況表按返售及購回協議項下所持有之金額確認。返售協議項下所持有之資產於表外作備查入賬。購回協議項下所出售之資產將持續於綜合財務狀況表內確認。

出售代價與購回代價之間之差額，及購買代價與返售代價之間之差額於各自交易期間以實際利率法攤銷並分別入賬為利息收入及利息開支。

(h) 持至到期投資

持至到期投資為具有固定或可釐定付款及固定到期日、且本集團具有持有至到期之明確計劃及能力之非衍生金融資產，但不包括(a)初步確認後，本集團指定為按公平值計入溢利或虧損者或可供出售者；及(b)符合貸款及應收款定義者。

持至到期投資以實際利率法按攤銷成本減任何減值虧損列賬。

倘由於計劃或能力變動，投資分類為持有至到期不再適當，則須重新分類為可供出售並重新計量公平值。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(i) Impairment of financial assets

At the end of each reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

- Due from banks and clients
At each reporting date, a credit assessment is made to see if there are objective indications that the contractually owed amount may not be recovered in full. If there are such indications, specific value adjustments for credit risks are made on these impaired loans. Specific value adjustments for credit risks are recognised in the consolidated statement of financial position as write-downs of the carrying amount of the loan in question. The value adjustment is measured on the basis of the difference between the carrying amount of the receivable and the prospective recoverable amount, discounted at the effective interest rate determined in the initial recognition in consideration of the net proceeds from the realisation of any collateral. Loans with variable interest rates are discounted at the effective interest rate. If there are changes with regard to the amount and the timing of expected future cash flows compared to previous estimates, the value adjustment for credit risks is adjusted and recognised in profit or loss.

4. 主要會計政策(續)

4.13B 金融工具(二零一七年十二月三十一日前應用之會計政策)(續)

(i) 金融資產(續)

(i) 金融資產減值

於各報告期末，檢討按公平值計入溢利或虧損以外之金融資產，以釐定是否出現任何減值客觀證據。倘存在任何該等證據，則減值虧損按金融資產分類釐定及確認。個別金融資產之客觀減值證據包括引致本集團對下列一項或多項虧損事件關注之可觀察數據：

- 債務人陷入重大財務困難；
- 違反合約，例如拖欠或延遲償還利息或本金；
- 因債務人財政困難而授予寬免；及
- 債務人可能破產或進行其他財務重整。

有關某一組金融資產之虧損事件包括顯示該組金融資產之估計未來現金流量出現可計量跌幅之可觀察數據。該等可觀察數據包括但不限於組別內債務人之付款狀況，以及與組別內資產拖欠情況有關之國家或當地經濟狀況出現逆轉。

倘存在任何該等證據，則減值虧損按以下方式計量及確認：

- 應收銀行及客戶款項
於各報告日將進行信貸評估，以觀察是否有客觀跡象顯示未必能悉數收回合約欠款。倘存在有關跡象，則就該等已減值貸款進行信貸風險特定價值調整。信貸風險特定價值調整於綜合財務狀況表確認為有關貸款賬面值撇減。價值調整按應收款賬面值與有可能收回金額間之差額計量，按計及變現任何抵押品所得款項淨額後初步確認時釐定之實際利率貼現。浮息貸款按實際利率貼現。倘預期未來現金流量之金額及時間與先前估計相比有所變動，則調整信貸風險價值調整，並於溢利或虧損確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.138 Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

– Due from banks and clients (Continued)

Non-performing loans are receivables for which the contractually agreed capital and/or payments are overdue by more than 90 days and where there are no clear indications that they may be recovered by later payments or the sale of collateral. Interest more than 90 days overdue is subject to value adjustment, and is only recorded in the profit or loss when it is paid. Loans are fixed without interest when their collectability is so doubtful that an accrual can no longer be considered reasonable. Non-performing loans that are classified as completely or partially unrecoverable are eliminated and charged to a specific value adjustment if one exists.

Impaired loans are reclassified at full value if the outstanding capital and interest is once again paid on time according to contractual agreements and if further credit risk requirements are fulfilled. The recovery of loans that had previously been written off and taken off the books is recorded in profit or loss. The existing procedures for the determination and calculation of specific value adjustments results in a comprehensive assessment of loans; accordingly, portfolio value adjustments are generally unnecessary. Realised income from loans that are sold before their maturity or repaid early are recorded in profit or loss.

– Financial assets carried at amortised cost, other than due from banks and clients

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

4. 主要會計政策 (續)

4.138 金融工具 (二零一七年十二月三十一日前應用之會計政策) (續)

(i) 金融資產 (續)

(ii) 金融資產減值 (續)

– 應收銀行及客戶款項 (續)

不良貸款為合約協定資本及／或款項逾期超過90日且無明確跡象顯示可透過其後付款或出售抵押品收回之應收款。逾期超過90日之利息須進行價值調整，並於支付後方會在溢利或虧損入賬。當貸款之可收回性存疑以致應計費用不再被視為合理時，貸款定為免息。出現分類為完全或部分不可收回之不良貸款時，則進行撇銷，並自特定價值調整扣除。

倘未償還資本及利息根據合約協議再次準時支付且符合其他信貸風險規定，則已減值貸款按總值重新分類。收回先前已撇銷及取消賬面之貸款於溢利或虧損入賬。釐定及計算特定價值調整之現有程序會導致進行全面貸款評估；因此，一般不需要進行組合價值調整。到期前已售出或提早償還貸款之已變現收入於溢利或虧損入賬。

– 按攤銷成本列賬之金融資產 (應收銀行及客戶款項除外)

當有客觀證據顯示本集團將無法根據應收款之原訂條款收回所有應收款額時，則就貸款及應收款作出減值撥備。減值虧損金額按資產賬面值與按金融資產原來之實際利率 (即於初步確認時計算所得實際利率) 貼現之估計未來現金流量之現值兩者間之差額計算。虧損金額於減值出現之年度於溢利或虧損確認。

倘於往後期間，減值虧損金額減少，而減幅與確認減值後發生之某一事項有客觀關連，則過往確認之減值虧損可予撥回，惟不得導致該項金融資產於撥回減值日期之賬面值超過如無確認減值之原本攤銷成本。撥回金額於作出撥回年度於溢利或虧損確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(i) Financial assets (Continued)

(i) Impairment of financial assets (Continued)

- Available-for-sale financial assets
When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals of impairment for investment in equity instruments classified as available-for-sale are not recognised in profit or loss. The subsequent increase in fair value is recognised in other comprehensive income.

(ii) Financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Management determines the classification of its financial liabilities at initial recognition depending on the purpose for which the financial liabilities were incurred.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

A financial liability is de-recognised when the obligations specified in the relevant contract are discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

4. 主要會計政策 (續)

4.13B 金融工具 (二零一七年十二月三十一日前應用之會計政策) (續)

(i) 金融資產 (續)

(i) 金融資產減值 (續)

- 可供出售金融資產
倘可供出售金融資產之公平價值減幅已在權益直接確認，且已存在客觀證據證明資產已出現減值，則從權益中扣除某一金額並於溢利或虧損確認減值虧損。該金額根據資產之收購成本 (扣除任何本金還款及攤銷後) 與現時公平價值之差額，減該項資產過往已在溢利或虧損確認之減值虧損計量。

有關分類為可供出售之股本工具投資之減值撥回不會在溢利或虧損確認。其後之公平價值增加於其他全面收入確認。

(ii) 金融負債

本集團金融負債分類為按公平值計入溢利或虧損之金融負債及按攤銷成本入賬之金融負債。管理層視乎產生金融負債之目的，於初步確認時將其金融負債分類。

金融負債在本集團訂立工具合約條文時確認。按公平值計入溢利或虧損之金融負債初步按公平值計量，而按攤銷成本入賬之金融負債則初步按公平值扣除直接產生之應佔成本計量。

倘有關合約訂明之責任已履行、註銷或屆滿，則取消確認金融負債。

倘一項現有金融負債被相同貸款人按條款基本迥異之另一項債項取代，或現有負債條款被重大修改，該取代或修改會被視作取消確認原有負債及確認一項新負債處理，且各賬面值間之差額會於溢利或虧損確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13B Financial Instruments (accounting policies applied until 31 December 2017) (Continued)

(ii) Financial liabilities (Continued)

(a) Borrowings, corporate bonds and subordinated debt

Borrowings, corporate bonds and subordinated debt are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings, corporate bonds and subordinated debt is recognised over the terms of the borrowings, corporate bonds and subordinated debt. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs as set out in note 4.22.

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

(b) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost less settlement payments, using the effective interest method.

(iii) Derivative financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date when the derivative contract is entered into. At the end of each reporting period, the fair value is re-measured. Gain or loss arising from changes in fair value is charged immediately to profit or loss for the year, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(iv) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other liabilities. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised in accordance with note 4.17 if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

4. 主要會計政策(續)

4.13B 金融工具(二零一七年十二月三十一日前應用之會計政策)(續)

(ii) 金融負債(續)

(a) 借貸、公司債券及次級債務

借貸、公司債券及次級債務以實際利率法其後按攤銷成本列賬。倘扣除交易成本後所得款項與償還或贖回借貸、公司債券及次級債務之間出現任何差額，則於借貸、公司債券及次級債務年期內確認。所有與利息相關之開支按載於附註4.22有關本集團借貸成本之會計政策確認。

除非本集團有權無條件將債務結付日期遞延至報告日後至少12個月，否則借貸將分類至流動負債項下。

(b) 其他金融負債

於初步確認後，其他金融負債按攤銷成本減結算款項以實際利率法計量。

(iii) 衍生金融工具

衍生金融工具以個別合約或與混合金融工具分開於訂立衍生工具合約日期初步按公平值確認。公平值會於各報告期末重新計量。公平值變動產生之收益或虧損即時入賬該年度之溢利或虧損，惟符合現金流量對沖會計處理或對沖海外業務投資淨額之衍生工具除外，在此情況下，確認任何因此產生之收益或虧損須視乎所對沖項目之性質而定。

(iv) 所發出財務擔保

財務擔保合約乃規定發行人(或擔保人)在當某債務人未能按照某債務工具之條款在到期時付款而出現虧損時向持有人(或擔保受益人)作出具體償付之合約。

當本集團發出財務擔保時，擔保公平值首次於其他負債認為遞延收入。如就發出擔保收取或應收代價，則該代價將根據適用於該項資產類別之本集團政策確認列賬。倘並無收取或應收代價，則即時支出會於首次確認任何遞延收入時於溢利或虧損確認入賬。

首次確認為遞延收入之擔保金額會於擔保期內在溢利或虧損攤銷，列作已發出財務擔保之收入。此外，當擔保持有人有可能要求本集團履行擔保責任，而其向本集團索取之金額預期將超過當時賬面值(即首次確認之金額減累計攤銷，如適用)，則會根據附註4.17確認撥備。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using weighted average basis, and in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense and the estimated costs necessary to make the sale.

4.15 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, demand deposits with banks, and short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

4.16 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and recognised in profit or loss over the useful life of the asset.

4.17 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

4. 主要會計政策(續)

4.14 存貨

存貨初步按成本確認，其後按成本及可變現淨值兩者之較低者列賬。成本按加權平均基準釐定，在製品及製成品之成本包括直接材料、直接勞工及按適當比例計算之生產成本。可變現淨值乃按照日常業務過程中之估計售價減任何適當銷售開支及完成銷售之估計成本計算。

4.15 現金及現金等價物

現金及現金等價物包括之現金及銀行結餘、活期銀行存款及原到期日為三個月或以下之短期高度流通投資，均可隨時轉換為已知數額現金且價值變動風險不大。

4.16 政府補貼

政府補貼於合理確定將可收取及本集團將遵照所附有關條件時予以確認。就所產生開支向本集團補償之撥款，於開支產生之同期有系統地於溢利或虧損中確認為收入。用於抵銷本集團資產成本之補貼則予以遞延並按資產之可使用年期於溢利或虧損中確認。

4.17 撥備及或然負債

當本集團現時因過往事件而須承擔法定或推定責任，而結算債務可能要求流出經濟利益，於能可靠地作出估計時，撥備予以確認。倘貨幣時間價值之影響屬重大，則有關撥備將按預計結算該責任所需費用之現值列賬。

所有撥備均於各報告日進行檢討，並作出調整以反映當前最佳估計。

當流出經濟利益之可能性不大，或未能可靠估計數額，則有關責任會披露為或然負債，除非流出經濟利益之可能性甚微。純粹視乎日後有否出現一項或多項並非完全在本集團控制內之不確定事件而可能產生之責任，亦會披露為或然負債，除非流出經濟利益之可能性甚微。

或然負債於分配收購價至業務合併所購入資產及負債之過程中確認，初步按收購日期公平值計量，其後按上文所述原應於可資比較撥備確認之款額與初步確認款額減任何累計攤銷(如適用)之較高者計量。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Income tax

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. 主要會計政策 (續)

4.18 所得稅

所得稅包括即期稅項及遞延稅項。

即期稅項乃根據日常業務之溢利或虧損，就所得稅而言毋須課稅或不可扣稅之項目作出調整，並按報告期末已制定或大致上制定之稅率計算。

遞延稅項乃就財務報告而言之資產與負債之賬面值與就稅務而言之相關數額之暫時差額而確認。除商譽及不影響會計或應課稅溢利之已確認資產與負債外，就所有應課稅暫時差額確認遞延稅項負債。於有可能出現可運用可扣稅之暫時差額抵銷之應課稅溢利時，遞延稅項資產方會確認。遞延稅項乃按預期適用於有關資產變現或有關負債結算之方式及於報告期末已制定或大致上制定之稅率計量。

倘投資物業根據香港會計準則第40號「投資物業」按公平值列賬，則可豁免遵守釐定用於計量遞延稅項金額之適用稅率之一般規定。除非推定被駁回，否則該等投資物業之遞延稅項金額按於報告日賬面值出售該等投資物業所適用之稅率計量。倘投資物業可予折舊，且持有該物業之業務模式目標為隨時間消耗該物業絕大部分經濟利益（而非透過銷售），則此假設可予駁回。

除非本集團可以控制暫時差額之撥回，且該撥回在可預見未來不大可能發生者外；於附屬公司及聯營公司之投資所產生有關應課稅暫時差額確認為遞延稅項負債。

所得稅於溢利或虧損確認，惟倘所得稅與於其他全面收入確認之項目有關則除外，在此情況下，所得稅亦於其他全面收入確認，或倘所得稅與直接於權益確認之項目有關，則所得稅亦直接於權益確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Income tax (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities 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.

4.19 Revenue recognition (accounting policies applied from 1 January 2018)

i) Revenue from contract with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

4. 主要會計政策 (續)

4.18 所得稅 (續)

即期稅項資產及即期稅項負債僅於以下情況按淨額呈列：

- (a) 本集團具有可合法執行權利抵銷已確認款額；及
- (b) 計劃以淨額基準結清或同時變現資產及結清負債。

本集團僅於以下情況按淨額呈列遞延稅項資產及遞延稅項負債：

- (a) 本集團具有可合法執行權利以即期稅項資產抵銷即期稅項負債；及
- (b) 遞延稅項資產及遞延稅項負債與相同稅務機關於以下情況徵收之所得稅有關：
 - (i) 相同應課稅實體；或
 - (ii) 於預期遞延稅項負債或資產重大款額結清或收回之日後每個期間，不同應課稅實體擬按淨額基準結清即期稅項負債及資產或同時變現資產及結清負債。

4.19 收入確認 (自二零一八年一月一日起應用之會計政策)

i) 與客戶訂立合約之收入

與客戶訂立合約之收入於貨品或服務的控制權轉讓予客戶時確認，有關金額反映本集團預期就交換該等貨品或服務有權收取的代價，不包括代表第三方收取的有關金額。收益不包括增值稅或其他銷售稅並扣除任何交易折讓。

視乎合約的條款及合約適用的法律，貨品或服務的控制權可在一段時間或某一時間點轉移。倘本集團在履約過程中符合下列條件，貨品或服務之控制權可在一段時間轉移：

- 提供客戶收到且同時消耗之所有利益；
- 本集團履約時創造及提升客戶所控制之資產；或
- 並無創造對本集團而言有其他用途之資產，而本集團有強制執行權利收取至今已完成履約部分的款項。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.19 Revenue recognition (accounting policies applied from 1 January 2018) (Continued)

i) Revenue from contract with customers (Continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. 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 services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(a) Service fees and commission income

Service fees and commission income is generally recognised when the corresponding service is provided.

Service fees and commission income are recognised at a point in time when the relevant services such as broking services, provided to the customers and there is no unfulfilling performance obligation after services rendering. Custody account services and asset management service is recognised over time so as to depict the pattern of delivery of services.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised.

4. 主要會計政策 (續)

4.19 收入確認 (自二零一八年一月一日起應用之會計政策) (續)

i) 與客戶訂立合約之收入 (續)

倘貨品或服務之控制權可在一段時間轉移，則收入乃於整個合約期間經參考完成履行履約責任之進度確認。否則，收入於客戶獲得貨品或服務控制權之某一時點確認。

於合約載有於一年以上時間向客戶轉移貨品或服務會為客戶帶來重大融資利益的融資成分時，則收益按應收款項的現值計量，使用本集團與客戶在合約訂立時於個別融資交易內反映的貼現率貼現。倘合約載有為本集團帶來重大融資利益的融資成分，收益乃根據有關合約確認，包括實際利率法項下合約負債附有的利息開支。就付款與轉移承諾貨品或服務之間的期間為一年以內的合約而言，交易價格不會就重大融資成分的影響作出調整，使用香港財務報告準則第15號中實用的權宜之策。

合約資產指本集團就換取本集團已向客戶轉讓服務收取代價之權利 (尚未成為無條件)。相反，應收款項指本集團收取代價之無條件權利，即只需待時間過去代價即到期應付。

合約負債指本集團因其已自客戶收取代價 (或到期應收之代價) 而須向客戶轉讓服務之責任。

(a) 服務費及佣金收入

服務費及佣金收入於提供相關服務時確認。

服務費及佣金收入於向客戶提供經紀服務等相關服務後並無尚未履行履約責任之某一時間點確認。託管賬戶服務及資產管理服務乃隨時間確認，以描述提供服務之模式。

本集團因設立或收購金融資產已收/已付之融資或承諾費用予以遞延並確認為實際利率之調整。預期貸款承諾不會導致提取貸款時，確認貸款承諾費用。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.19 Revenue recognition (accounting policies applied from 1 January 2018) (Continued)

i) Revenue from contract with customers (Continued)

(b) Sales of goods

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customer and there is no unfulfilling performance obligation after the acceptance of the goods.

Revenue recognition (accounting policies applied until 31 December 2017)

Sales of goods are recognised upon transfer of significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods. Revenue excludes any value-added tax, rebates and discounts.

ii) Revenue from other sources

(a) Interest income

Interest income arising from the use of entity assets by others is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment loss.

4. 主要會計政策 (續)

4.19 收入確認 (自二零一八年一月一日起應用之會計政策) (續)

i) 與客戶訂立合約之收入 (續)

(b) 貨品銷售

貨品銷售收入於貨品控制權已轉移至客戶且於貨品獲接受後並無尚未履行履約責任之某一時間點確認。

收入確認 (二零一七年十二月三十一日前應用之會計政策)

貨品銷售於擁有權之大部分風險及回報轉嫁予客戶時確認，一般於貨品交付及客戶接納貨品時確認。收入不包括任何增值稅、回扣及折扣。

ii) 其他途徑之收入

(a) 利息收入

其他人士使用實體資產所產生之利息收入按時間及實際利率於溢利或虧損中確認。利息收入包括任何折扣或溢價之攤銷或計息工具原賬面值與其按實際利率基準計算之到期金額間之其他差額之攤銷。

實際利率法為計算金融資產及負債之攤銷成本及於相關期間分配利息收入及利息開支之方法。實際利率為於金融工具預期年期或(倘適用)較短期間將估計未來現金付款或收入準確貼現至金融工具之賬面淨額之比率。計算實際利率時，本集團計及所有金融工具之合約條款(如認購期權及類似期權)估計現金流量，惟並無考慮未來信貸虧損。計算項目包括構成實際利率組成部分之訂約方之間所有已付或已收費用及利息、交易成本及所有其他溢價或折扣。

已減值金融資產之利息按就計量相關減值損失而對未來現金流量進行貼現(「折算貼現」)之利率確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.19 Revenue recognition (accounting policies applied from 1 January 2018) (Continued)

ii) Revenue from other sources (Continued)

(b) Rental income

Rental income under operating leases is recognised on straight-line method over the term of the relevant lease.

(c) Dividend income

Dividend is recognised when the right to receive the dividend is established.

4.20 Retirement benefits

Retirement benefits to employees are provided through defined contribution plans and defined benefit pension plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong 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 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 the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Scheme"). These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The Scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the Scheme are charged to profit or loss as they become payable in accordance with the rules of the PRC.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

4. 主要會計政策 (續)

4.19 收入確認 (自二零一八年一月一日起應用之會計政策) (續)

ii) 其他途徑之收入 (續)

(b) 租金收入

經營租賃之租金收入於有關租賃期間按直線法確認。

(c) 股息收入

股息於確立收取股息權利時確認。

4.20 退休福利

僱員退休福利透過定額供款計劃及定額退休金福利計劃撥備。

(i) 定額供款計劃

定額供款計劃是一項退休金計劃，本集團根據該計劃向一個獨立實體支付定額供款。於支付定額供款後，本集團並無法定或推定責任支付進一步供款。

就定額供款計劃確認之供款於其到期時列作開支。倘產生繳付不足或預繳即可能就此確認該負債及資產，並因其通常屬短期性質而計入流動負債或流動資產。

本集團亦為合資格參與強制性公積金退休福利計劃（「強積金計劃」）而香港僱員根據強制性公積金計劃條例設有定額供款強積金計劃。供款按僱員基本薪金一定百分比作出，於根據強積金計劃規則應付時在溢利或虧損扣除。強積金計劃資產與本集團資產分開，由獨立管理基金持有。本集團之僱主供款於向強積金計劃作出時全數歸僱員所有。

本集團於中國經營業務之附屬公司之僱員須參與有關地方政府管理之中央退休金計劃（「該計劃」）。該等附屬公司規定須按工資成本若干百分比向中央退休金計劃供款。該計劃負責向已退休僱員支付全部退休金之責任，除僱主供款外，本集團就實際退休款項或其他退休後福利並無進一步責任。該計劃供款於根據中國規則應付時在溢利或虧損內扣除。

定額退休金福利計劃界定僱員於退休時將領取之退休金福利數額，數額通常視乎年齡、服務年資及薪酬等一項或多項因素而定。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Retirement benefits (Continued)

(i) *Defined contribution plans (Continued)*

The liability recognised in the consolidated statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in profit or loss.

(ii) *Short-term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related services.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.21 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Upon exercise of share options, the amount previously recognised in share option reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. 主要會計政策 (續)

4.20 退休福利 (續)

(i) *定額供款計劃 (續)*

於綜合財務狀況表內就定額退休金計劃確認之負債，為於報告期末之定額福利責任現值減計劃資產之公平值。定額福利責任每年由獨立精算師使用預計單位貸記法計算。定額福利責任現值按以支付福利之同一貨幣計值、且到期日與相關退休福利責任相若之優質公司債券利率貼現估計未來現金流出而釐定。在有關係券並無成熟市場之國家，則使用政府債券之市場利率。

因過往調整及精算假設變動所產生之精算收益及虧損乃於產生期間在權益之其他全面收入扣除或計入。

過往服務成本即時於溢利或虧損確認。

(ii) *短期僱員福利*

短期僱員福利是指預計在僱員提供相關服務之年度報告期間結算日後十二個月前將全數結付之僱員福利（離職福利除外）。短期僱員福利於僱員提供相關服務之年度內確認。

病假及產假等非累積有薪假期於提取假期時方予確認。

4.21 僱員股份補償

本集團為其僱員設立股本結算以股份為基礎之補償計劃。

就所有僱員提供服務而授出之任何股份補償按其公平值計算。該等補償乃參考獲授出認購股份權間接釐定。其價值於授出日評估，並不包括任何非市場歸屬條件之影響。

於認購股份權獲行使後，過往於認購股份權儲備確認之款額及所收取之所得款項扣除任何直接應佔交易成本（但不超過已發行股份之面值）將獲重新分配至股本，任何超出部分將記錄為股份溢價。倘認購股份權於到期日失效、被沒收或仍未行使，過往於認購股份權儲備確認之款額將轉撥至保留溢利。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.22 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.23 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

4. 主要會計政策 (續)

4.22 借貸成本

收購、建設或生產需要長時間籌備作擬定用途或銷售之合資格資產之直接應佔借貸成本，予以資本化作為該等資產成本之一部分。將有待用於該等資產之特定借貸作短期投資所賺取之收入會於已資本化之借貸成本扣除。倘將合資格資產預備作擬定用途或銷售之絕大部分活動完成時，資本化借貸成本將停止。所有其他借貸成本於產生期間於溢利或虧損確認。

4.23 外幣

集團實體以彼等營運所在主要經濟環境之貨幣(「功能貨幣」)以外貨幣訂立之交易乃按於交易日期之匯率記錄。外幣貨幣資產及負債乃按報告期間結算日之匯率換算。以外幣計值按公平值列賬之非貨幣項目乃按釐定公平值日期之當前匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

結算貨幣項目及換算貨幣項目所產生之匯兌差額於產生期間內於溢利或虧損中確認。重新換算按公平值列賬之非貨幣項目所產生之匯兌差額計入期內溢利或虧損，惟重新換算有關收益及虧損於其他全面收入確認之非貨幣項目所產生之匯兌差額除外，在此情況下，匯兌差額亦於其他全面收入確認。

綜合賬目時，海外業務之收支項目以年內平均匯率換算為本集團之呈列貨幣(即港元)，除非期內匯率大幅波動，在此情況下，則按進行該等交易時之相若匯率換算。所有海外業務之資產及負債均以報告期間結算日之匯率換算。所產生匯兌差額(如有)於其他全面收入確認，並於權益內累計入賬為外匯儲備(非控股權益應佔外匯儲備(如適用))。於換算構成本集團於所涉海外業務部分投資淨額之長期貨幣項目時，在集團實體獨立財務報表之溢利或虧損內確認之匯兌差額則重新分類至其他全面收入，並於權益內累計入賬為外匯儲備。

出售海外業務時，與截至出售當日該業務有關之外匯儲備確認之累計匯兌差額，重新分類至溢利或虧損作為出售收益或虧損一部分。

於二零零五年一月一日或之後收購海外業務產生之所收購可識別資產之商譽及公平值調整已當作該海外業務之資產及負債，並於報告期間結算日按當前匯率進行換算。所產生之匯兌差額於外匯儲備確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.24 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

4.25 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major lines of business.

The Group has identified the following reportable segments: (a) manufacturing and distribution of watches and timepieces; (b) property investments and (c) banking and financial businesses.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs.

Segment assets include all assets but interests in associates, interests in joint ventures, certain available-for-sale financial assets, certain trading portfolio investments and short-term investments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include corporate bonds, borrowings and due to related parties.

No asymmetrical allocations have been applied to reportable segments.

4. 主要會計政策(續)

4.24 股本及股份溢價

普通股分類為權益。股本採用已發行股份之面值釐定。

股份溢價包括發行股本所收任何溢價減面值。任何有關發行股份之交易成本於股份溢價(扣除任何相關所得稅溢利)內扣減,惟以該權益交易直接應佔遞增成本為限。

倘任何集團公司購買本公司之權益股本,包括任何直接應佔遞增成本(扣除稅項)之已付代價於本公司擁有人應佔權益內扣除,直至股份獲註銷或重新發行為止。倘此等普通股其後重新發行,則任何已收代價(減去任何直接應佔遞增交易成本及相關所得稅影響)計入本公司擁有人應佔權益中。

4.25 分類報告

本集團根據定期向執行董事呈報之內部財務資料(乃供彼等決定分配資源至本集團各業務環節及檢討該等業務環節之表現)確定其經營分類及編製分類資料。向執行董事所報告內部財務資料中之業務環節按本集團主要業務類別決定。

本集團已確定以下報告分類:(a)鐘錶及時計產品製造及分銷;(b)物業投資及(c)銀行及金融業務。

由於各產品及服務類別所需資源以及市場方針不同,各經營分類獨立管理。所有分類間轉讓(如有)乃按公平價格計算。

本集團根據香港財務報告準則第8號就報告分類業績所用計量政策與根據香港財務報告準則編製財務報表所用者相同。

分類資產包括所有資產,但不包括於聯營公司之權益、於合營企業之權益、若干可供出售金融資產、若干交易組合投資及短期投資。此外,並非直接計入任何經營分類業務活動之公司資產不會分配至分類,主要應用於本集團總部。

分類負債不包括並非直接計入任何經營分類業務活動之公司負債,且不會分配至分類,當中包括公司債券、借貸及應付關連公司欠款。

並無就可報告分類作出不均分配。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group makes estimates and assumptions concerning the future. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

The Group tests on an annual basis whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 4.6. The recoverable amounts of the CGUs have been determined based on value-in-use calculations or FVLCD. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Details in impairment assessment are set out in note 33 to the consolidated financial statements. Calculation of FVLCD involves the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement.

Provision for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective estimated net realisable value. The assessment of the provision involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charge/write-back in the period in which such estimate has been changed.

Depreciation and amortisation

The Group depreciates and amortises its property, plant and equipment and intangible assets with definite useful lives using straight-line method over their respective estimated useful lives, starting from the date on which the assets are put into productive use, in accordance with accounting policy stated in notes 4.9 and 4.12. The estimated useful lives reflect the directors' estimate of the period that the Group intends to derive future economic benefits from the use of these assets.

5. 關鍵會計判斷及估計不確定因素之主要來源

在應用本集團之會計政策時，董事須對無法依循其他途徑即時得知的資產及負債賬面值作出判斷、估計及假設。

估計及相關假設會持續檢討。倘會計估計修訂僅影響修訂估計期間，則有關修訂於該期間確認；或倘有關修訂影響目前及未來期間，則有關修訂於修訂期間及未來期間確認。

本集團對未來作出估計及假設。該等估計及相關假設按過往經驗及其他視為相關之因素作出。顧名思義，因此而作出之會計估計甚少與有關實際結果相符。下文論述可導致下一個財政期間的資產及負債賬面值須作重大調整之主要風險估計及假設：

商譽估計減值

本集團每年根據附註4.6所述會計政策就商譽有否減值進行測試。現金產生單位之可收回金額按所計算之使用價值或公平值減出售成本釐定。該等計算須採用預期現金產生單位所產生未來現金流量之判斷及估計、現金流量預測時間表以及適合貼現率，以計算現值。於估計預期未來現金流量過程中，管理層就未來收入及溢利作出假設。該等假設與未來事件及情況有關。實際結果或會有所不同，並可能導致下個財政年度之商譽賬面值須作重大調整。釐定合適之貼現率涉及估計市場風險及資產特定風險因素之適當調整。減值評估詳情載於綜合財務報表附註33。計算公平值減出售成本涉及選擇估值模型、採納主要假設及輸入數據，而以上項目均需管理層作出判斷。

存貨撥備

於釐定陳舊及滯銷存貨之撥備金額時，本集團須評估存貨之賬齡分析並將存貨之賬面值與其各自之估計可變現淨值作比較。評估撥備涉及管理層判斷及估計。倘日後實際結果或預期有別於原定估計，則有關差別將影響存貨賬面值，而撥備會於估計有變期間扣除／撥回。

折舊及攤銷

本集團根據附註4.9及4.12所述會計政策，採用直線法按估計可用年期為物業、廠房及設備以及可用年期有限之無形資產計算折舊及攤銷，自資產投入生產用途日期起計算。估計可用年期反映董事估計本集團擬自使用該等資產衍生未來經濟利益之期間。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables on a forward-looking basis. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade and other receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. Other receivables is considered 12-months expected credit losses. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of customers, actual or expected significant adverse changes in business and customers' financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

Estimated impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is determined based on value-in-use calculation or fair value less costs of disposal ("FVLCD"). The calculations of value in use require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD involves the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement.

Income taxes

The Group is subject to income taxes in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the payments of related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Assessment of identifiable assets and liabilities on acquisition of subsidiaries

Upon completion of acquisition of subsidiaries or businesses, the directors have assessed the acquisition-date fair value of the identifiable assets acquired and liabilities assumed from the acquisition. The directors use their judgement in selecting an appropriate valuation technique for the Group's intangible assets obtained upon the acquisition of subsidiaries during the year. The fair values of the intangible assets are estimated by an independent professional valuer. Where fair value of the identifiable assets acquired and liabilities assumed from the acquisition exceed the fair value of consideration paid for the acquisition, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

應收賬款及其他應收款之估計減值

本集團管理層以前瞻性方式釐定應收賬款及其他應收款減值撥備。撥備矩陣乃根據本集團於具有類似信貸風險特徵之應收賬款及其他應收款之預期年期內之歷史觀察違約率釐定，並就前瞻性估計作出調整。其他應收款被視為12個月預期信貸虧損。在作出判斷時，管理層會考慮可得之合理有據前瞻性資料，如客戶經營業績之實際或預期重大變動、業務及客戶財務狀況之實際或預期重大不利變動。於各報告日，本集團管理層會更新歷史觀察違約率，並分析前瞻性估計變動。

非金融資產估計減值

本集團透過評價或導致資產減值之本集團獨有情況，於各報告日評估減值。倘存在觸發減值之情況，則釐定資產可收回款額。可收回金額乃按使用價值計算或公平值減出售成本（「公平值減出售成本」）釐定。使用價值計算須採用預期現金產生單位所產生未來現金流量之判斷及估計、現金流量預測時間表以及適合貼現率，以計算現值。於估計預期未來現金流量過程中，管理層就未來收入及溢利作出假設。該等假設與未來事件及情況有關。實際結果或會有所不同，並可能導致下個財政年度之商譽賬面值須作重大調整。釐定合適之貼現率涉及估計市場風險及資產特定風險因素之適當調整。計算公平值減出售成本涉及選擇估值模型、採納主要假設及輸入數據，而以上項目均需管理層作出判斷。

所得稅

本集團須繳納香港、瑞士、英國、列支敦士登及中國之所得稅。於決定就所得稅撥備之金額及就有關稅項付款之時間時，須作出重大判斷。於日常業務過程中，有許多交易及計算均難以明確作出最終之稅務釐定。就預計稅項確認負債時，本集團按有否額外稅項即將到期應付而估計。倘此等事項之最後稅項結果與初步記錄金額不同，該等差額將影響作出該項決定期間之所得稅及遞延稅項撥備。

評估收購附屬公司所得之可識別資產及負債

完成附屬公司或業務收購後，董事已評估收購所得之可識別資產及所承擔負債於收購日期之公平值。董事運用彼等之判斷選擇適合估值方法評估年內本集團收購附屬公司所得之無形資產。無形資產之公平值由獨立專業估值師估計。倘收購所得可識別資產及所承擔負債之公平值超過收購所支付代價之公平值，超出部分經重新評估後於收購日期在溢利或虧損內確認。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Warranty provision

Warranty provision is made for expenditure associated with future variable services and repair cost related to warranty claims. The management makes an assessment of the future costs related to this work by using the proportion of actual tasks related to warranty work as the basis for the calculation. The assessment of provision involves management judgement and estimates. When the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of warrant provision and provision charge/write-back in the period in which such estimate has been changed.

Estimation of defined benefit obligations

The Group operates three defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to the profit or loss in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the requirements of HKFRSs.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

Valuation adjustments on credit positions

Various factors can influence the expected credit loss allowances for credit positions. Management considers factors such as external rating and days past due to determine the HKFRS 9 staging allocation. Management further estimates the EAD, PD as well as LGD to calculate the expected credit losses allowance.

Provisions

The Group recognises provisions for imminent threats if in the opinion of the responsible experts the probability that losses will occur is greater than the probability that they will not occur and if their amount can be reliably estimated. In judging whether the creation of a provision and its amount are reasonable, the best-possible estimates and assumptions as at the end of reporting periods are applied. If necessary, these will be adjusted to reflect new knowledge and circumstances at a later date. New knowledge may have a significant effect to profit or loss.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

保修撥備

本集團就日後各種服務及與保修索賠有關之維修成本相關開支作出保修撥備。管理層採用有關保修工作實際任務比例作為計算基準，以評估有關此工作之未來成本。評估撥備涉及管理層判斷及估計。當日後之實際結果或預期情況與原先估計存在差異，則有關差異將影響該等估計有變期間之保修撥備以及扣除／撥回撥備賬面值。

定額福利責任估計

本集團營辦三項定額福利計劃。定額福利計劃之退休金成本根據香港會計準則第19號(二零一一年)僱員福利之規定，使用預期單位記賬法進行評估。根據此方法，提供退休金之成本按對計劃作出全面估值之精算師意見於溢利或虧損內扣除。退休金責任為估計未來現金流出數額之現值，該現值參照於報告期間結算日與福利責任估計年期之條款及貨幣相若之政府機構或高質素公司債券之市場孳息率釐定之利率計算所得。所有精算收益及虧損於發生年度內在全面收入全數確認。

管理層委任精算師對該等退休金計劃進行全面估值，以釐定根據香港財務報告準則規定，須於賬目內披露及入賬之退休金責任。

精算師在釐定定額福利計劃之公平值時使用假設及估計，並每年評估及更新該等假設。在釐定主要精算假設時須運用判斷，以釐定定額福利責任之現值與服務成本。改變所採用之主要精算假設可對未來期間之計劃責任現值與服務成本造成重大影響。

信貸狀況之估值調整

多項因素可影響信貸狀況之預期信貸虧損撥備。管理層會考慮外部評級及逾期日數等因素，以釐定香港財務報告準則第9號之階段分配。管理層進一步估計違約風險承擔、違約或然率及違約損失率計算預期信貸虧損撥備。

撥備

倘相關專家認為發生虧損之可能性高於不會發生之可能性並能可靠估計虧損金額時，則本集團就當前威脅確認撥備。於判斷計提撥備及撥備金額有否合理時，應用報告期間結算日之最佳可能估計及假設。如有必要，日後可調整此最佳可能估計及假設以反映新認知及情況。新認知或會對溢利或虧損有重大影響。

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Research and development costs

In accordance with the accounting policy set out in note 4.12, costs associated with research activities are expensed in profit or loss as they are incurred, while costs that are directly attributable to development activities are recognised as intangible assets provided they meet all the requirements as set out in note 4.12. This requires the management to make judgements to distinguish the research phase and development phase of the projects being undertaken. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research, findings or other knowledge to a plan or design for the production of new or substantially improved materials devices, products, processes, systems or services before the start of commercial production or use. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgement, and assumptions regarding the expected progress and outcome of the research and development activities the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits. Because of the nature of the Group's research and development activities the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the projects. Hence research costs are generally recognised as expenses in the period in which they are incurred.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

- Due from banks – precious metal (note 18)
- Trading portfolio investments (note 19)
- Financial assets at fair value through other comprehensive income (note 20)
- Derivative financial assets (note 21)
- Derivative financial liabilities (note 21)
- Investment properties (note 30)

For more detailed information in relation to the fair value measurement of the items above, please refer to the respective notes.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

研發成本

根據附註4.12載列之會計政策，研究活動相關之開支於產生時於溢利或虧損列作開支，而倘直接歸屬於開發活動之開支符合附註4.12載列之所有規定，則其將確認為無形資產。此要求管理層作出判斷以將所承接項目之研究階段及開發階段予以區分。研究乃所進行之原創及受規劃之調查，旨在獲得新科學或技術知識及瞭解。開發乃於開始作商業生產或使用前應用研究、結果或其他知識，以規劃或設計生產全新或重大改良物料器具、產品、工序、系統或服務。釐定於溢利或虧損列作開支或予以資本化之金額時，管理層須作出判斷及有關研發活動之預期進度及結果、資產之未來預期現金產生、將應用之貼現率，及可能未來經濟效益之預期期間之假設。基於本集團之研究及開發活動性質，確認該等成本為資產之條件一般直至達到項目之開發階段後期時方會達成。因此，研究成本一般於產生期間內確認為開支。

公平值計量

多項載列於本集團財務報表的資產及負債須作出公平值計量及／或披露。本集團金融及非金融資產及負債之公平值計量乃於可行範圍內盡量使用市場可觀察輸入數值及數據。於釐定公平值計量時使用之輸入數值乃根據所運用之估值技術中使用之輸入數值之可觀察程度而分類為不同層級(「公平值層級」)：

- 第一級：相同資產或負債於活躍市場之未經調整報價；
- 第二級：第一級所包括報價以外之可觀察輸入數值；及
- 第三級：不可觀察輸入數值為無法取得市場數據之輸入數值。

項目所歸入之上述層級乃依據該項目公平值計量具有重大影響之最低級輸入數值。不同層級之間之項目轉移於發生期間確認。

本集團計算以下項目之公平值：

- 應收銀行款項—貴金屬(附註18)
- 交易組合投資(附註19)
- 按公平值計入其他全面收入之金融資產(附註20)
- 衍生金融資產(附註21)
- 衍生金融負債(附註21)
- 投資物業(附註30)

有關上列項目公平值計量之更多詳盡資料，請參閱相關附註。

6. SEGMENT INFORMATION

The chief operating decision-maker, being the Company's executive directors, have re-organised the Group's product and service lines as operating segments as follows:

- (a) manufacturing and distribution of watches and timepieces;
- (b) property investments; and
- (c) banking and financial businesses.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2018

6. 分類資料

主要營運決策者(即本公司執行董事)已重組本集團產品及服務類別為以下多個經營分類：

- (a) 鐘錶及時計產品製造及分銷；
- (b) 物業投資；及
- (c) 銀行及金融業務。

此等經營分類之監控及策略決定按經調整分類經營業績作出。

二零一八年

		Watches and timepieces 鐘錶及時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue:	分類收入：					
Net interest income from banking business	銀行業務之利息收入淨額	-	-	180,831	-	180,831
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	-	-	236,361	-	236,361
Trading income from banking business	銀行業務之交易收入	-	-	63,172	-	63,172
Service fees and commission income from financial business	金融業務之服務費及佣金收入	-	-	3,342	-	3,342
Interest income from financial business	金融業務之利息收入	-	-	193	-	193
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,444,364	-	-	-	2,444,364
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	-	9,586	-	-	9,586
Total revenue	總收入	2,444,364	9,586	483,899	-	2,937,849
Segment results	分類業績	258,131	3,314	164,657	-	426,102
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額	-	-	-	(18,871)	(18,871)
Share of loss of joint ventures	應佔合營企業虧損	-	-	-	(2,678)	(2,678)
Share of profit of associates	應佔聯營公司溢利	-	-	-	8,387	8,387
Finance costs	財務費用	(14,786)	-	(131)	(50,911)	(65,828)
Profit before income tax	除所得稅前溢利	243,345	3,314	164,526	(64,073)	347,112
Income tax expense	所得稅開支	(77,728)	(414)	(27,868)	346	(105,664)
Profit for the year	本年度溢利	165,617	2,900	136,658	(63,727)	241,448

6. SEGMENT INFORMATION (Continued)
2018 (Continued)

6. 分類資料(續)
二零一八年(續)

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment assets	分類資產	5,191,326	179,523	13,957,275	–	19,328,124
Unallocated corporate assets:	未分配公司資產：					
– Interests in associates	– 所佔聯營公司權益	–	–	–	102,919	102,919
– Interests in joint ventures	– 所佔合營企業權益	–	–	–	2,439	2,439
– Financial assets at fair value through other comprehensive income	– 按公平值計入其他 全面收入之金融 資產	–	–	–	621,489	621,489
– Trading portfolio investments	– 交易組合投資	–	–	–	48,945	48,945
– Cash and deposits	– 現金及存款	–	–	–	48,286	48,286
– Other unallocated corporate assets	– 其他未分配公司資產	–	–	–	106,027	106,027
Consolidated total assets	綜合總資產	5,191,326	179,523	13,957,275	930,105	20,258,229
Segment liabilities	分類負債	1,078,126	25,343	12,723,651	–	13,827,120
Unallocated corporate liabilities:	未分配公司負債：					
– Corporate bonds	– 公司債券	–	–	–	760,244	760,244
– Borrowings	– 借貸	–	–	–	738,299	738,299
– Due to a shareholder	– 應付一名股東之款項	–	–	–	73,000	73,000
– Other unallocated corporate liabilities	– 其他未分配公司負債	–	–	–	50,075	50,075
Consolidated total liabilities	綜合總負債	1,078,126	25,343	12,723,651	1,621,618	15,448,738
Other segment information	其他分類資料					
Interest income and other interest income	利息收入及其他利息 收入	3,910	2	231	1,505	5,648
Expected credit losses on trade receivables	應收賬款預期信貸虧損	4,381	–	–	–	4,381
Expected credit losses on due from banks and customers	應收銀行及客戶款項 預期信貸虧損	–	–	3,256	–	3,256
Reversal of provision for litigation risks	撥回訴訟風險撥備	–	–	320	–	320
Provision for inventories	存貨撥備	11,050	–	–	–	11,050
Reversal of provision for inventories	撥回存貨撥備	7,301	–	–	–	7,301
Depreciation and amortisation	折舊及攤銷	111,521	–	15,597	1,795	128,913
Additions to non-current assets	添置非流動資產	150,480	–	43,566	100	194,146
Net deficit on revaluation of investment properties	投資物業重估之虧絀 淨額	–	4,066	–	–	4,066

6. SEGMENT INFORMATION (Continued)
2017

6. 分類資料(續)
二零一七年

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue:	分類收入：					
Net interest income from banking business	銀行業務之利息收入淨額	-	-	94,992	-	94,992
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	-	-	212,616	-	212,616
Trading income from banking business	銀行業務之交易收入	-	-	65,227	-	65,227
Service fees and commission income from financial business	金融業務之服務費及佣金收入	-	-	9,307	-	9,307
Interest income from financial business	金融業務之利息收入	-	-	128	-	128
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,583,495	-	-	-	2,583,495
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	-	16,936	-	-	16,936
Total revenue	總收入	2,583,495	16,936	382,270	-	2,982,701
Segment results	分類業績	70,732	24,420	156,527	-	251,679
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額	-	-	-	(152,179)	(152,179)
Gain on disposal of subsidiaries	出售附屬公司之收益	28,247	1,353,795	-	-	1,382,042
Share of loss of joint ventures	應佔合營企業虧損	-	-	-	(1,159)	(1,159)
Share of profit of associates	應佔聯營公司溢利	-	-	-	20,711	20,711
Finance costs	財務費用	(14,180)	-	(200)	(53,950)	(68,330)
Profit before income tax	除所得稅前溢利	84,799	1,378,215	156,327	(186,577)	1,432,764
Income tax expense	所得稅開支	(70,628)	(132,738)	(18,675)	475	(221,566)
Profit for the year	本年度溢利	14,171	1,245,477	137,652	(186,102)	1,211,198

6. SEGMENT INFORMATION (Continued)
2017 (Continued)

6. 分類資料(續)
二零一七年(續)

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment assets	分類資產	4,609,858	125,817	15,880,189	–	20,615,864
Unallocated corporate assets:	未分配公司資產：					
– Interests in associates	– 所佔聯營公司權益	–	–	–	99,648	99,648
– Interests in joint ventures	– 所佔合營企業權益	–	–	–	5,117	5,117
– Available-for-sale financial assets	– 可供出售金融資產	–	–	–	249,796	249,796
– Trading portfolio investments	– 交易組合投資	–	–	–	495,751	495,751
– Cash and deposits	– 現金及存款	–	–	–	247,488	247,488
– Other unallocated corporate assets	– 其他未分配公司資產	–	–	–	142,007	142,007
Consolidated total assets	綜合總資產	4,609,858	125,817	15,880,189	1,239,807	21,855,671
Segment liabilities	分類負債	661,219	26,739	14,574,259	–	15,262,217
Unallocated corporate liabilities:	未分配公司負債：					
– Corporate bonds	– 公司債券	–	–	–	732,978	732,978
– Borrowings	– 借貸	–	–	–	583,269	583,269
– Other unallocated corporate liabilities	– 其他未分配公司負債	–	–	–	129,081	129,081
Consolidated total liabilities	綜合總負債	661,219	26,739	14,574,259	1,445,328	16,707,545
Other segment information	其他分類資料					
Interest income and other interest income	利息收入及其他利息收入	5,571	172	16	3,964	9,723
Impairment losses on trade receivables	應收賬款減值虧損	8,110	–	–	–	8,110
Reversal of impairment due from banks and customers credit risks	撥回應收銀行及客戶信貸風險減值	–	–	96	–	96
Provision for litigation risks	訴訟風險撥備	–	–	158	–	158
Provision for inventories	存貨撥備	43,258	–	–	5,125	48,383
Depreciation and amortisation	折舊及攤銷	104,655	2,231	10,401	5,510	122,797
Additions to non-current assets	添置非流動資產	162,322	–	9,109	38,067	209,498
Net surplus on revaluation of investment properties	投資物業重估盈餘淨額	–	17,605	–	–	17,605

6. SEGMENT INFORMATION (Continued)

Unallocated corporate income and expenses mainly comprised dividend income from trading portfolio investment and financial assets at fair value through other comprehensive income, gain or loss on fair value changes in trading portfolio investments, gain or loss on fair value changes in the derivative financial assets, impairment of yacht and other corporate income and expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment. Other corporate expenses mainly included employee costs, directors' remuneration and office rental expenses for administrative purpose.

The Group's revenues from external customers and its non-current assets (other than financial assets and deferred tax assets) are divided into the following geographical areas:

		Revenue from external customers		Non-current assets	
		來自外界客戶收入		非流動資產	
		2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong	香港	142,281	129,046	177,912	157,023
PRC	中國	1,818,464	2,070,853	1,397,045	1,423,641
Switzerland	瑞士	22,942	21,201	460,505	204,097
United Kingdom	英國	103,060	101,265	7,928	12,102
Liechtenstein	列支敦士登	480,364	372,835	448,423	444,970
Others	其他	370,738	287,501	2,492	2,214
		2,937,849	2,982,701	2,494,305	2,244,047

The geographical location of revenue is based on the location of customers. For goodwill and intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 December 2018 and 2017.

7. REVENUE

The Group is principally engaging in manufacturing and distribution of watches and timepieces, property investments and banking and financial businesses.

For banking and financial businesses, revenue mainly comprises net interest income, net service fees and commission income and net trading income (notes 7(a), 7(b), 7(c) and 7(d)). For non-banking and financial businesses, revenue mainly represents the net invoiced value of goods sold and rental income received and receivables (note 7(e)).

6. 分類資料 (續)

未分配公司收入及支出主要包括來自交易組合投資及按公平值計入其他全面收入之金融資產之股息收入、交易組合投資公平值變動之收益或虧損、衍生金融資產公平值變動之收益或虧損、遊艇減值及概不直接歸屬於任何經營分類業務活動之本集團總部其他公司收入及支出。其他公司支出主要包括僱員成本、董事薪酬及用作行政用途之辦公室租賃支出。

本集團來自外界客戶之收入及非流動資產(金融資產及遞延稅項資產除外)按以下地區劃分：

收入地區以客戶所在地點為準。商譽及無形資產以現金產生單位經營所在地為基準；其他非流動資產地區以資產實際所在地點為準。

本集團客戶眾多，截至二零一八年及二零一七年十二月三十一日止年度，概無任何來自特定外界客戶佔本集團收入超過10%之重大收入。

7. 收入

本集團主要從事鐘錶及時計產品製造及分銷、物業投資以及銀行及金融業務。

就銀行及金融業務而言，收入主要包括利息收入淨額、服務費及佣金收入淨額以及交易收入淨額(附註7(a)、7(b)、7(c)及7(d))。就非銀行及金融業務而言，收入主要指售出貨品發票淨值以及已收及應收租金收入(附註7(e))。

7. REVENUE (Continued)

Revenue recognised during the year is as follows:

(a) Net interest income from banking business

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income from banking business arising from:	下列各項所產生之銀行業務之利息收入：		
Interest income – due from banks	利息收入－應收銀行款項	161,518	85,006
Interest income – due from clients	利息收入－應收客戶款項	29,512	23,405
Interest income from trading portfolio investments	交易組合投資的利息收入	72	155
Interest income from mortgage loans	按揭貸款之利息收入	8,026	3,751
Interest income from available-for-sale financial assets	可供出售金融資產之利息收入	–	1,945
Interest income from held-to-maturity investments	持至到期投資的利息收入	–	5,551
Interest income from money market papers	貨幣市場票據之利息收入	8,827	1,792
Interest income from financial assets	金融資產之利息收入	12,973	–
Negative interest income/(expense) on due to clients	應付客戶款項之負利息收入／(開支)	720	(1,001)
		221,648	120,604
Interest expenses from banking business arising from:	下列各項所產生之銀行業務之利息開支：		
Interest expense on due to banks	應付銀行款項之利息開支	(38,403)	(20,620)
Interest expense on due to clients	應付客戶款項之利息開支	(564)	(946)
Interest expense for issued debt instruments	已發行債務工具之利息開支	(1,645)	(3,606)
Negative interest income on due from banks and clients	應收銀行及客戶款項之負利息收入	(205)	(440)
		(40,817)	(25,612)
Net interest income from banking business	銀行業務之利息收入淨額	180,831	94,992

(b) Net service fees and commission income from banking business

(b) 銀行業務之服務費及佣金收入淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Service fees and commission income from banking business arising from:	下列各項所產生之銀行業務之服務費及佣金收入：		
Commission income from loans	貸款所得佣金收入	4,049	2,743
Brokerage fees	經紀費	37,107	47,871
Custody account fees	託管賬戶費	27,368	27,281
Commission on investment advice and asset management	投資建議及資產管理佣金	105,612	93,665
Commission income from service fees	服務費佣金收入	92,890	78,710
Commission income from fiduciary fees	信託費佣金收入	554	528
Commission income from retrocession	轉分保佣金收入	4,385	3,954
Other commission income	其他佣金收入	53,649	52,289
		325,614	307,041
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支	(89,253)	(94,425)
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	236,361	212,616

7. 收入(續)

年內確認之收入如下：

(a) 銀行業務之利息收入淨額

7. REVENUE (Continued)

(c) Trading income from banking business

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Debt instruments	債務工具	(815)	598
Securities	證券	5	298
Forex and precious metals	外匯及貴金屬	62,715	63,868
Funds	基金	1,267	463
Trading income from banking business	銀行業務之交易收入	63,172	65,227

7. 收入(續)

(c) 銀行業務之交易收入

(d) Revenue from financial business

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Service fees and commission income	服務費及佣金收入	3,342	9,307
Interest income	利息收入	193	128
Revenue from financial business	金融業務之收入	3,535	9,435

(d) 金融業務之收入

(e) Revenue from non-banking and financial businesses

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sales of goods	貨品銷售	2,444,364	2,583,495
Rental income	租金收入	9,586	16,936
Revenue from non-banking and financial businesses	非銀行及金融業務之收入	2,453,950	2,600,431

(e) 非銀行及金融業務之收入

8. OTHER INCOME AND OTHER NET GAINS OR LOSSES

8. 其他收入及其他收益或虧損淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Gain/(loss) on fair value changes in trading portfolio investments, net	交易組合投資的公平值變動收益／(虧損)淨額	15,541	(5,949)
Loss on fair value changes in derivative financial instruments, net	衍生金融工具之公平值變動虧損淨額	–	(11)
Fair value loss on early redemption of the convertible bond	提早贖回可換股債券之公平值虧損	(978)	–
Net (deficit)/surplus on revaluation of investment properties	投資物業重估之(虧絀)／盈餘淨額	(4,066)	17,605
Gain on disposal of subsidiaries (note 12)	出售附屬公司之收益(附註12)	–	1,382,042
(Loss)/gain on disposal of property, plant and equipment	出售物業、廠房及設備之(虧損)／收益	(1,589)	1,711
Bank and other interest income from non-banking business	非銀行業務之銀行及其他利息收入	5,648	9,723
Dividend income from trading portfolio investments	交易組合投資的股息收入	1,097	1,406
Dividend income from financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產之股息收入	11,316	–
Dividend income from available-for-sale financial assets	可供出售金融資產之股息收入	–	3,436
Sales of scrap materials	廢料銷售	161	217
Other operating income	其他經營收入	8,281	4,453
Government subsidies (note (a))	政府補助金(附註(a))	40,701	26,672
Impairment loss on intangible assets (note 32)	無形資產減值虧損(附註32)	–	(123,378)
Impairment loss on goodwill (note 33)	商譽減值虧損(附註33)	–	(19,000)
Reversal of provision/(provisions) for litigation risks	訴訟風險撥回撥備／(撥備)	320	(158)
Expected credit losses on due from banks and clients	應收銀行及客戶款項預期信貸虧損	(3,256)	–
Reversal of impairment due from banks and customers credit risks	撥回應收銀行及客戶信貸風險減值	–	96
Other sundry income, net	其他雜項收入淨額	6,310	1,527
		79,486	1,300,392

Note:

(a) Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business.

附註：

(a) 政府補助金主要包括已收無條件補貼本集團業務之補助金。

9. FINANCE COSTS FROM NON-BANKING BUSINESS

9. 非銀行業務之財務費用

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest charged on corporate bonds and convertible bond	公司債券及可換股債券利息開支	34,454	30,534
Interest charged on bank borrowings, bank overdrafts and other borrowings	銀行借貸、銀行透支及其他借貸的利息開支	29,510	37,719
Margin loan interests	保證金貸款利息	1,864	200
		65,828	68,453

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

10. 除所得稅前溢利

除所得稅前溢利已扣除／(計入)下列各項後達致：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost of inventories recognised as expense, including:	確認為開支的存貨成本，包括：	1,022,568	1,226,494
– Reversal of provision for inventories	– 撥回存貨撥備	(7,301)	–
– Provision for inventories	– 存貨撥備	11,050	48,383
Depreciation and amortisation	折舊及攤銷	128,913	122,797
– Depreciation (note (a))	– 折舊(附註(a))	126,255	119,767
– Amortisation of prepaid land lease payments (note (b))	– 預付土地租賃款項攤銷(附註(b))	864	1,219
– Amortisation of intangible assets (note (b))	– 無形資產攤銷(附註(b))	1,794	1,811
Lease payments under operating leases in respect of:	以下經營租賃項下之租賃款項：		
– Land and buildings	– 土地及樓宇	54,333	56,964
– Plant and machinery	– 廠房及機器	–	1,400
Auditor's remuneration	核數師酬金	4,600	4,300
Gross rental income	租金收入總額	(9,586)	(16,936)
Less: direct operating expenses	減：直接經營開支	2,309	3,970
Net rental income	租金收入淨額	(7,277)	(12,966)
Research and development expenses (note (b))	研究及開發開支(附註(b))	55,267	54,317
Impairment losses on trade receivables	應收賬款減值虧損	–	8,110
Expected credit losses on trade receivables	應收賬款預期信貸虧損	4,381	–

Notes:

- (a) Depreciation expense of HK\$19,653,000 (2017: HK\$15,082,000) has been included in cost of sales from non-banking and financial businesses, HK\$53,213,000 (2017: HK\$50,159,000) in selling and distribution expenses and HK\$53,389,000 (2017: HK\$54,526,000) in administrative expenses.
- (b) Amortisation expenses and research and development expenses had been included in the administrative expenses.

附註：

- (a) 折舊支出19,653,000港元(二零一七年：15,082,000港元)已計入非銀行及金融業務之銷售成本、53,213,000港元(二零一七年：50,159,000港元)計入銷售及分銷費用以及53,389,000港元(二零一七年：54,526,000港元)計入行政費用。
- (b) 攤銷開支以及研究及開發開支已計入行政費用。

11. INCOME TAX EXPENSE

For the year ended 31 December 2018 and 2017, Hong Kong profit tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (2017: 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is also subject to PRC withholding tax at the rate of 5% or 10% (2017: 5% or 10%) in respect of its PRC sourced income earned, including rental income from properties in the PRC, dividend income derived from PRC incorporated company and profit arising from the transfer of equity interest in PRC incorporated company.

11. 所得稅開支

截至二零一八年及二零一七年十二月三十一日止年度，本集團已為若干附屬公司計提香港利得稅撥備，並按估計應課稅溢利16.5%（二零一七年：16.5%）計算。於中國成立之附屬公司須按介乎15%至25%（二零一七年：15%至25%）之所得稅率繳稅。海外稅項按相關司法權區適用稅率計算。

本集團亦就其於中國賺取之收入按稅率5%或10%（二零一七年：5%或10%）繳交中國預扣稅，預扣稅包括來自中國物業之租金收入、產生自中國註冊成立公司之股息收入及轉讓於中國註冊成立公司股權產生之溢利。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax for the year	年內即期稅項		
Hong Kong	香港	665	465
PRC	中國	78,140	224,845
Liechtenstein	列支敦士登	27,891	19,059
Switzerland	瑞士	289	812
Deferred tax for the year (note 42)	年內遞延稅項(附註42)	(1,321)	(23,615)
Total income tax expense	所得稅開支總額	105,664	221,566

Reconciliation between income tax expense and accounting profit at applicable tax rates:

按適用稅率計算之所得稅開支與會計溢利之對賬：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	347,112	1,432,764
Tax on profit before income tax, calculated at the rates applicable to the tax jurisdictions concerned	除所得稅前溢利之稅項(根據相關稅務司法權區適用之稅率計算)	90,526	129,637
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(25,657)	(16,727)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	5,968	46,593
Utilisation of tax losses not recognised	動用未確認稅項虧損	-	(26)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	34,827	62,089
Total income tax expense	所得稅開支總額	105,664	221,566

12. DISPOSAL OF SUBSIDIARIES

12. 出售附屬公司

		2017 二零一七年 HK\$'000 千港元
Gain on disposal of Seti Timber Group (note 12.1)	出售森帝木業集團之收益(附註12.1)	1,353,795
Gain on disposal of Gold Vantage Group (note 12.2)	出售金燾集團之收益(附註12.2)	28,247
Gain/(loss) on disposal of subsidiaries	出售附屬公司之收益/(虧損)	1,382,042

12.1 Disposal of Seti Timber Group

In September 2017, the Group has completed the disposal of the entire equity interest in Seti Timber Group at the total consideration of RMB1,513,515,000 equivalent to HK\$1,762,703,000 in which RMB1,400,000,000 (equivalent HK\$1,630,446,000) is cash consideration and the remaining balances of RMB113,515,000 (equivalent to HK\$132,257,000) is the tax paid by vendor on behalf of the Group. The Group recognised a gain on disposal of subsidiaries of approximately HK\$1,353,795,000. Details of the Group's gain on disposal of Seti Timber Group for the year ended 31 December 2017 were set out as follows:

12.1 出售森帝木業集團

於二零一七年九月，本集團以總代價人民幣1,513,515,000元相當於1,762,703,000港元完成出售其於森帝木業集團之全部股權，當中人民幣1,400,000,000元(相當於1,630,446,000港元)為現金代價，而餘下結餘人民幣113,515,000元(相當於132,257,000港元)為賣方代表本集團支付之稅項。本集團確認出售附屬公司之收益約為1,353,795,000港元。有關本集團於截至二零一七年十二月三十一日止年度出售森帝木業集團收益詳情載列如下：

		HK\$'000 千港元
Net assets disposed of:	出售資產淨值：	
Cash and deposits	現金及存款	59,724
Other assets	其他資產	350,815
Prepaid land lease payments (note 31)	預付土地租賃款項(附註31)	11,977
Income tax payable	應付所得稅	(298)
Other liabilities	其他負債	(7,688)
Net assets disposed of	出售資產淨值	414,530
Non-controlling interests	非控股權益	(2,670)
Release of exchange reserve upon disposal	於出售時解除外匯儲備	(2,952)
		408,908
Less: Total consideration	減：總代價	(1,762,703)
Gain on disposal of Seti Timber Group	出售森帝木業集團之收益	(1,353,795)

		HK\$'000 千港元
Net cash inflow arising on disposal:	出售產生之現金流入淨額：	
Cash consideration	現金代價	1,630,446
Less: Cash and deposits disposed of	減：所出售之現金及存款	(59,724)
Net cash inflow for the year ended 31 December 2017	截至二零一七年十二月三十一日 止年度之現金流入淨額	1,570,722

The cash consideration of RMB1,400,000,000 (equivalent to HK\$1,630,446,000) in respect of disposal of Seti Timber Group has been fully received by the Group during the year ended 31 December 2017.

截至二零一七年十二月三十一日止年度，有關出售森帝木業集團，本集團已悉數收取現金代價人民幣1,400,000,000元(相當於1,630,446,000港元)。

12. DISPOSAL OF SUBSIDIARIES (Continued)**12.2 Disposal of Gold Vantage Group**

In December 2017, the Group has completed the disposal of its 51% equity interest in Gold Vantage Group to Fair Future Industrial Limited ("Fair Future"), the associate company of the Group, at the total consideration of HK\$5,100 and the Group recognised a gain on disposal of subsidiaries of approximately HK\$28,247,000. Details of the Group's gain on disposal of Gold Vantage Group for the year ended 31 December 2017 were set out as follows:

		HK\$'000 千港元
Net liabilities disposed of:	出售負債淨額：	
Cash and deposits	現金及存款	10,346
Trade receivables	應收賬款	13,661
Inventories	存貨	20,181
Property, plant and equipment (note 29)	物業、廠房及設備(附註29)	54,317
Other assets	其他資產	16,489
Trade payables	應付賬款	(18,532)
Income tax payable	應付所得稅	(578)
Borrowings	借貸	(210)
Other liabilities [#]	其他負債 [#]	(148,874)
Net liabilities disposed of	出售負債淨額	(53,200)
Non-controlling interests	非控股權益	24,815
Release of exchange reserve upon disposal	於出售時解除外匯儲備	143
		(28,242)
Less: Total consideration	減：總代價	(5)
Gain on disposal of Gold Vantage Group	出售金熹集團之收益	(28,247)

		HK\$'000 千港元
Net cash outflow arising on disposal:	出售產生之現金流出淨額：	
Cash consideration	現金代價	5
Less: Cash and deposits disposed of	減：所出售之現金及存款	(10,346)
Net cash outflow for the year ended 31 December 2017	截至二零一七年十二月三十一日止年度之現金流出淨額	(10,341)

The cash consideration of HK\$5,100 from disposal of Gold Vantage Group has been fully received by the Group during the year ended 31 December 2017.

[#] Other liabilities included an amount of HK\$22,457,000 due to the Group. This amount was not settled as at 31 December 2017, and was presented as amounts due from an associate under other assets in note 34 to the consolidated financial statements.

12. 出售附屬公司(續)**12.2 出售金熹集團**

於二零一七年十二月，本集團以總代價5,100港元完成出售其於金熹集團之51%股權予本集團聯營公司俊光實業有限公司(「俊光」)，本集團確認出售一間附屬公司收益約28,247,000港元。有關本集團於截至二零一七年十二月三十一日止年度出售金熹集團收益詳情載列如下：

		HK\$'000 千港元
Net liabilities disposed of:	出售負債淨額：	
Cash and deposits	現金及存款	10,346
Trade receivables	應收賬款	13,661
Inventories	存貨	20,181
Property, plant and equipment (note 29)	物業、廠房及設備(附註29)	54,317
Other assets	其他資產	16,489
Trade payables	應付賬款	(18,532)
Income tax payable	應付所得稅	(578)
Borrowings	借貸	(210)
Other liabilities [#]	其他負債 [#]	(148,874)
Net liabilities disposed of	出售負債淨額	(53,200)
Non-controlling interests	非控股權益	24,815
Release of exchange reserve upon disposal	於出售時解除外匯儲備	143
		(28,242)
Less: Total consideration	減：總代價	(5)
Gain on disposal of Gold Vantage Group	出售金熹集團之收益	(28,247)

		HK\$'000 千港元
Net cash outflow arising on disposal:	出售產生之現金流出淨額：	
Cash consideration	現金代價	5
Less: Cash and deposits disposed of	減：所出售之現金及存款	(10,346)
Net cash outflow for the year ended 31 December 2017	截至二零一七年十二月三十一日止年度之現金流出淨額	(10,341)

截至二零一七年十二月三十一日止年度，有關出售金熹集團，本集團已悉數收取現金代價5,100港元。

[#] 其他負債包括應付本集團款項22,457,000港元。該款項於二零一七年十二月三十一日並未償付，且於綜合財務報表附註34呈列為其他資產項下之應收一間聯營公司款項。

13. DIVIDENDS

13.1 Dividend attributable to the year

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Special dividend of HK5 cents per share for 2017 (note a)	二零一七年特別股息每股5港仙 (附註a)	—	217,516
Proposed final dividend (note b)	擬派末期股息(附註b)	—	261,019
		—	478,535

Notes:

- (a) The board of directors resolved to recommend a special dividend of HK5 cents per share for the year ended 31 December 2016. The proposed special dividend for the year ended 31 December 2016 was approved by the shareholders in the 2017 annual general meeting held on 26 May 2017 and had been paid to the Company's shareholders during the year ended 31 December 2017.
- (b) At the board meeting held on 29 March 2019, the board of directors do not recommend the payment of final dividend for the year ended 31 December 2018 (2017: recommended final dividend of HK6 cents per share). The proposed 2017 final dividend is subject to shareholders' approval in the forthcoming 2017 annual general meeting and has not been recognised as dividend payable as at 31 December 2017, but will be reflected as an appropriation of retained profits/share premium for the year ending 31 December 2018.

附註：

- (a) 董事會議決建議於截至二零一六年十二月三十一日止年度派付特別股息每股5港仙。於截至二零一六年十二月三十一日止年度擬派特別股息已於二零一七年五月二十六日召開之二零一七年股東週年大會上獲股東批准，並已於截至二零一七年十二月三十一日止年度向本公司股東派付。
- (b) 於二零一九年三月二十九日舉行之董事會會議上，董事會不建議派付截至二零一八年十二月三十一日止年度之末期股息(二零一七年：建議末期股息每股6港仙)。擬派二零一七年末期股息須待股東於應屆二零一七年股東週年大會批准後方可作實，於二零一七年十二月三十一日並無確認為應付股息，惟將反映為截至二零一八年十二月三十一日止年度之保留溢利/股份溢價之分派。

13.2 Dividend attributable to the previous financial year, approved and paid during the year

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Final dividend in respect of previous financial year of HK6 cents (2017: nil)	就過往財政年度之末期股息 6港仙(二零一七年：無)	261,113	—
		261,113	—

The amount of actual 2017 final dividend paid was HK\$261,113,000 as result of the issue of 1,575,000 new ordinary shares due to exercise of share options during the year. The aforementioned issuance of ordinary shares were completed before the closure of members' register on 29 June 2018. As such, those ordinary shares newly issued were entitled to the 2017 final dividend.

13.2 年內批准及支付之過往財政年度應佔股息

由於年內因購股權獲行使而發行1,575,000股新普通股，故二零一七年末期股息之實際派付金額為261,113,000港元。上述發行普通股於二零一八年六月二十九日暫停辦理股份過戶登記手續前完成。因此，該等新發行普通股有權獲派二零一七年末期股息。

14. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Earnings	盈利		
Profit attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	計算每股基本及攤薄盈利所依據之本公司擁有人應佔溢利	201,372	1,170,484

		2018 二零一八年 Number of shares 股份數目 '000 千股	2017 二零一七年 Number of shares 股份數目 '000 千股
Number of shares	股份數目		
Weighted average number of shares for the purpose of calculating basic earnings per share	計算每股基本盈利所依據之加權平均股數	4,351,370	4,350,313
Effect of dilutive potential shares: – share options issued by the Company	潛在股份之攤薄影響： – 本公司發行之認購股份權	2,249	5,752
Weighted average number of shares for the purpose of calculating diluted earnings per share	計算每股攤薄盈利所依據之加權平均股數	4,353,619	4,356,065

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)**15.1 Employee benefit expense**

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Wages and salaries	工資及薪金	669,441	649,300
Pension costs	退休金成本	91,286	99,571
		760,727	748,871

Employee costs, including directors' emoluments of HK\$83,775,000 (2017: HK\$113,680,000) has been included in cost of sales from non-banking and financial businesses, HK\$285,027,000 (2017: HK\$265,766,000) in selling and distribution expenses and HK\$391,925,000 (2017: HK\$369,425,000) in administrative expenses.

14. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

15. 僱員福利開支(包括董事酬金)**15.1 僱員福利開支**

僱員成本(包括董事酬金)83,775,000港元(二零一七年:113,680,000港元)已計入非銀行及金融業務之銷售成本、285,027,000港元(二零一七年:265,766,000港元)已計入銷售及分銷開支以及391,925,000港元(二零一七年:369,425,000港元)已計入行政開支。

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

15.2 Defined benefit pension plans

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net defined benefit obligations	定額福利責任淨額	83,140	94,323

Net defined benefit liability has been included in "other liabilities" (see note 43) in the consolidated statement of financial position.

The defined benefit pension plans are primarily arising from Eterna AG Uhrenfabrik and its subsidiaries (together the "Eterna Group"), Montres Corum Sàrl and its subsidiaries (together the "Corum Group") Bendura Bank AG and its subsidiaries (the "Bendura Group"), the Ernest Borel Group. The Group makes contributions to the defined benefit pension plans that provide post-retirement benefits for employees upon retirement. Under the schemes, the employees in Switzerland and Liechtenstein are entitled to retirement benefits based on the plan assets accumulated on attainment of the retirement age and a fixed annual rate. Since there is potential down-side risk for the employer to pay additional contributions in case the plan has a deficit, Swiss and Liechtenstein plans are classified as defined benefit pension plans.

The latest independent actuarial valuations of plan assets and the present value of the defined benefit obligation on the Eterna Group were carried out at 31 December 2018 and 2017 by Martin Schnider, a member of the Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

The latest independent actuarial valuations of plan assets and the defined benefit obligations on the Corum Group were carried out at 31 December 2018 and 2017 by Nicolas Colozier, a member of the Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

The latest independent actuarial valuations of plan assets and the defined benefit obligations on the Ernest Borel were carried out at acquisition date and 31 December 2018 by Swiss Life Pension Services AG, an independent qualified professional actuary and a member of the Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

The latest independent actuarial valuations of plan assets and the defined benefit obligations on the Bendura Group were carried out at 31 December 2018 and 2017 by AXA Pension Solutions AG, a member of Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

15. 僱員福利開支(包括董事酬金)(續)

15.2 定額退休金福利計劃

定額福利負債淨額已計入綜合財務狀況表「其他負債」(見附註43)項下。

定額退休金福利計劃主要來自Eterna AG Uhrenfabrik及其附屬公司(統稱「綺年華集團」)、Montres Corum Sàrl及其附屬公司(統稱「崑崙集團」)、富地銀行股份有限公司及其附屬公司(「富地集團」)以及依波路集團。本集團向定額退休金福利計劃作出供款，為僱員於退休時提供退休後福利。根據計劃，瑞士及列支敦士登僱員可享有退休福利，乃根據達到退休年齡及固定年率所累計之計劃資產釐定。由於一旦計劃出現赤字，僱主須支付額外供款，導致潛在損失風險，故瑞士及列支敦士登計劃分類為定額退休金福利計劃。

綺年華集團計劃資產之最新獨立精算估值及定額福利責任現值乃由瑞士Swiss Association of Actuaries之一位會員Martin Schnider於二零一八年及二零一七年十二月三十一日使用預測單位入賬方法進行。

崑崙集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士Swiss Association of Actuaries之一位會員Nicolas Colozier於二零一八年及二零一七年十二月三十一日使用預測單位入賬方法進行。

依波路計劃資產之最新獨立精算估值及定額福利責任乃由一位獨立合資格專業精算師兼瑞士Swiss Association of Actuaries之會員Swiss Life Pension Services AG於收購日期及二零一八年十二月三十一日使用預測單位入賬方法進行。

富地集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士Swiss Association of Actuaries之一位會員AXA Pension Solutions AG於二零一八年及二零一七年十二月三十一日使用預測單位入賬方法進行。

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

15.2 Defined benefit pension plans (Continued)

- (a) The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Present value of defined benefit obligations	定額福利責任現值	478,397	456,532
Fair value of plan assets	計劃資產之公平值	(395,257)	(362,209)
Net liability arising from defined benefit obligations	定額福利責任產生之負債淨額	83,140	94,323

- (b) Movements in the present value of the defined benefit obligations for both the years ended 31 December 2018 and 2017 are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	456,532	413,556
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	14,409	—
Current service costs	現時服務成本	29,242	27,883
Past service costs	過往服務成本	2,941	1,362
Interest cost	利息成本	3,085	3,010
Actuarial gains	精算收益	(30,853)	(2,657)
Benefits paid	已付福利	(11,059)	(7,410)
Contribution by plan participants	計劃參與者供款	15,547	—
Exchange realignment	匯兌調整	(1,447)	20,788
At 31 December	於十二月三十一日	478,397	456,532

- (c) Movements in the fair value of the plan assets for both the years ended 31 December 2018 and 2017 are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	362,209	323,926
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	9,440	—
Interest income	利息收入	64	—
Return on plan assets	計劃資產之回報	4,664	2,403
Actuarial (losses)/gains	精算(虧損)/收益	(2,492)	10,126
Contributions by the employers	僱主供款	19,265	15,902
Contributions by plan participants	計劃參與者供款	14,929	13,665
Contributions by employees	僱員供款	617	—
Benefit paid	已付福利	(11,059)	(21,075)
Exchange realignment	匯兌調整	(2,380)	17,262
At 31 December	於十二月三十一日	395,257	362,209

15. 僱員福利開支(包括董事酬金)(續)

15.2 定額退休金福利計劃(續)

- (a) 計入綜合財務狀況表本集團就其定額福利計劃責任所產生之金額如下：

- (b) 截至二零一八年及二零一七年十二月三十一日止兩個年度定額福利計劃責任現值變動如下：

- (c) 截至二零一八年及二零一七年十二月三十一日止兩個年度計劃資產公平值變動如下：

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

15.2 Defined benefit pension plans (Continued)

- (d) Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Service cost:	服務成本：		
Current service costs	現時服務成本	29,242	27,883
Past services costs	過往服務成本	2,941	1,362
Net interest expense	利息開支淨額	3,021	3,010
Components of defined benefit costs recognised in profit or loss	於溢利或虧損中確認之定額福利成本之組成部分	35,204	32,255
Remeasurement on the net defined benefit liability:	重新計量定額福利負債淨額：		
Return on plan assets	計劃資產之回報	4,664	2,403
Actuarial gains	精算收益	28,361	12,783
Components of defined benefit costs recognised in other comprehensive income	於其他全面收入中確認之定額福利成本之組成部分	33,025	15,186

The defined benefit cost of HK\$35,204,000 (2017: HK\$32,255,000) has been included in the administrative expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

定額福利成本35,204,000港元(二零一七年：32,255,000港元)已計入行政費用。重新計量定額福利負債淨額計入其他全面收入。

- (e) The major categories of the fair value of the plan assets at the end of reporting period are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Equity instruments	股本工具	59,770	65,841
Debt instruments	債務工具	90,284	91,948
Properties	物業	77,295	76,937
Commodities instruments	商品工具	4,274	1,937
Assets from reinsurance	重新保險資產	144,474	113,858
Hedge funds	對沖基金	9,117	4,387
Cash	現金	8,018	7,301
Other	其他	2,025	—
		395,257	362,209

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair value of properties, commodities instruments, assets from reinsurance and hedge funds are not based on quoted market prices in active markets.

上述股本及債務工具之公平值按活躍市場之市場報價釐定，而物業、商品工具、重新保險資產及對沖基金之公平值並非按活躍市場之市場報價釐定。

15. 僱員福利開支(包括董事酬金)(續)

15.2 定額退休金福利計劃(續)

- (d) 就該等定額福利計劃於綜合全面收入表內確認之金額如下：

- (e) 於報告期末計劃資產公平值之主要類別如下：

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

15.2 Defined benefit pension plans (Continued)

- (f) The principal assumption used for the purpose of the actuarial valuations was as follows:

		2018 二零一八年	2017 二零一七年
Discount rate(s)	貼現率	0.8%–1.0%	0.6%–0.7%
Expected rate(s) of salary increase	預期薪金升幅	0.5%–1.5%	1%–1.5%

- (g) Sensitivity analysis on defined benefit pension plans

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary rate of increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would decrease by HK\$35,823,000 (2017: HK\$36,316,000)/increase by HK\$44,759,000 (2017: HK\$42,118,000).
- If the expected salary rate of increase/(decreases) by 50 basis points, the defined benefit obligations would increase by HK\$8,435,000 (2017: HK\$7,477,000)/decrease by HK\$5,086,000 (2017: HK\$6,942,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

15. 僱員福利開支(包括董事酬金)(續)

15.2 定額退休金福利計劃(續)

- (f) 用於精算評估目的之主要假設如下：

		2018 二零一八年	2017 二零一七年
Discount rate(s)	貼現率	0.8%–1.0%	0.6%–0.7%
Expected rate(s) of salary increase	預期薪金升幅	0.5%–1.5%	1%–1.5%

- (g) 定額退休金福利計劃之敏感度分析

釐定定額福利責任之主要精算假設為貼現率及預期薪金增幅比率。下文之敏感度分析乃按當所有其他假設保持不變時，報告期末所產生有關假設合理可能變動而釐定。

- 倘貼現率上升／(下降) 50個基點，定額福利責任將減少35,823,000港元(二零一七年：36,316,000港元)／增加44,759,000港元(二零一七年：42,118,000港元)。
- 倘預期薪金增幅比率增加／(減少) 50個基點，定額福利責任將增加8,435,000港元(二零一七年：7,477,000港元)／減少5,086,000港元(二零一七年：6,942,000港元)。

上述敏感度分析可能並不代表定額福利責任之實際變化，原因為若干假設可能彼此關聯，假設中之變化不大可能單獨出現。

此外，就上述敏感度分析之呈列，於報告期末定額福利責任之現值使用預測單位入賬方法計算，即與於綜合財務狀況表中所確認定額福利負債之計算所應用者相同。

過往年度用以制定敏感度分析之方法及假設概無變動。

16. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

16.1 Directors' emoluments

Details of emoluments of the directors of the Company in connection with the management of affairs of the Company and its subsidiaries are set out below:

16. 董事酬金及高級管理層酬金

16.1 董事酬金

有關管理本公司及其附屬公司事宜之本公司董事酬金之詳情載列如下：

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		董事袍金	薪金、津貼及實物福利	退休金計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2018	二零一八年				
Executive directors	執行董事				
Mr. Hon Kwok Lung	韓國龍先生	—	2,091	18	2,109
Mr. Shang Jianguang	商建光先生	—	13,722	83	13,805
Mr. Shi Tao*	石濤先生*	—	1,810	18	1,828
Mr. Lam Toi Man	林代文先生	—	1,430	18	1,448
Mr. Bi Bo	畢波先生	—	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	—	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	—	1,430	18	1,448
Mr. Tao Li [^]	陶立先生 [^]	—	141	2	143
Mr. Teguh Halim **	Teguh Halim 先生 **	—	2,964	21	2,985
Independent non-executive directors	獨立非執行董事				
Mr. Fung Tze Wa	馮子華先生	200	—	—	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	—	—	150
Mr. Zhang Bin	張斌先生	150	—	—	150
Mr. Rudolf Heinrich Escher [▲]	Rudolf Heinrich Escher 先生 [▲]	200	—	—	200
		700	26,474	214	27,388

16. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

16.1 Directors' emoluments (Continued)

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		董事袍金	薪金、津貼及實物福利	退休金計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2017	二零一七年				
Executive directors	執行董事				
Mr. Hon Kwok Lung	韓國龍先生	—	2,222	18	2,240
Mr. Shang Jianguang	商建光先生	—	12,458	78	12,536
Mr. Shi Tao*	石濤先生*	—	1,560	18	1,578
Mr. Lam Toi Man	林代文先生	—	1,430	18	1,448
Mr. Bi Bo	畢波先生	—	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	—	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	—	1,430	18	1,448
Mr. Tao Li [^]	陶立先生 [^]	—	3,016	122	3,138
Independent non-executive directors	獨立非執行董事				
Mr. Fung Tze Wa	馮子華先生	200	—	—	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	—	—	150
Mr. Li Qiang [#]	李強先生 [#]	8	—	—	8
Mr. Zhang Bin	張斌先生	150	—	—	150
Mr. Rudolf Heinrich Escher [▲]	Rudolf Heinrich Escher 先生 [▲]	190	—	—	190
		698	25,002	308	26,008

Notes:

There was no arrangement under which a director waived or agreed to waive any remunerations during the year ended 31 December 2018 (2017: nil).

* Save as disclosed in the above table, the Group also provided a quarter to the executive director, Mr. Shi Tao at HK\$10,000 monthly rental (2017: HK\$10,000). The carrying amount of the Group's investment property which was rented to the executive director as quarter as at 31 December 2018 was HK\$26,000,000 (2017: HK\$25,500,000).

[^] Mr. Tao Li has resigned as an executive director of the Company with effect from 23 January 2018.

[#] Mr. Li Qiang had resigned as an independent non-executive director of the Company with effect from 20 January 2017.

[▲] Mr. Rudolf Heinrich Escher had been appointed as an independent non-executive director of the Company with effect from 20 January 2017.

** Mr. Teguh Halim has been appointed as an executive director of the Company with effect from 23 January 2018.

附註：

截至二零一八年十二月三十一日止年度，並無董事放棄或同意放棄任何酬金安排（二零一七年：無）。

* 除上表所披露者外，本集團亦為執行董事石濤先生提供一間宿舍，月租為10,000港元（二零一七年：10,000港元）。於二零一八年十二月三十一日，租予執行董事作宿舍之本集團投資物業之賬面值為26,000,000港元（二零一七年：25,500,000港元）。

[^] 陶立先生已辭任本公司之執行董事，自二零一八年一月二十三日起生效。

[#] 李強先生已辭任本公司之獨立執行董事，自二零一七年一月二十日起生效。

[▲] Rudolf Heinrich Escher 先生獲委任為本公司獨立非執行董事，自二零一七年一月二十日起生效。

** Teguh Halim 先生獲委任為本公司之執行董事，自二零一八年一月二十三日起生效。

16. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

16.2 Five highest paid individuals

The five highest paid individuals of the Group during the year included two (2017: two) directors, details of whose remuneration are reflected in the analysis presented in note 16.1. Details of the remuneration of the remaining three (2017: three) non-director, highest paid individuals of the Group for the year are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	12,294	12,735
Contribution to pension scheme	退休金計劃供款	824	1,134
		13,118	13,869

The emoluments of non-director highest paid individuals were within following bands:

		2018 二零一八年 No. of individuals 人數	2017 二零一七年 No. of individuals 人數
HK\$2,500,001 to HK\$3,000,000	2,500,001 港元至 3,000,000 港元	–	1
HK\$3,500,001 to HK\$4,000,000	3,500,001 港元至 4,000,000 港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001 港元至 5,000,000 港元	2	–
HK\$5,000,001 to HK\$5,500,000	5,000,001 港元至 5,500,000 港元	–	1
HK\$5,500,001 to HK\$6,000,000	5,500,001 港元至 6,000,000 港元	–	1
		3	3

No emolument was paid by the Group to the directors or the three (2017: three) highest paid employee(s) as an inducement to join or upon joining the Group, or as compensation for loss of office (2017: nil).

非董事最高薪人士之薪金介乎以下級別：

本集團並無向董事或三名(二零一七年：三名)最高薪僱員支付酬金作為加入或於加入本集團時之獎勵，或作為離職補償(二零一七年：無)。

16.3 Emoluments to members of senior management

The emoluments to members of senior management (excluding the remunerations to directors which have been disclosed in note 16.1 above) were within the following bands:

		2018 二零一八年 No. of individuals 人數	2017 二零一七年 No. of individuals 人數
HK\$1 to HK\$1,000,000	1 港元至 1,000,000 港元	–	1
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	–	1
HK\$2,500,001 to HK\$3,000,000	2,500,001 港元至 3,000,000 港元	1	–
		2	3

16. 董事酬金及高級管理層酬金(續)

16.2 五名最高酬金人士

年內，本集團五名最高薪人士包括兩名(二零一七年：兩名)董事，彼等酬金詳情反映於附註16.1所列分析。年內本集團餘下三名(二零一七年：三名)非董事最高薪人士酬金詳情如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	12,294	12,735
Contribution to pension scheme	退休金計劃供款	824	1,134
		13,118	13,869

非董事最高薪人士之薪金介乎以下級別：

		2018 二零一八年 No. of individuals 人數	2017 二零一七年 No. of individuals 人數
HK\$2,500,001 to HK\$3,000,000	2,500,001 港元至 3,000,000 港元	–	1
HK\$3,500,001 to HK\$4,000,000	3,500,001 港元至 4,000,000 港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001 港元至 5,000,000 港元	2	–
HK\$5,000,001 to HK\$5,500,000	5,000,001 港元至 5,500,000 港元	–	1
HK\$5,500,001 to HK\$6,000,000	5,500,001 港元至 6,000,000 港元	–	1
		3	3

本集團並無向董事或三名(二零一七年：三名)最高薪僱員支付酬金作為加入或於加入本集團時之獎勵，或作為離職補償(二零一七年：無)。

16.3 高級管理層成員酬金

高級管理層成員酬金(不包括已於上文附註16.1披露之董事酬金)介乎以下級別：

17. CASH AND DEPOSITS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash and bank balances (note (a) and note (b))	現金及銀行結餘(附註(a)及附註(b))	395,444	560,329
Cash held on behalf of clients (note (c))	代客戶持有之現金(附註(c))	46,932	47,251
Sight deposits with central banks (note (d))	中央銀行之活期存款(附註(d))	7,259,367	6,813,098
		7,701,743	7,420,678

Notes:

- (a) Cash at bank earns interest at the floating rates based on the daily bank deposits rates.
- (b) Included in cash and bank balances of the Group are the amount of approximately HK\$249,220,000 (2017: HK\$222,403,000) denominated in RMB which are placed with the banks in the PRC. RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into foreign currencies through the banks authorised to conduct foreign exchange business.
- (c) In respect of the Group's financial business of securities dealing, the Group maintains segregated trusts accounts with authorised financial institutions to hold client's monies. The Group classifies clients' monies under cash and deposits in the consolidated statement of financial position and has recognised the corresponding balances due to cash and margin clients separately under trade payables (note 36) on the grounds that the Group is liable for any loss or misappropriation of clients' monies and does not have a currently enforceable right to offset those payables with the deposits placed.
- (d) These balances with central banks represent sight deposits placed by the Bendura Group and they can be withdrawn immediately without any restrictions.
- (e) As at 31 December 2018, cash and deposits of HK\$7,369,156,000 (2017: HK\$6,910,905,000) are attributable to banking and financial businesses.

附註：

- (a) 銀行現金按每日銀行存款利率計算之浮動利率計息。
- (b) 本集團現金及銀行結餘包括為數約249,220,000港元(二零一七年: 222,403,000港元)以人民幣計值存於中國之銀行之款額。人民幣不得自由兌換為其他貨幣。根據中國關於外匯管理及結匯、售匯及付匯管理規定，本集團可透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。
- (c) 就本集團證券買賣之金融業務而言，本集團於獲授權金融機構開設獨立信託賬戶以持有客戶款項。本集團於綜合財務狀況表內將客戶款項分類為現金及存款，並根據其須就客戶款項之任何損失或挪用任何金額負責之基礎而確認為應付賬款項下各自應付予相關客戶之現金及保證金之相應結餘(附註36)，且本集團現時並無可強制執行之權利動用其所存放之存款以抵銷有關應付賬款。
- (d) 該等中央銀行結餘指當地集團所存放之活期存款，可即時提取而無任何限制。
- (e) 於二零一八年十二月三十一日，現金及存款7,369,156,000港元(二零一七年: 6,910,905,000港元)乃來自銀行及金融業務。

18. DUE FROM BANKS AND CLIENTS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Due from clients – mortgage loans	應收客戶款項—按揭貸款	825,042	359,956
Due from clients – other	應收客戶款項—其他	759,493	654,591
Valuation adjustments for default risk (note (a))	違約風險估值調整(附註(a))	(9,097)	(3,031)
Total due from clients	應收客戶款項總額	1,575,438	1,011,516
Due from banks on a daily basis	應收銀行日常款項	3,205,104	5,808,499
Due from banks other claims	應收銀行其他申索	185,557	113,571
Valuation adjustments for default risk (note (a))	違約風險估值調整(附註(a))	(2,825)	(192)
Total due from banks	應收銀行款項總額	3,387,836	5,921,878

18. 應收銀行及客戶款項

18. DUE FROM BANKS AND CLIENTS (Continued)

Notes:

- (a) Movement in the expected credit losses in respect of due from banks and clients are as follows:

		Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 1 January 2018	於二零一八年一月一日之結餘	-	-	3,223	3,223
Implementation of HKFRS 9	實施香港財務報告準則第9號	5,519	-	-	5,519
Balance at 1 January 2018, as restated	於二零一八年一月一日之結餘，經重列	5,519	-	3,223	8,742
Newly formed expected credit losses	新增預期信貸虧損	1,299	-	1,957	3,256
Exchange realignment	匯兌調整	(43)	-	(33)	(76)
Balance at 31 December 2018	於二零一八年十二月三十一日之結餘	6,775	-	5,147	11,922

Origination of new due from net of those settled resulted in an increase in loss allowance of HK\$3,256,000 contributed to the increase in the loss allowance during 2018:

Movement in the valuation adjustments for default risk in respect of due from banks and clients for the year ended 31 December 2017 is as follow:

		HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	3,033
Newly formed valuation adjustments for default risks	新增違約風險估值調整	264
Utilise of valuation adjustments for default risks	動用違約風險估值調整	(157)
Release of valuation adjustments for default risks	撥回違約風險估值調整	(360)
Exchange realignment	匯兌調整	443
At 31 December 2017	於二零一七年十二月三十一日	3,223

- (b) Impaired amounts due from banks and clients

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Impaired amounts due from banks and clients, gross	應收銀行及客戶減值款項總額	11,922	3,223
Estimated realisation proceeds from collateral	估計抵押品變現所得款項	-	-
Impaired amounts due from banks and clients, net	應收銀行及客戶減值款項淨額	11,922	3,223

- (c) Non-performing loans

No interest income impact from non-performing loans was recognised for the year ended 31 December 2018 and 2017.

18. 應收銀行及客戶款項(續)

附註:

- (a) 應收銀行及客戶款項之預期信貸虧損變動如下:

於二零一八年，產生新應收款項減已結清款項導致虧損撥備增加3,256,000港元導致虧損撥備增加:

截至二零一七年十二月三十一日止年度之應收銀行及客戶款項違約風險估值調整變動如下:

- (b) 應收銀行及客戶減值款項

- (c) 不良貸款

截至二零一八年及二零一七年十二月三十一日止年度，概無確認不良貸款產生之利息收入影響。

19. TRADING PORTFOLIO INVESTMENTS

19. 交易組合投資

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Equity instruments	股本工具		
Listed equity instruments in Hong Kong at market value	按市值於香港上市之股本工具	42,793	556,634
Listed equity instruments outside Hong Kong at market value	按市值於香港境外上市之股本工具	35,429	42,579
Total equity instrument	股本工具總額	78,222	599,213
Debt instruments	債務工具		
Debt instruments of financial institutions listed outside Hong Kong	於香港境外上市之金融機構債務工具	603	33,878
Unlisted debt instruments of financial institutions	金融機構之非上市債務工具	12,890	2,733
Total debt instruments	債務工具總額	13,493	36,611
Investment fund units	投資基金單位		
Investment fund units listed outside Hong Kong	於香港境外上市之投資基金單位	793	3,228
Unlisted investment fund units	非上市投資基金單位	7,851	1,979
Total investment fund units	投資基金單位總額	8,644	5,207
Investment in other financial products	其他金融產品投資	23,247	-
Total trading portfolio investments	交易組合投資總額	123,606	641,031

The investments under trade portfolio investments are held for trading purposes.

交易組合投資乃持有作買賣用途。

Fair value of the listed equity instruments, debt instruments and investment fund units have been determined by reference to their quoted market prices at the reporting date in an active market. Fair value of the listed trading portfolio investments is Level 1 recurring fair value measurement.

上市股本工具、債務工具及投資基金單位之公平值乃經參考其於報告日在活躍市場所報市價後予以釐定。上市交易組合投資之公平值為第一級經常性公平值計量。

Fair value of unlisted debt instruments and investment fund units have been determined using significant inputs, which are market observable, directly or indirectly. The fair value of the unlisted trading portfolio investments is Level 2 recurring fair value measurement.

倘重大輸入數值為市場可觀察數據，則非上市債務工具及投資基金單位之公平值直接或間接釐定。非上市交易組合投資之公平值為第二級經常性公平值計量。

Other financial products are referring to the insurance policy entered by the Group. The fair value of investments in insurance policies are determined based on the account value as stated in cash surrender value statements issued by insurers. Fair value of other financial products is Level 2 recurring fair value measurement.

其他金融產品指本集團訂立之保單。保單投資之公平值乃按保險公司發出之現金退保單所示賬目金額而釐定。其他金融產品之公平值為第二層經常性公平值計量。

There is no transfer under the fair value hierarchy classification for the years ended 31 December 2018 and 2017.

截至二零一八年及二零一七年十二月三十一日止年度，概無根據公平值層級分類之轉移。

The fair value gain during the year was amounted to HK\$15,541,000 (2017: fair value loss of HK\$5,949,000), which has been recognised in the consolidated statement of comprehensive income as "other income and other net gains or losses" (note 8) for the year ended 31 December 2018.

本年度之公平值收益為15,541,000港元(二零一七年：公平值虧損5,949,000港元)，已於截至二零一八年十二月三十一日止年度之綜合全面收入表內確認為「其他收入及其他收益或虧損淨額」(附註8)。

As at 31 December 2018, listed equity instruments with an aggregated carrying amount of HK\$35,749,000 (2017: HK\$56,366,000) have been pledged to secure the margin loan payable (note 39).

於二零一八年十二月三十一日，總賬面值為35,749,000港元(二零一七年：56,366,000港元)之上市股本工具已抵押作擔保應付保證金貸款(附註39)。

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

20. 按公平值計入其他全面收入之金融資產

			2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	Notes 附註			
Listed equity instruments in Hong Kong (note (a))	於香港上市之股本工具(附註(a))	(a)	492,759	-
Listed equity instruments outside Hong Kong (note (b))	於香港境外上市之股本工具(附註(b))	(b)	128,730	-
Unlisted equity investments	非上市股本投資		5,711	-
			627,200	-

Under HKAS 39, equity investments not held for trading were classified as available-for-sale financial assets. These equity investments are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the group designated its listed equity instruments in or outside Hong Kong and unlisted equity investments at FVOCI as below, as those investments are held for strategic purposes.

根據香港會計準則第39號，並非持作買賣之股本投資分類為可供出售金融資產。根據香港財務報告準則第9號，該等股本投資按公平值計入溢利或虧損，除非符合資格及由本集團指定按公平值計入其他全面收入。於二零一八年一月一日，本集團按下列方式將其於香港境內或境外之上市股本根據及非上市股本投資指定為按公平值計入其他全面收入，原因為該等投資乃就策略用途持有。

(a) As at 31 December 2018, the listed equity investments in Hong Kong represented 14.76% equity interest in Min Xin Holdings Limited ("Min Xin Shares"). As at 31 December 2018, the Group held 88,150,000 Min Xin Shares. A dividend income totalling HK\$6,996,000 was recognised by the Group in the consolidated statement of comprehensive income for the year ended 31 December 2018.

(a) 於二零一八年十二月三十一日，於香港上市之股本投資指於閩信集團有限公司之14.76%股權（「閩信股份」）。於二零一八年十二月三十一日，本集團持有88,150,000股閩信股份。本集團於截至二零一八年十二月三十一日止年度之綜合全面收入表確認股息收入合共6,996,000港元。

Particulars of the listed equity investments at fair value are as follows:

按公平值列賬之上市股本投資詳情如下：

Name 名稱	Country of incorporation 註冊成立國家	Particulars of issued shares held 所持已發行股份詳情	Number of shares held by the Group 本集團所持股份數目	Percentage of ownership interest attributable to the Group 本集團應佔擁有權權益百分比
Min Xin Holdings Limited 閩信集團有限公司	Hong Kong 香港	Ordinary Share 普通股	88,150,000	14.76%

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

- (b) The listed equity investment at fair value of HK\$128,730,000 represented the investment in Citychamp Dartong Company Limited (referred to "Dartong" and its shares referred to as the "Dartong Shares"). During the year, Dartong declared cash dividend of RMB1.2 per 10 shares. A dividend income totalling HK\$4,320,000 was recognised by the Group in the consolidated statement of comprehensive income for the year ended 31 December 2018.

Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, the executive directors of the Company are also the executive directors of Dartong. Dartong is owned as to approximately 31.99% by Fujian Fengrong Investment Company Limited ("Fengrong"). Ms. Sit Lai Hei and Ms. Lu Xiaojun are the daughters-in-law of Mr. Hon Kwok Lung and the beneficial owners of Fengrong. Mr. Hon Hau Wong, an executive Director of the Company, is the spouse of Ms. Lu Xiaojun.

Particulars of the listed equity investments at fair value are as follows:

Name	Country of incorporation	Particulars of issued shares held	Number of shares held by the Group	Percentage of ownership interest attributable to the Group
名稱	註冊成立國家	所持已發行股份詳情	本集團所持股份數目	本集團應佔擁有權權益百分比
Citychamp Dartong Company Limited 冠城大通股份有限公司	PRC 中國	Ordinary A Share A股普通股	30,389,058	2.04%

During the year, the decrease in fair value of financial assets at fair value through other comprehensive income of HK\$123,352,000 has been dealt with in other comprehensive income and FVOCI reserve. There is no transfer of cumulative gain or loss within equity during the year.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Derivative financial assets	衍生金融資產		
Convertible bond investment – Conversion option component	可換股債券投資 – 換股權部分	(a)	71
Forward and option contracts	遠期及期權合約	(b)	4,609
		7,694	4,680
Derivative financial liabilities	衍生金融負債		
Forward and option contracts	遠期及期權合約	(b)	(35,656)
		(20,866)	(35,656)

20. 按公平值計入其他全面收入之金融資產 (續)

- (b) 按公平值列賬之上市股本投資 128,730,000 港元指於冠城大通股份有限公司(「大通」,其股份稱為「大通股份」)之投資。年內,大通宣派現金股息每 10 股人民幣 1.2 元。本集團於截至二零一八年十二月三十一日止年度於綜合全面收入表確認股息收入合共 4,320,000 港元。

本公司執行董事商建光先生、薛黎曦女士及韓孝煌先生亦為大通之執行董事。大通由福建豐榕投資有限公司(「豐榕」)持有約 31.99%。薛黎曦女士及陸曉珺女士均為韓國龍先生之兒媳兼豐榕之實益擁有人。本公司執行董事韓孝煌先生為陸曉珺女士之配偶。

按公平值列賬之上市股本投資詳情如下：

21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

(a) Convertible bond investment – Conversion option component

The Group has subscribed a convertible bond issued by a company listed in Hong Kong, which is due on 1 December 2018 and convertible into fully paid ordinary shares with a par value of HK\$0.1 each at an initial conversion price of HK\$5, subject to adjustment on the occurrence of dilutive or concentrative event. The Group can exercise the conversion at any time until the maturity date and the convertible bond cannot be redeemed before maturity date (in whole or in part).

The principal amount of the convertible bond was HK\$10,000,000, which carries interest at 8% per annum payable every six months in arrears. There was no disposal or conversion of the convertible bond during the years ended 31 December 2017. The convertible bond have been fully redeemed upon the maturity date on 1 December 2018.

Before the adoption of HKFRS 9, the convertible bond is separated into two components: the debt component and the conversion option component. The Group has classified the debt component of the convertible bond as other assets (note 34) and the conversion option component of the convertible bond as derivative financial instruments.

The initial value of the debt component is the residual value after separating out the initial fair value of conversion option component. The initial fair value of conversion option component is determined by the directors with reference to the valuation performed by a valuer, Asset Appraisal Limited ("Asset Appraisal"). Subsequent to initial recognition, the debt component is carried at amortised cost using the effective interest method and the conversion option component is carried at fair value. The effective interest rate of the debt component is 29% as at 31 December 2017. The convertible bond investment has been redeemed by the issuer at the maturity date (i.e. 1 December 2018).

The fair value of the conversion option component at the reporting dates is measured by the directors with reference to the valuation performed by Asset Appraisal using Binomial Option Pricing Model with the following key assumptions:

		At 31/12/2017 於二零一七年 十二月三十一日
Stock price	股價	HK\$3.08 港元
Conversion price	轉換價	HK\$5.00 港元
Expected volatility	預期波幅	30.41%
Discount rate	貼現率	7.63%
Risk free rate	無風險利率	1.04%
Expected dividend yield	預期股息率	0.00%
Time to maturity	到期時間	0.92

At 1 January 2018, the convertible bond investment was reclassified to trading portfolio investments as a whole upon the adoption of HKFRS 9.

21. 衍生金融工具(續)

附註：

(a) 可換股債券投資－換股權部分

本集團已認購一間香港上市公司所發行之可換股債券，其於二零一八年十二月一日到期，且可按初步轉換價5港元轉換為每股面值0.1港元之繳足普通股，惟可因應攤薄或集中事件予以調整。本集團可隨時行使該轉換權，直至到期日為止，而可換股債券於到期日前不可贖回(全部或部分)。

可換股債券之本金額為10,000,000港元，附帶年利率8%，每六個月屆滿支付。截至二零一七年十二月三十一日止年度，概無出售或轉換可換股債券。於二零一八年十二月一日到期日，可換股債券經已悉數贖回。

於採納香港財務報告準則第9號前，可換股債券分為兩部分：債務部分及換股權部分。本集團已將可換股債券之債務部分分類為其他資產(附註34)，而可換股債券之換股權部分則分類為衍生金融工具。

債務部分之初始價值為剔除換股權部分之初始公平值之餘值。換股權部分之初始公平值由董事經參考估值師中誠達資產評估顧問有限公司(「中誠達」)作出之估值後釐定。初始確認後，債務部分使用實際利率法按攤銷成本列賬，而換股權部分則按公平值列賬。於二零一七年十二月三十一日，債務部分之實際利率為29%。可換股債券投資已於到期日(即二零一八年十二月一日)由發行人贖回。

於報告日換股權部分之公平值乃由董事經參考中誠達使用二項式期權定價模式作出之估值後計量，主要假設如下：

於二零一八年一月一日，採納香港財務報告準則第9號後，可換股債券投資已整體重新分類至交易組合投資。

21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(a) Convertible bond investment – Conversion option component (Continued)

The carrying amounts of the debt component and conversion option component of the convertible bond are as follows:

		Debt component 債務部分 HK\$'000 千港元	Conversion option component 換股權部分 HK\$'000 千港元	Trading portfolio investments 交易組合投資 HK\$'000 千港元	Total 總計 HK\$000 千港元
At 1 January 2017	於二零一七年一月一日	7,098	82	–	7,180
Interest received	已收利息	(800)	–	–	(800)
Effective interest income	實際利息收入	2,123	–	–	2,123
Change in the fair value of conversion option component	換股權部分之公平值變動	–	(11)	–	(11)
At 31 December 2017	於二零一七年十二月三十一日	8,421	71	–	8,492
Reclassification upon the adoption of HKFRS 9	採納香港財務報告準則第9號後重新分類	(8,421)	(71)	8,492	–
Effect of initial application of HKFRS 9	首次應用香港財務報告準則第9號之影響	–	–	1,621	1,621
At 1 January 2018, as restated	於二零一八年一月一日，經重列	–	–	10,113	10,113
Change in the fair value of convertible bond investment	可換股債券投資的公平值變動	–	–	(113)	(113)
Redemption of convertible bond	贖回可換股債券	–	–	(10,000)	(10,000)
At 31 December 2018	於二零一八年十二月三十一日	–	–	–	–

The convertible bond investment has been redeemed by the issuer at the maturity date.

The fair value loss of the convertible bond investment for the year ended 31 December 2018 was amounted to HK\$113,000, which has been recognised as “other income and other net gains or losses” (note 8) in the consolidated statement of comprehensive income for the year.

The fair value loss of the conversion option component for the year ended 31 December 2017 was amounted to HK\$11,000, which had been recognised as “other income and other net gains or losses” (note 8) in the consolidated statement of comprehensive income for the year.

The fair values of the conversion option component and convertible bond investment are Level 3 recurring fair value measurement. There is no transfer under the fair value hierarchy classification for the years ended 31 December 2018 and 2017.

The key significant unobservable inputs to determine the fair value of the conversion option component are the discount rate and the expected volatility.

A higher in the discount rate would result in an decrease in the fair value of the conversion option component, and vice versa.

A higher in the expected volatility would result in an increase in the fair value of the conversion option component, and vice versa.

21. 衍生金融工具(續)

附註：(續)

(a) 可換股債券投資－換股權部分(續)

可換股債券之債務部分及換股權部分之賬面值如下：

		Debt component 債務部分 HK\$'000 千港元	Conversion option component 換股權部分 HK\$'000 千港元	Trading portfolio investments 交易組合投資 HK\$'000 千港元	Total 總計 HK\$000 千港元
At 1 January 2017	於二零一七年一月一日	7,098	82	–	7,180
Interest received	已收利息	(800)	–	–	(800)
Effective interest income	實際利息收入	2,123	–	–	2,123
Change in the fair value of conversion option component	換股權部分之公平值變動	–	(11)	–	(11)
At 31 December 2017	於二零一七年十二月三十一日	8,421	71	–	8,492
Reclassification upon the adoption of HKFRS 9	採納香港財務報告準則第9號後重新分類	(8,421)	(71)	8,492	–
Effect of initial application of HKFRS 9	首次應用香港財務報告準則第9號之影響	–	–	1,621	1,621
At 1 January 2018, as restated	於二零一八年一月一日，經重列	–	–	10,113	10,113
Change in the fair value of convertible bond investment	可換股債券投資的公平值變動	–	–	(113)	(113)
Redemption of convertible bond	贖回可換股債券	–	–	(10,000)	(10,000)
At 31 December 2018	於二零一八年十二月三十一日	–	–	–	–

可換股債券投資已由發行人於到期日贖回。

截至二零一八年十二月三十一日止年度之可換股債券投資的公平值虧損為113,000港元，其已於本年度綜合全面收入表中確認為「其他收入及其他收益或虧損淨額」(附註8)。

截至二零一七年十二月三十一日止年度之換股權部分之公平值虧損為11,000港元，其已於本年度綜合全面收入表中確認為「其他收入及其他收益或虧損淨額」(附註8)。

換股權部分及可換股債券投資的公平值屬第三級經常性公平值計量。截至二零一八年及二零一七年十二月三十一日止年度，公平值層級分類項下概無轉移。

釐定換股權部分公平值之主要重大不可觀察輸入數值為貼現率及預期波幅。

貼現率上升導致換股權部分之公平值減少，反之亦然。

預期波幅上升可導致換股權部分之公平值增加，反之亦然。

21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(b) Forward and option contracts arising in banking business

The Group's subsidiaries under the banking business segment act as an intermediary to offer derivative products including interest rate and currency forwards and swap to its customers. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the year ended date. The nominal amounts of the derivatives indicate the volume of transactions outstanding as at the reporting date; they do not represent amounts at risk.

		31 December 2018 二零一八年十二月三十一日		
		Nominal amount	Assets	Liabilities
		面值	資產	負債
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Non-hedging instruments	非對沖工具			
– Currency derivatives	– 貨幣衍生工具	2,151,141	7,480	(20,652)
– Option	– 期權	23,839	214	(214)
		2,174,980	7,694	(20,866)

		31 December 2017 二零一七年十二月三十一日		
		Nominal amount	Assets	Liabilities
		面值	資產	負債
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Non-hedging instruments	非對沖工具			
– Currency derivatives	– 貨幣衍生工具	3,093,502	4,609	(35,656)
– Option	– 期權	9,027	–*	–*
		3,102,529	4,609	(35,656)

* Represents the amount less than HK\$1,000.

* 即指金額少於1,000港元。

Nominal amount analysed by remaining maturity

按餘下到期日分析之面值

		2018 二零一八年	2017 二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Within 3 months	3個月內	1,753,659	3,076,434
Between 3 months and 1 year	3個月至1年	416,090	19,678
Between 1 year and 5 years	1年至5年	5,231	6,417
		2,174,980	3,102,529

The remaining term to maturity of derivatives does not represent the Group's intended holding period. Change in the fair value of forward and option contracts arising in banking business has been recognised in the consolidated statement of comprehensive income under "Trading income from banking business".

衍生工具到期日餘下期限並不代表本集團之擬持有期。來自銀行業務之遠期及期權合約之公平值變動已根據「銀行業務之交易收入」於綜合全面收入表內確認。

21. 衍生金融工具(續)

附註：(續)

(b) 來自銀行業務之遠期及期權合約

本集團銀行業務分部下之附屬公司作為中介向其客戶提供衍生工具產品，包括利率以及貨幣遠期及掉期。該等衍生工具持倉乃透過與外界人士訂立背對背交易進行管理以確保餘下風險於可接受風險水平內。

下表及附註就截至該日止年度之衍生工具面值及相應公平值提供分析。衍生工具之面值顯示於報告日尚未完成之交易量而並無呈現風險金額。

22. TRADE RECEIVABLES

22. 應收賬款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables arising from watches and timepieces business: (note (a))	鐘錶及時計產品業務產生之應收賬款： (附註(a))		
Trade receivables	應收賬款	613,650	554,036
Less: Provision for impairment loss	減：減值虧損撥備	(50,976)	(53,056)
		562,674	500,980
Trade receivables arising from financial business: (note (b))	金融業務產生之應收賬款： (附註(b))		
– Margin clients	– 保證金客戶	260	531
– Cash clients	– 現金客戶	8,490	3,197
– Clearing house	– 結算所	–	1,579
		8,750	5,307
Trade receivables, net	應收賬款淨額	571,424	506,287

(a) The Group's trading terms with its customers of watches and timepieces business are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of one to six months (2017: one to six months) for major customers. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. In view of the aforementioned and the fact that the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Impairment losses in respect of trade receivables arising from watches and timepieces business are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the expected credit losses of trade receivables arising from watches and timepieces business are as follows:

(a) 除若干客戶須預先付款外，本集團與其鐘錶及時計產品業務客戶訂立之買賣條款主要為記賬方式。主要客戶一般可獲一至六個月(二零一七年：一至六個月)之信貸期。客戶之信貸期由管理層根據行業慣例並考慮客戶之信譽釐定。鑒於上述事項及本集團應收賬款涉及大量不同客戶，故並無高度集中信貸風險。應收賬款並不計息。

鐘錶及時計產品業務產生之應收賬款減值虧損乃使用撥備賬列賬，除非本集團信納收回有關金額之可能性極低則作別論，在此情況下，減值虧損會直接撇銷應收賬款。

鐘錶及時計產品業務產生之應收賬款之預期信貸虧損變動如下：

		2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	53,056
Effect on the adoption of HKFRS 9	採納香港財務報告準則第9號之影響	1,793
Written-off of provision for impairment loss	撇銷減值虧損撥備	(6,712)
Reversal of expected credit losses	撥回預期信貸虧損	(231)
Expected credit losses for the year	年內預期信貸虧損	4,612
Exchange realignment	匯兌調整	(1,542)
At 31 December	於十二月三十一日	50,976

Movements in the provision for impairment loss of trade receivables arising from watches and timepieces business are as follows:

鐘錶及時計產品業務產生之應收賬款之減值虧損撥備變動如下：

		2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	42,251
Written-off of provision for impairment loss	撇銷減值虧損撥備	(470)
Impairment loss for the year	年內減值虧損	8,110
Exchange realignment	匯兌調整	3,165
At 31 December	於十二月三十一日	53,056

22. TRADE RECEIVABLES (Continued)

(a) (Continued)

The Group does not hold any collateral over these balances. As at 31 December 2018, trade receivables of HK\$14,639,000 (2017: HK\$20,724,000) have been pledged to secure banking facilities granted to the Group during the year (note 39).

Ageing analysis of trade receivables arising from watches and timepieces business as at the reporting date, based on invoice dates, and net of provisions, is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
1 to 3 months	1至3個月	401,115	407,744
4 to 6 months	4至6個月	73,448	44,480
Over 6 months	超過6個月	88,111	48,756
		562,674	500,980

Ageing analysis of trade receivables arising from watches and timepieces business as at 31 December 2017, based on due dates and net of provisions, is as follows:

		2017 二零一七年 HK\$'000 千港元
Neither past due nor impaired	並無逾期或減值	406,139
Less than 3 months past due	逾期少於3個月	44,720
More than 3 months but less than 6 months past due	逾期超過3個月但少於6個月	35,008
More than 6 months past due	逾期超過6個月	15,113
		94,841
		500,980

As at 31 December 2017, receivables that were neither past due nor impaired related to a wide range of customers for whom most of them do not have recent history of default.

Receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience and the available forward-looking information, management believes that no additional impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable as at 31 December 2017.

The directors of the Company consider that as trade receivables arising from watches and timepieces business are expected to be recovered within one year, their fair values are not materially different from their carrying amounts because these balances have short maturity periods on their inception at the reporting date.

22. 應收賬款 (續)

(a) (續)

本集團並無就該等結餘持有任何抵押品。於二零一八年十二月三十一日，14,639,000 港元之應收賬款已予抵押（二零一七年：20,724,000 港元），以使本集團於年內獲授銀行融資（附註39）。

鐘錶及時計產品業務產生之應收賬款（扣除撥備）按照發票日期於報告日之賬齡分析如下：

鐘錶及時計產品業務產生之應收賬款（扣除撥備）按照到期日於二零一七年十二月三十一日之賬齡分析如下：

於二零一七年十二月三十一日，並無逾期或減值之應收款項與多名客戶有關，大部分該等客戶最近並無拖欠記錄。

已逾期但並無減值之應收款項與若干於本集團擁有良好付款記錄之客戶有關。根據過往經驗及可用前瞻性資料，管理層相信，由於信貸質素並無重大變化，加上有關結餘於二零一七年十二月三十一日仍被視為可悉數收回，故毋須就該等結餘作出額外減值撥備。

本公司董事認為，於報告日，由於鐘錶及時計產品業務產生之應收賬款預期將於一年內收回，且有關結餘自其開始以來之到期日偏短，故其公平值與其賬面值並無重大差異。

22. TRADE RECEIVABLES (Continued)

- (b) The settlement term of trade receivables arising from the financial business of securities dealing is two business days after trade date ("T+2").

Margin loans due from margin clients are current and repayable on demand. Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. As at 31 December 2018, the total market value of securities pledged as collateral in respect of the receivables from margin clients are approximately HK\$4,026,000 (2017: HK\$6,647,000). Margin loans are interest bearings at fixed rate of 8.25% per annum. Subject to certain conditions, the Group is allowed to repledge collateral from margin clients. There was no repledge of collateral from margin clients as at 31 December 2018. No aging analysis is disclosed for trade receivables from margin clients. In the opinion of the directors, aging analysis is not meaningful in view of the business nature of securities dealing.

Trade receivable from cash clients related to a wide range of customers for whom there was no recent history of default. Based on the past experience, current assessment and the available forward-looking information, the management believes that the impairment allowance is insignificant in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Limited, is current which represents pending trades arising from the financial business of securities dealing and are normally due on "T+2" day in accordance with the requirements of Hong Kong Exchange and Clearing Limited.

The Group has policy for impairment allowance which requires management's judgement and estimation. The directors are in opinion that no impairment allowance is necessary in respect of trade receivables arising from the financial business of securities dealing as at 31 December 2018.

22. 應收賬款 (續)

- (b) 證券買賣之金融業務所產生應收賬款之結算期限為交易日後兩個營業日 ("T+2")。

應收保證金客戶之保證金貸款屬即期且須於要求時償還。保證金客戶須抵押證券抵押品予本集團，方可取得證券交易之信貸融資。於二零一八年十二月三十一日，與應收保證金客戶賬款有關作為抵押品抵押之證券市值總額約為4,026,000港元(二零一七年：6,647,000港元)。保證金貸款乃按固定年利率8.25%計息。在若干條件規限下，本集團可再抵押保證金客戶之抵押品。於二零一八年十二月三十一日，概無再抵押保證金客戶之任何抵押品。由於董事認為，鑒於證券買賣之業務性質，賬齡分析並無意義，故並無披露應收保證金客戶賬款之賬齡分析。

與大量客戶有關之現金客戶應收賬款最近並無拖欠記錄。根據過往經驗、現時評估及可用前瞻性資料，管理層相信，該等結餘之減值撥備並不重大，乃由於信貸質量並無重大變動且結餘被認為可悉數收回。

應收結算所(即香港中央結算有限公司)賬款為即期，其指證券買賣之金融業務產生之待決交易，且一般按照香港交易及結算所有限公司之規定於「T+2」日到期。

本集團就計提減值撥備設有政策，要求管理層作出判斷及估計。董事認為，於二零一八年十二月三十一日，毋須就證券買賣之金融業務所產生應收賬款而計提減值撥備。

23. OTHER FINANCIAL ASSETS AT AMORTISED COST**23. 按攤銷成本列賬之其他金融資產**

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Listed debt instruments, at amortised cost	上市債務工具，按攤銷成本列賬	1,034,773	—
Issued by:	由以下人士發行：		
Governments and public sector	政府及公營部門	7,822	—
Financial institutions	金融機構	716,747	—
Corporations	企業	310,204	—
		1,034,773	—

The listed debt investments represented the investments in listed debt instruments mainly issued by financial institutions and corporations in Europe.

上市債務投資指主要由歐洲金融機構及企業發行之上市債務工具投資。

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

24. 可供出售金融資產

		2017 二零一七年 HK\$'000 千港元
Listed equity investments at fair value (note (a))	上市股本投資，按公平值列賬(附註(a))	237,959
Listed debt instruments, at fair value (note (b))	上市債務工具，按公平值列賬(附註(b))	178,747
Unlisted investment, at fair value	非上市投資，按公平值列賬	
– Insurance policy (note (c))	– 保單(附註(c))	5,814
– Financial product investments (note (d))	– 金融產品投資(附註(d))	59,825
Unlisted equity investment, at cost	非上市股本投資，按成本列賬	
– Others (note (e))	– 其他(附註(e))	6,023
Total	總計	488,368

Notes:

- (a) As at 31 December 2017, the listed equity investments represented 2.04% equity interest or 30,389,058 shares in Dartong. During the year ended 31 December 2017, Dartong declared cash dividend of RMB1 per 10 shares. A dividend income totaling HK\$3,436,000 was recognised by the Group in the consolidated statement of comprehensive income for the year ended 31 December 2017.

The fair value of the listed equity investments held as available-for-sale financial assets has been determined directly with reference to published price quotation in active market. During the year ended 31 December 2017, the decrease in fair value of Dartong Shares of HK\$5,099,000 has been dealt with in other comprehensive income and the investment revaluation reserve.

As disclosed in note 2(a)(i)(b), the listed equity investments were reclassified from available-for-sales financial assets to financial assets at FVOCI upon the adoption of HKFRS 9.

- (b) The listed debt instruments of HK\$178,747,000 represented the investment in listed debt instruments mainly issued by financial institutions and corporations in Europe.

The fair value of the debt instruments held as available-for-sale financial assets has been determined directly with reference to published price quotation in active market. During the year ended 31 December 2017, the increase in fair value of the debt instruments of HK\$42,000 has been dealt with in other comprehensive income and the investment revaluation reserve for the year ended 31 December 2017.

As disclosed in note 2(a)(i)(c), the listed debt instruments were reclassified from available-for-sales financial assets to other financial assets at amortised cost upon the adoption of HKFRS 9.

- (c) For the year ended 31 December 2017, the increase in fair value of HK\$16,000 had been dealt with in other comprehensive income and the investment revaluation reserve. The fair value of investment in insurance policy is determined based on account value as stated in cash surrender value statement issued by insurer.

As disclosed in note 2(a)(i)(e), the insurance policy was reclassified from available-for-sales financial assets to trading portfolio investments upon the adoption of HKFRS 9.

附註：

- (a) 於二零一七年十二月三十一日，上市股本投資指大通2.04%股權或30,389,058股股份。截至二零一七年十二月三十一日止年度，大通宣派現金股息每10股人民幣1元。本集團於截至二零一七年十二月三十一日止年度之綜合全面收入表確認股息收入合共3,436,000港元。

持作為可供出售金融資產之上市股本投資之公平值乃直接按活躍市場公佈之報價而釐定。截至二零一七年十二月三十一日止年度，大通股份之公平值減少5,099,000港元已於其他全面收入及投資重估儲備處理。

誠如附註2(a)(i)(b)所披露，採納香港財務報告準則第9號後，上市股本投資已由可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產。

- (b) 178,747,000港元之上市債務工具即指主要由歐洲金融機構及企業發行之上市債務工具投資。

持作為可供出售金融資產債務工具之公平值乃直接按活躍市場公佈之報價而釐定。於截至二零一七年十二月三十一日止年度，債務工具之公平值增加42,000港元已於截至二零一七年十二月三十一日止年度其他全面收入及投資重估儲備內處理。

誠如附註2(a)(i)(c)所披露，採納香港財務報告準則第9號後，上市債務工具已由可供出售金融資產重新分類至按攤銷成本列賬之其他金融資產。

- (c) 截至二零一七年十二月三十一日止年度，公平值增加16,000港元已於其他全面收入及投資重估儲備內處理。保單投資之公平值乃按保險公司出具現金退保單所示之賬目金額而釐定。

誠如附註2(a)(i)(e)所披露，採納香港財務報告準則第9號後，保單已由可供出售金融資產重新分類至交易組合投資。

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Notes: (Continued)

- (d) The Group had purchased financial product investments from major banks in the PRC. These financial product investments are not subject to maturity. The Group is entitled to require the banks to redeem the investments with the banks at anytime with immediate effect. The directors of the Company consider that the carrying value of financial product investments approximates to their fair value at end of the reporting period.

As disclosed in note 2(a)A(i)(e), the financial product investments was reclassified from available-for-sales financial assets to trading portfolio investments upon the adoption of HKFRS 9.

- (e) The balance represented 4.95% equity interests in Henan Jinjue Enterprise Company Limited which was classified as available-for-sales financial assets and stated at cost as at 31 December 2017.

As disclosed in note 2(a)A(i)(d), the unlisted equity investments were reclassified from available-for-sales financial assets to financial assets at FVOCI upon the adoption of HKFRS 9.

24. 可供出售金融資產 (續)

附註：(續)

- (d) 本集團向中國主要銀行購買金融產品投資。該等金融產品投資並無到期日。本集團隨時有權要求銀行贖回銀行投資並即時生效。本公司董事認為，於報告期末，金融產品投資之賬面值與其公平值相若。

誠如附註2(a)A(i)(e)所披露，採納香港財務報告準則第9號後，金融產品投資已由可供出售金融資產重新分類至交易組合投資。

- (e) 於二零一七年十二月三十一日，有關結餘指被分類為可供出售金融資產及按成本列賬之河南金爵實業有限公司4.95%股本權益。

誠如附註2(a)A(i)(d)所披露，採納香港財務報告準則第9號後，非上市股本投資已由可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產。

25. HELD-TO-MATURITY INVESTMENTS**25. 持至到期投資**

		2017 二零一七年 HK\$'000 千港元
Listed debt instruments, at amortised cost	上市債務工具，按攤銷成本列賬	1,138,704
Issued by:	由以下人士發行：	
Governments and public sector	政府及公營部門	362,084
Financial institutions	金融機構	475,157
Corporations	企業	301,463
		1,138,704

Held-to-maturity investments were reclassified to other financial assets at amortised cost upon the adoption of HKFRS 9.

採納香港財務報告準則第9號後，持有至到期投資重新分類至按攤銷成本列賬之其他金融資產。

26. INVENTORIES**26. 存貨**

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw materials	原材料	584,342	369,402
Work-in-progress	在製品	359,015	313,621
Finished goods and merchandises	製成品及商品	1,371,188	1,344,168
		2,314,545	2,027,191

27. INTERESTS IN JOINT VENTURES

27. 所佔合營企業權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	5,117	–
Subscription of the shares of joint ventures	認購合營企業之股份	–	6,276
Share of total comprehensive income of joint ventures	應佔合營企業之全面收入總額	(2,678)	(1,159)
At 31 December	於十二月三十一日	2,439	5,117

Particulars of the joint ventures, which are accounted for using equity method in the consolidated financial statements, are as follows:

綜合財務報表採用權益法入賬之合營企業詳情如下：

Name 名稱	Particulars of issued capital 已發行股本詳情	Place of incorporation 註冊成立地點	Percentage of interest held 持有權益所佔百分比 2017 二零一七年	Principal activities and principal place of operation 主要業務及主要營業地點
Corum Investment Management Limited ("Corum Investment")	US\$100 100美元	Cayman Islands 開曼群島	40%	Investment holding in Hong Kong 於香港投資控股
Corum Capital Partners Limited ("Corum Capital")	US\$10,000 10,000美元	Cayman Islands 開曼群島	40%	Investment holding in Hong Kong 於香港投資控股

Despite the Group's holding of 40% equity interest in Corum Investment and Corum Capital respectively, the directors have confirmed that neither the Group nor other shareholders of the joint ventures has unilateral control over the operating and financing decision of the joint ventures in accordance with the joint venture agreement. Under HKFRS 11, these joint arrangements are classified as joint ventures and have been accounted for in the consolidated financial statements using equity method.

儘管本集團分別持有 Corum Investment 及 Corum Capital 之 40% 股本權益，根據合資協議，董事確認概無本集團或合營企業之其他股東可單方面控制合營企業之經營及財務決策。根據香港財務報告準則第 11 號，該等合營安排被分類為合營企業且於綜合財務報表採用權益法入賬。

28. INTERESTS IN ASSOCIATES

28. 所佔聯營公司權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	99,648	88,841
Share of total comprehensive income of associates	應佔聯營公司之全面收入總額	8,271	20,807
Dividend income from an associates	聯營公司之股息收入	(5,000)	(10,000)
At 31 December	於十二月三十一日	102,919	99,648

Particulars of the principal associate, which is a limited liability company, at 31 December 2018 are as follows:

於二零一八年十二月三十一日，主要聯營公司(為有限公司)之詳情如下：

Name 名稱	Particulars of issued capital 發行股本詳情	Place of incorporation 註冊成立地點	Percentage of interest held 持有權益所佔百分比	Principal activities and Principal place of operation 主要業務及主要營業地點
Fair Future Industrial Limited ("Fair Future") 俊光實業有限公司(「俊光」)	HK\$600,000 600,000 港元	Hong Kong 香港	25% (2017: 25%) (二零一七年: 25%)	Manufacturing of watches and related accessories in the PRC 於中國製造鐘錶及相關配件

28. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information of the Group's material associate extracted from its management accounts for the years ended 31 December 2018 and 2017 is as follows:

28. 所佔聯營公司權益(續)

以下為截至二零一八年及二零一七年十二月三十一日止年度本集團重大聯營公司之財務資料概要(摘錄自其管理賬目):

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Fair Future	俊光		
As at 31 December	於十二月三十一日		
Current assets	流動資產	679,548	646,529
Non-current assets	非流動資產	140,252	149,798
Current liabilities	流動負債	(556,625)	(543,665)
Non-current liabilities	非流動負債	(275)	(803)
Net assets	資產淨值	262,900	251,859
Less: Non-controlling interests	減: 非控股權益	(352)	(616)
Net assets attributable to owners of the associate	聯營公司擁有人應佔資產淨值	262,548	251,243
Reconciliation to the Group's interest in Fair Future:	本集團於俊光之權益之對賬:		
Proportion of the Group's ownership	本集團擁有權之比例	25%	25%
Group's share of net assets of the associate	本集團應佔聯營公司之資產淨值	65,725	62,965
Goodwill on acquisition	收購之商譽	37,987	37,987
Effect of unrealised profits arising from the transactions with an associate	來自與一間聯營公司交易之未實現溢利影響	(1,151)	(1,595)
Other reconciliation items	其他對賬項目	208	141
Carrying amount of the investment	投資賬面值	102,769	99,498

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
For the year ended 31 December	截至十二月三十一日止年度		
Revenue	收入	1,223,729	1,186,391
Profit for the year	本年度溢利	31,510	80,038
Other comprehensive income	其他全面收入	(468)	385
Total comprehensive income	全面收入總額	31,042	80,423
Profit for the year attributable to owners of an associate	一間聯營公司擁有人應佔本年度溢利	31,774	80,038
Total comprehensive income for the year attributable to owners of an associate	一間聯營公司擁有人應佔本年度全面收入總額	31,306	80,423
Reconciliation to the Group's share of results of Fair Future:	本集團應佔俊光業績之對賬:		
Proportion of the Group's ownership	本集團擁有權之比例	25%	25%
Group's share of profits of the associate	本集團應佔聯營公司之溢利	7,943	20,009
Effects of unrealised profits arising from the transactions with an associate	來自與一間聯營公司交易之未實現溢利影響	444	702
Share of profit of the associate for the year	應佔年內聯營公司溢利	8,387	20,711
Group's share of other comprehensive income of the associate	本集團應佔聯營公司之其他全面收入	(117)	96
Other	其他	1	-
Share of total comprehensive income of the associate	應佔聯營公司之全面收入總額	8,271	20,807

29. PROPERTY, PLANT AND EQUIPMENT

29. 物業、廠房及設備

		Land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment 傢具、裝置 及辦公室設備	Motor vehicles	CIP	Total
		土地及樓宇	租賃物業裝修	廠房及機器		汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日							
Cost	成本	443,761	45,904	197,786	349,308	47,522	234,997	1,319,278
Accumulated depreciation	累計折舊	(55,179)	(33,048)	(65,412)	(182,896)	(34,721)	-	(371,256)
Net carrying amount	賬面淨值	388,582	12,856	132,374	166,412	12,801	234,997	948,022
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度							
Opening net book amount	年初賬面淨值	388,582	12,856	132,374	166,412	12,801	234,997	948,022
Additions	添置	41,048	36,140	9,475	51,851	2,787	60,951	202,252
Transfer	轉撥	246,960	-	-	-	-	(246,960)	-
Acquisition of subsidiaries (note 51.2)	收購附屬公司(附註51.2)	-	30	-	78	-	-	108
Disposal of subsidiaries (note 12.2)	出售附屬公司(附註12.2)	-	(5,587)	(46,013)	(2,488)	(229)	-	(54,317)
Depreciation	折舊	(19,815)	(12,867)	(20,356)	(62,634)	(4,095)	-	(119,767)
Disposal	出售	(5,727)	(3,511)	(592)	-	(636)	-	(10,466)
Exchange realignment	匯兌調整	28,251	1,777	10,258	9,288	564	11,333	61,471
Closing carrying amount	年末賬面淨值	679,299	28,838	85,146	162,507	11,192	60,321	1,027,303
At 31 December 2017	於二零一七年十二月三十一日							
Cost	成本	738,529	64,140	166,230	416,957	46,313	60,321	1,492,490
Accumulated depreciation	累計折舊	(59,230)	(35,302)	(81,084)	(254,450)	(35,121)	-	(465,187)
Net carrying amount	賬面淨值	679,299	28,838	85,146	162,507	11,192	60,321	1,027,303
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度							
Opening net book amount	年初賬面淨值	679,299	28,838	85,146	162,507	11,192	60,321	1,027,303
Additions	添置	28,874	19,916	5,123	51,849	4,791	2,477	113,030
Transfer	轉撥	19,648	-	52	-	-	(20,387)	(687)
Acquisition of subsidiaries (note 51.1)	收購附屬公司(附註51.1)	27,233	3,637	859	6,915	472	-	39,116
Depreciation	折舊	(33,136)	(17,311)	(11,512)	(61,248)	(3,048)	-	(126,255)
Disposal	出售	(16)	(138)	(61)	(314)	(1,060)	-	(1,589)
Exchange realignment	匯兌調整	(8,137)	(1,482)	(666)	(2,485)	(576)	(836)	(14,182)
Closing carrying amount	年末賬面淨值	713,765	33,460	78,941	157,224	11,771	41,575	1,036,736
At 31 December 2018	於二零一八年十二月三十一日							
Cost	成本	801,236	85,196	193,058	580,813	48,213	41,575	1,750,091
Accumulated depreciation	累計折舊	(87,471)	(51,736)	(114,117)	(423,589)	(36,442)	-	(713,355)
Net carrying amount	賬面淨值	713,765	33,460	78,941	157,224	11,771	41,575	1,036,736

At 31 December 2018, land and buildings in Switzerland with an aggregated carrying value of HK\$120,711,000 (2017: HK\$117,871,000) have been pledged to secure banking facilities granted to the Group (note 39).

於二零一八年十二月三十一日，本集團已抵押位於瑞士賬面總值120,711,000港元(二零一七年：117,871,000港元)之土地及樓宇以獲授銀行融資(附註39)。

30. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	125,384	107,779
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	57,815	-
Net (deficit)/surplus on revaluation of investment properties	投資物業重估之(虧絀)/盈餘淨額	(4,066)	17,605
Carrying amount at 31 December	於十二月三十一日之賬面值	179,133	125,384

The carrying amounts of the Group's investment properties situated in Hong Kong and the PRC held under medium-term leases are analysed as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Hong Kong	香港	26,000	25,500
PRC	中國	153,133	99,884
		179,133	125,384

At 31 December 2018, the Group has not obtained the relevant title certificates for investment properties with an aggregate carrying value of HK\$46,340,000 (2017: HK\$43,318,000). The Group's legal advisors have confirmed that the Group is the rightful and equitable owner of these investment properties. The directors are now in process of obtaining the title certificates from the relevant government authorities.

Investment properties were revalued at 31 December 2018 and 2017 by Asset Appraisal and Chung, Chan & Associate, independent professionally qualified valuers, at HK\$179,133,000 (2017: HK\$125,384,000) in aggregate. Asset Appraisal is a member of Hong Kong Institutes of Surveyors and Chung, Chan & Associates is a member of Royal Institution of Chartered Surveyors. Both have appropriate qualifications and relevant experiences in the location and category of properties being valued.

30. 投資物業

本集團所有就賺取租金或資本增值而以經營租約持有之物業權益，乃按公平值模式計量，並分類及入賬為投資物業。

於綜合財務狀況表呈列之賬面值變動概述如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	125,384	107,779
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	57,815	-
Net (deficit)/surplus on revaluation of investment properties	投資物業重估之(虧絀)/盈餘淨額	(4,066)	17,605
Carrying amount at 31 December	於十二月三十一日之賬面值	179,133	125,384

本集團位於香港及中國以中期租約持有之投資物業之賬面值分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Hong Kong	香港	26,000	25,500
PRC	中國	153,133	99,884
		179,133	125,384

於二零一八年十二月三十一日，本集團並未就賬面總值46,340,000港元(二零一七年：43,318,000港元)之投資物業取得相關業權證明。本集團法律顧問已確認，本集團為該等投資物業之合法權益擁有人。董事現正向相關政府機關取得業權證明。

投資物業於二零一八年及二零一七年十二月三十一日由獨立專業認可估值師中誠達及 Chung, Chan & Associate 重估為合共179,133,000港元(二零一七年：125,384,000港元)。中誠達為香港測量師學會成員，Chung, Chan & Associate 則為英國皇家特許測量師學會成員。兩者均於經估物業之位置及分類方面具備適當資格及相關經驗。

30. INVESTMENT PROPERTIES (Continued)**Fair value hierarchy**

The fair value of investment properties is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	年初結餘(第三層經常性公平值)	125,384	107,779
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	57,815	-
Net (deficit)/surplus on revaluation of investment properties charge to profit and loss	扣自溢利或虧損之投資物業重估之(虧絀)/盈餘淨額	(4,066)	17,605
Closing balance (Level 3 recurring fair value)	年末結餘(第三層經常性公平值)	179,133	125,384
Change in unrealised (loss)/gain for the year included in profit or loss for assets held at 31 December	就十二月三十一日所持有資產計入溢利或虧損之年度未變現(虧損)/收益變動	(4,066)	17,605
Change in unrealised gain for the year included in other comprehensive income for assets held at 31 December	就十二月三十一日所持有資產計入其他全面收入之年度未變現收益變動	57,128	-

During the years ended 31 December 2018 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

For the fair value measurement for investment properties in the PRC under income approach, the fair value was determined by taking into account the net rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the values at appropriate capitalisation rates.

Significant unobservable inputs

	Range
Capitalisation rate	2.0% to 6.50% (2017: 2.2% to 6.43%)
Market unit rent per square metre	HK\$6.51 to HK\$114.89 (2017: HK\$5.16 to HK\$99)

A lower in the capitalisation rate and a higher in the market unit rent used would result in an increase in the fair value measurement of the investment properties, and vice versa.

For the fair value measurement for investment property in Hong Kong under direct comparison method, it is assumed that each of the properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

30. 投資物業(續)**公平值級別**

投資物業之公平值為第三層經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

於截至二零一八年及二零一七年十二月三十一日止年度，第一層與第二層之間並無轉撥，亦無轉撥入第三層或自第三層轉撥出。本集團之政策為於發生之報告期末確認各公平值級別水平之間之轉撥。

就按收益法評估之中國投資物業公平值計量，公平值乃計入該等物業從現有租賃產生之租金收入淨額，並考慮到租賃復歸之後收入潛力，其後按適當資本化比率撥充資本計出價值。

重大不可觀察輸入數值

	範圍
資本化比率	2.0%至6.50% (二零一七年： 2.2%至6.43%)
單位市場租金 (每平方米)	6.51港元至 114.89港元 (二零一七年： 5.16港元至99港元)

使用較低資本化比率及較高單位市場租金會導致計算投資物業之公平值增加，反之亦然。

就根據直接比較法計量香港投資物業公平值而言，乃假設各項物業可按其現狀交吉出售，並參考有關市場可得之可比較銷售憑證。

30. INVESTMENT PROPERTIES (Continued)**Fair value hierarchy (Continued)**

One of the key inputs used under direct comparison method in valuing the investment property was the price per square feet and taking into account location and other individual factors. The price per square feet used is approximately HK\$17,020 (2017: HK\$15,199). An increase in the price per square feet would result in an increase in the fair value measurement of the investment property, and vice versa.

There has been no change from the valuation technique used in the prior year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

31. PREPAID LAND LEASE PAYMENTS

Changes to the carrying amounts are summarised as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	51,083	59,042
Amortisation during the year	年內攤銷	(864)	(1,219)
Disposal of subsidiaries (note 12.1)	出售附屬公司(附註 12.1)	-	(11,977)
Exchange realignment	匯兌調整	(2,614)	5,237
Carrying amount at 31 December	於十二月三十一日之賬面值	47,605	51,083

As at 31 December 2018, the amount of the Group's prepaid land lease payments expected to be recognised as expense after more than one year is HK\$46,775,000 (2017: HK\$50,207,000). The remaining prepaid land lease payments are expected to be recognised as expense within one year.

As at 31 December 2018 and 2017, all of the Group's prepaid land lease payments are related to land located in the PRC and held under medium-term leases.

30. 投資物業 (續)**公平值級別 (續)**

評估投資物業時，直接比較法項下主要輸入數值之一為每平方呎價格，且計及位置及其他個別因素。所用每平方呎價格約為17,020港元(二零一七年：15,199港元)。每平方呎價格上升會導致投資物業公平值計量增加，反之亦然。

於上一年度使用之估值方法並無變動。公平值乃根據上述物業之最高及最佳用途為基準計算，該等用途與其實際用途並無不同。

31. 預付土地租賃款項

賬面值變動概述如下：

於二零一八年十二月三十一日，本集團一年以後預計將被確認為費用之預付土地租賃付款為46,775,000港元(二零一七年：50,207,000港元)。餘下預付土地租賃款項預計將於一年內確認為費用。

於二零一八年及二零一七年十二月三十一日，本集團之預付土地租賃款項乃與位於中國並根據中期租約持有之土地有關。

32. INTANGIBLE ASSETS

32. 無形資產

		Supplier and distribution networks 供應商及分銷網絡 HK\$'000 千港元	Brand names 品牌名稱 HK\$'000 千港元	Patents 專利權 HK\$'000 千港元	Trading rights 交易權 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日					
Cost	成本	20,417	220,106	30,564	-	271,087
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(13,603)	(102,310)	(30,270)	-	(146,183)
Net carrying amount	賬面淨值	6,814	117,796	294	-	124,904
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度					
Opening carrying amount	年初賬面值	6,814	117,796	294	-	124,904
Acquisition of subsidiaries (notes 51.2 and 51.3)	收購附屬公司(附註51.2及51.3)	-	-	-	7,246	7,246
Impairment loss for the year (note 8)	年內減值虧損(附註8)	-	(123,070)	(308)	-	(123,378)
Amortisation	攤銷	(1,672)	(74)	(65)	-	(1,811)
Exchange realignment	匯兌調整	443	5,653	79	-	6,175
Closing carrying amount	年末賬面值	5,585	305	-	7,246	13,136
At 31 December 2017	於二零一七年十二月三十一日					
Cost	成本	21,857	236,246	32,203	7,246	297,552
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(16,272)	(235,941)	(32,203)	-	(284,416)
Net carrying amount	賬面淨值	5,585	305	-	7,246	13,136
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Opening carrying amount	年初賬面值	5,585	305	-	7,246	13,136
Acquisition of subsidiaries (note 51.1)	收購附屬公司(附註51.1)	-	42,000	-	-	42,000
Amortisation	攤銷	(1,718)	(76)	-	-	(1,794)
Exchange realignment	匯兌調整	68	(100)	-	-	(32)
Closing carrying amount	年末賬面值	3,935	42,129	-	7,246	53,310
At 31 December 2018	於二零一八年十二月三十一日					
Cost	成本	20,927	271,867	32,203	7,246	332,243
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(16,992)	(229,738)	(32,203)	-	(278,933)
Net carrying amount	賬面淨值	3,935	42,129	-	7,246	53,310

As at 31 December 2018, intangible assets of HK\$46,064,000 (2017: HK\$5,890,000) are attributable to watches and timepieces business while intangible assets of HK\$7,246,000 (2017: HK\$7,246,000) are attributable to financial business.

Intangible assets with indefinite useful lives amounted to HK\$27,011,000 are attributable to the CGU of Corum Group. The recoverable amount of the CGU of Corum Group has been determined from value-in-use calculation in which overall negative cash flow is expected. The recoverable amount of the CGU of Corum Group as at 31 December 2017 would be nil. In the opinion of the directors of the Company, the revenue growth of Corum Group is not achieved as previously expected and it is uncertain that those intangible assets could generated economic benefit to Corum Group. As such, an impairment loss on the intangible assets of HK\$27,011,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

於二零一八年十二月三十一日，無形資產46,064,000港元(二零一七年：5,890,000港元)乃來自鐘錶及時計產品業務，而無形資產7,246,000港元(二零一七年：7,246,000港元)則來自金融業務。

崑崙集團現金產生單位應佔具無限可使用年期之無形資產為27,011,000港元。崑崙集團現金產生單位之可收回金額乃以計算使用價值釐定，預期出現整體負現金流量。於二零一七年十二月三十一日，崑崙集團現金產生單位之可收回金額為零。本公司董事認為，崑崙集團之收入增幅較早前預期遜色及無法確定該等無形資產能對崑崙集團產生經濟效益。因此，無形資產減值虧損27,011,000港元於截至二零一七年十二月三十一日止年度綜合全面收入表中確認。

32. INTANGIBLE ASSETS (Continued)

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the zero growth rate which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 16.95% per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU. No further impairment loss would be provided for the year ended 31 December 2018.

Intangible assets with indefinite useful lives amounted to HK\$96,058,000 and intangible assets with definite useful lives amounted to HK\$309,000 are attributable to the CGU of The Dreyfuss Group Limited and its subsidiaries ("Dreyfuss Group"). As the recoverable amount of the CGU of Dreyfuss Group would be nil, an impairment loss on the intangible assets of HK\$96,367,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017. Details of the impairment assessment of the CGU of Dreyfuss Group are set out in note 33 to the consolidated financial statements. No further impairment loss would be provided for the year ended 31 December 2018.

Intangible assets with indefinite useful lives amounted to HK\$2,850,000 (2017: HK\$2,850,000) and HK\$4,396,000 (2017: 4,396,000) are attributable to the CGU of Shun Heng and Metasequoia Capital respectively. Details of the impairment assessment of the CGU of Shun Heng and Metasequoia Capital are set out in note 33 to the consolidated financial statements.

33. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日		
Gross carrying amount	賬面總值	1,053,412	980,561
Accumulated impairment losses	累計減值虧損	(147,376)	(117,727)
Net carrying amount	賬面淨值	906,036	862,834
Year ended 31 December	截至十二月三十一日止年度		
Opening carrying amount	年初賬面值	906,036	862,834
Acquisition of subsidiaries (note 51)	收購附屬公司(附註51)	201,454	3,080
Impairment loss	減值虧損	-	(19,000)
Exchange realignment	匯兌調整	(35,938)	59,122
Closing carrying amount	年末賬面值	1,071,552	906,036
At 31 December	於十二月三十一日		
Gross carrying amount	賬面總值	1,213,345	1,053,412
Accumulated impairment losses	累計減值虧損	(141,793)	(147,376)
Net carrying amount	賬面淨值	1,071,552	906,036

32. 無形資產(續)

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按零增長率(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率16.95%推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。截至二零一八年十二月三十一日止年度，並無計提更多減值虧損撥備。

於The Dreyfuss Group Limited及其附屬公司(「帝福時集團」)現金產生單位應佔具無限可使用年期之無形資產為96,058,000港元及可使用年期有限之無形資產為309,000港元。截至二零一七年十二月三十一日止年度，由於帝福時集團現金產生單位之可收回金額將是零，無形資產減值虧損96,367,000港元於綜合全面收入表中確認。有關帝福時集團現金產生單位之減值評估詳情載於綜合財務報表附註33。截至二零一八年十二月三十一日止年度，並無計提更多減值虧損撥備。

具有無限使用年期之無形資產2,850,000港元(二零一七年：2,850,000港元)及4,396,000港元(二零一七年：4,396,000港元)分別歸屬於信亨及水杉資產之現金產生單位。信亨及水杉資產之現金產生單位之減值評估詳情載於綜合財務報表附註33。

33. 商譽

業務合併產生之商譽資本化金額於綜合財務狀況表確認為資產如下：

33. GOODWILL (Continued)

For the purpose of impairment testing, goodwill is allocated to the CGUs under watch and timepieces segment and banking and financial businesses segment. The CGUs were identified as follows:

	Segment 分類	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Jia Cheng Investment Limited and its subsidiaries 佳城投資有限公司及其附屬公司	Watches and timepieces 鐘錶及時計產品	623,243	657,315
Corum Group 崑崙集團	Watches and timepieces 鐘錶及時計產品	49,347	49,640
Dreyfuss Group 帝福時集團	Watches and timepieces 鐘錶及時計產品	92,446	97,736
Bendura Group 富地集團	Banking business 銀行業務	244,192	245,641
Shun Heng 信亨	Financial business 金融業務	801	801
Metasquoia Capital 水杉資產	Financial business 金融業務	2,279	2,279
Ernest Borel 依波路	Watches and timepieces 鐘錶及時計產品	201,037	–
Gross carrying amount 賬面總值		1,213,345	1,053,412

Valuations were carried out by Asset Appraisal to assess the recoverable amount of the goodwill arising from the acquisitions. The Group's management's key assumptions for the Group include stable profit margins, which have been determined based on the past performance and its expectations for the market share after taking into consideration of published market forecasts included in industry reports.

Jia Cheng Investment Limited and its subsidiaries

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the zero growth rate (2017: zero) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 19.79% per annum (2017: 19.47%). The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2018 and 2017. No impairment loss was recognised since the acquisition of Jia Cheng Investment Limited and its subsidiaries.

Corum Group

The goodwill arising from the acquisition of Corum Group in the watch and timepieces segment had been fully impaired in previous years.

33. 商譽(續)

就進行減值測試，商譽分配至鐘錶及時計分類以及銀行及金融業務分類之現金產生單位。現金產生單位已識別為：

中誠達已進行估值，以評估收購所產生商譽之可收回金額。本集團管理層就本集團之主要假設包括穩定邊際溢利，乃經計及於業內報告所公佈市場預測後，按過往表現及其市場佔有率預測釐定。

佳城投資有限公司及其附屬公司

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按零增長率(二零一七年：零)(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率19.79%(二零一七年：19.47%)推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一八年及二零一七年十二月三十一日之可收回款項總額。自收購佳城投資有限公司及其附屬公司以來並無確認減值虧損。

崑崙集團

收購崑崙集團產生鐘錶及時計產品分類之商譽於過往年度已悉數減值。

33. GOODWILL (Continued)

Dreyfuss Group

Dreyfuss Group incurred loss for the year ended 31 December 2017 and the revenue growth and the plan of new market development are not achieved as previously expected. The directors of the Company considered the goodwill arising from the acquisition of Dreyfuss Group should be impaired. The recoverable amount of the CGU of Dreyfuss Group as at 31 December 2018 would be nil (2017: nil). An impairment loss on the goodwill of HK\$19,000,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the zero growth rate which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 15.21% per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

Bendura Group

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the zero growth rates (2017: Zero) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 12.48% (2017: 12.35%) per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2018 and 2017. No impairment loss was recognised since the acquisition of Bendura Group.

Shun Heng and Metasequoia Capital

The recoverable amounts of these CGUs are determined by the directors based on fair value less costs of disposal. The determination of fair value less costs of disposal is based on the recent similar transactions in the market. The fair value less cost of disposal of these CGUs are level 3 recurring fair value measurement. The key significant unobservable inputs to determine the fair value less cost of disposal are the discount specific to uncertainty on expected profitability of those CGUs. The higher in the discount would result in a lower the fair value less cost of disposal of the CGUs, and vice versa. The directors of the Company concluded that, based on the assessment result, no impairment loss on goodwill has been recognised for the year.

Ernest Borel

The recoverable amount of the CGU are determined by the directors based on fair value less costs of disposal. The determination of fair value less costs of disposal is based on the market price of Ernest Borel's share. The fair value less cost of disposal of the CGU is level 1 fair value measurement. The directors of the Company concluded that, based on the assessment result, no impairment loss on goodwill has been recognised for the year.

Goodwill arising from business combinations prior to 2001

Goodwill arising from business combinations prior to 2001 had been eliminated against the consolidated reserves. As at 31 December 2018, the carrying amount of goodwill in the consolidated reserves was HK\$15,300,000 (2017: HK\$15,300,000).

33. 商譽(續)

帝福時集團

帝福時集團截至二零一七年十二月三十一日止年度出現虧損，收入增幅及新市場發展計劃亦未達早前預期。本公司董事認為從收購帝福時集團產生之商譽應減值。截至二零一八年十二月三十一日，帝福時集團現金產生單位之可收回金額將是零(二零一七年：零)。商譽減值虧損19,000,000港元於截至二零一七年十二月三十一日止年度之綜合全面收入表中確認。

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按零增長率(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率15.21%推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。

富地集團

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按增長率零(二零一七年：零)(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率12.48%(二零一七年：12.35%)推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一八年及二零一七年十二月三十一日之可收回款項總額。自收購富地集團以來並無確認減值虧損。

信亨及水杉資產

該等現金產生單位之可收回金額由董事根據公平值減出售成本釐定。釐定公平值減出售成本乃基於近期市場上之類似交易。該等現金產生單位之公平值減出售成本為第三層經常性公平值計量。釐定公平值減出售成本之主要重大不可觀察輸入數值為該等現金產生單位預期盈利不確定因素之特有貼現率。貼現越高，現金產生單位之公平值減出售成本越低，反之亦然。本公司董事之結論為，基於評估結果，本年度並無確認商譽減值虧損。

依波路

現金產生單位之可收回金額由董事按公平值減出售成本釐定。釐定公平值減出售成本乃基於依波路股份之市場價格。現金產生單位之公平值減出售成本為第一層公平值計量。本公司董事之結論為，基於評估結果，本年度並無確認商譽減值虧損。

二零零一年前業務合併產生之商譽

於二零零一年前業務合併產生之商譽已於綜合儲備對銷。於二零一八年十二月三十一日，於綜合儲備內之商譽賬面值為15,300,000港元(二零一七年：15,300,000港元)。

34. OTHER ASSETS

34. 其他資產

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other receivables	其他應收款	174,845	164,998
Dividend receivable from an associate (note 50.1)	應收一間聯營公司股息(附註50.1)	5,000	17,500
Consideration receivable from an associate in respect of disposal of brand name (note 50.1)	出售品牌名稱應收一間聯營公司代價(附註50.1)	-	20,000
Consideration receivable in respect of disposal of subsidiaries	出售附屬公司之應收代價	-	45,460
Debt component of convertible bond investment (note 21(a))	可換股債券投資的債務部分(附註21(a))	-	8,421
Amounts due from an associate (note 50.1)	應收一間聯營公司款項(附註50.1)	18,280	22,457
Amounts due from related companies (note 50.1)	應收關連公司款項(附註50.1)	1,065	1,065
Prepayments	預付款項	111,285	67,277
Deposits	按金	37,450	35,395
Management and performance fees receivables	應收管理及履約費	12,606	14,191
Other interest receivables	其他應收利息	36,128	34,034
Settlement and clearing account	交收及結算賬戶	911	19,800
		397,570	450,598

Other receivables represented cash advance to staff, VAT receivable, other advances and deposits in the securities accounts.

其他應收款即指預付員工之現金、增值稅應收款項、其他墊款及證券賬戶之存款。

As at 31 December 2018, the amount of the Group's other assets expected to be recovered or recognised as expense after more than one year is HK\$17,484,000 (2017: HK\$16,367,000). The remaining other assets are expected to be recovered or recognised as expense within one year.

於二零一八年十二月三十一日，本集團其他資產預計將於一年後收回或確認為開支之金額為17,484,000港元(二零一七年：16,367,000港元)。餘下其他資產預計於一年內收回或確認為開支。

None of the above other receivables is either past due or impaired. Other receivables relate to counterparties for which there was no recent history of default.

上述其他應收款概無逾期或減值。與交易對方有關之其他應收款並無最近拖欠記錄。

Movements in expected credit losses for the other assets are as follows:

其他資產之預期信貸虧損變動如下：

		2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	-
Effect of the adoption of HKFRS 9	採納香港財務報告準則第9號之影響	5,313
At 31 December 2018	於二零一八年十二月三十一日	5,313

35. DUE TO CLIENTS

35. 應付客戶款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Due to clients precious metals	應付客戶貴金屬款項	73,950	45,865
Other amounts due to clients, mainly bank deposits	其他應付客戶款項(主要為銀行存款)	12,430,641	14,224,224
		12,504,591	14,270,089

36. TRADE PAYABLES

36. 應付賬款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade payables arising from watches and timepiece business (note a)	鐘錶及時計產品業務產生之應付賬款(附註a)	280,567	262,629
Trade payables arising from financial business (note b):	金融業務產生之應付賬款(附註b):		
– Cash clients	– 現金客戶	36,496	40,276
– Margin clients	– 保證金客戶	2,294	2,893
– Clearing house	– 結算所	4,749	–
		43,539	43,169
Trade payables	應付賬款	324,106	305,798

- (a) The credit terms of trade payables arising watches and timepieces business vary according to the terms agreed with different suppliers. Trade payables to watches and timepieces business are non-interest bearing.

- (a) 鐘錶及時計產品業務產生之應付賬款之信貸期根據與不同供應商協定之條款而變。鐘錶及時計產品業務之應付賬款為不計息。

Ageing analysis of trade payables arising from watches and timepieces business as at the reporting dates, based on the invoice dates, is as follows:

鐘錶及時計產品業務所產生之應付賬款按照發票日期於報告日之賬齡分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
1 to 3 months	1至3個月	215,854	172,581
4 to 6 months	4至6個月	25,151	23,410
Over 6 months	超過6個月	39,562	66,638
		280,567	262,629

- (b) The settlement term of trade payables arising from the financial business of securities dealing is "T+2". Trade payables arising from financial business during the "T+2" period are current whereas those which are outstanding after the "T+2" period are repayable on demand.

- (b) 證券金融業務產生之應付賬款之結算期限為「T+2」。於「T+2」期間，金融業務產生之應付賬款屬即期，而於「T+2」期間後，尚未償還之應付賬款則須按要求償還。

37. CONTRACT LIABILITIES

The contract liabilities mainly represented the advance consideration received from customer. As at 31 December 2018, the aggregated amount of transaction price allocated to remaining performance obligations under the Group's existing contract is HK\$30,918,000. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 12 month.

37. 合約負債

合約負債主要為自客戶收取之預付代價。於二零一八年十二月三十一日，分配至本集團現有合約下剩餘履約責任之交易價格總額為30,918,000港元。未來，本集團將於或就完成工程確認預期收入，即預期將於未來12個月進行。

38. CORPORATE BONDS

38. 公司債券

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	732,978	692,127
Amortisation of transaction costs	交易成本攤銷	4,243	4,022
Sales of corporate bonds	出售公司債券	27,566	392
Exchange realignment	匯兌調整	(4,543)	36,437
At 31 December	於十二月三十一日	760,244	732,978

On 24 July 2014, the Group issued CHF denominated corporate bonds of principal amount of CHF100,000,000 bears interest at 3.625% per annum. The interests of the corporate bonds are paid in arrears on 24 July every year. The corporate bonds are listed in SIX Swiss Exchange in Switzerland and guaranteed by the Company. The corporate bonds will mature on 24 July 2019.

Net proceeds from the issue of the corporate bonds, as reduced by transaction cost, amounted to approximately CHF97,295,000 (equivalent to approximately HK\$762,913,000).

The Group may, at any time after the date of issuance and prior to the date of maturity, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving a prior notice to a period of not less than 30 days nor more than 60 days.

During the year ended 31 December 2018, the Group had sold certain re-purchased corporate bonds with principal amount of CHF3,460,000 (equivalent to approximately HK\$27,728,000) at the consideration of CHF3,440,000 (equivalent to approximately HK\$27,566,000) in the public market.

During the year ended 31 December 2017, the Group had sold certain re-purchased corporate bonds with principal amount of CHF50,000 (equivalent to approximately HK\$396,000) at the consideration of CHF49,500 (equivalent to approximately HK\$392,000) in the public market.

During the year ended 31 December 2018 and 2017, the Group had not repurchased any corporate bonds.

於二零一四年七月二十四日，本集團發行瑞士法郎公司債券，本金額為100,000,000瑞士法郎，按年利率3.625%計息。該等公司債券利息於每年七月二十四日分期支付。該等公司債券於瑞士證券交易所上市及由本公司擔保。該等公司債券將於二零一九年七月二十四日到期。

發行公司債券之所得款項淨額（扣除交易成本）為約97,295,000瑞士法郎（相當於約762,913,000港元）。

本集團可於發行日後任何時間至到期日前，發出不少於30日及不多於60日之事先通知，按本金總額100%連同直至該提早贖回日期止累計利息款項贖回全部公司債券。

截至二零一八年十二月三十一日止年度，本集團已於公開市場出售本金額為3,460,000瑞士法郎（相當於約27,728,000港元）之若干購回公司債券，代價為3,440,000瑞士法郎（相當於約27,566,000港元）。

截至二零一七年十二月三十一日止年度，本集團已於公開市場出售本金額為50,000瑞士法郎（相當於約396,000港元）之若干購回公司債券，代價為49,500瑞士法郎（相當於約392,000港元）。

截至二零一八年及二零一七年十二月三十一日止年度，本集團並無購回任何公司債券。

39. BORROWINGS

39. 借貸

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Bank overdrafts (note 39.1)	銀行透支(附註39.1)	14,822	54,466
Bank borrowings (note 39.1)	銀行借貸(附註39.1)	1,030,774	526,123
Margin loan payable (note 39.2)	應付保證金貸款(附註39.2)	1,593	2,680
		1,047,189	583,269

39.1 Bank overdrafts and bank borrowings

As at 31 December 2018, the amount of the Group's bank overdrafts and bank borrowings repayable within one year or on demand is HK\$823,493,000 (2017: HK\$564,498,000). The remaining balances are repayable over one year.

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause. Borrowings are repayable as follows:

39.1 銀行透支及銀行借貸

於二零一八年十二月三十一日，本集團須於一年內償還或按要求償還之銀行透支及銀行借貸金額為823,493,000港元(二零一七年：564,498,000港元)。餘下餘額須於一年後償還。

根據載於貸款協議之計劃還款日期，且不計及按要求償付條款之影響。借貸須按下列方式償付：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Borrowings payable: Within one year or on demand	應付借貸： 於一年內或按要求	823,493	564,498
In the second year	於第二年	103,671	480
In the third to fifth year	於第三至第五年	105,539	1,441
After fifth year	第五年後	12,893	14,170
		222,103	16,091
		1,045,596	580,589

The abovementioned borrowings are charged at floating rates ranging from 2.53% to 7.00% (2017: 2.04% to 5.50%) per annum.

At the reporting dates, the Group's borrowings were secured by:

- (i) corporate guarantees provided by subsidiaries within the Group as at 31 December 2018 and 2017;
- (ii) a legal charge over certain of the Group's land and buildings with the carrying amounts of HK\$120,711,000 (2017: HK\$117,871,000) as at 31 December 2018 (note 29); and
- (iii) certain of the Group's trade receivables with the carrying amounts of HK\$14,639,000 (2017: HK\$20,724,000) as at 31 December 2018 (note 22).

上述借貸按浮動年利率介乎2.53%至7.00%(二零一七年：2.04%至5.50%)計息。

於報告日，本集團之借貸以下列各項作抵押：

- (i) 本集團內附屬公司於二零一八年及二零一七年十二月三十一日所提供之公司擔保；
- (ii) 本集團於二零一八年十二月三十一日賬面值為120,711,000港元(二零一七年：117,871,000港元)之若干土地及樓宇之法定押記(附註29)；及
- (iii) 本集團於二零一八年十二月三十一日之賬面值為14,639,000港元(二零一七年：20,724,000港元)之若干應收賬款(附註22)。

39. BORROWINGS (Continued)**39.1 Bank overdrafts and bank borrowings (Continued)**

Certain of bank overdrafts and bank borrowings contain clause which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Borrowings due for repayment after one year which contain a repayment on demand clause and are expected to be settled within one year. The carrying amounts of the bank overdrafts and bank borrowings are approximate to their fair value.

39.2 Margin loan payable

The interest rate of the margin loan payable is 6.59% (2017: 2.576%) per annum and repayable on demand. At 31 December 2018, margin loan payable was secured by the Group's trading portfolio investments with the carrying amount of HK\$35,749,000 (2017: HK\$56,366,000) (note 19). The carrying amount of the margin loan payable is approximate to its fair value. As at 31 December 2018, margin loan payable of HK\$1,593,000 (2017: HK\$2,680,000) are attributable to financial business.

40. PROVISIONS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Provision for litigation and tax risks	訴訟及稅務風險撥備		
At 1 January	於一月一日	721	532
Newly formed and charged to profit or loss	新作出並扣自溢利或虧損	-	158
Released and credited to profit or loss	解除及計入溢利或虧損	(320)	-
Exchange realignment	匯兌調整	75	31
At 31 December	於十二月三十一日	476	721
Maturity of the provisions	撥備到期日		
Within one year	一年內	476	721

During the year ended 31 December 2018, reversal of provision for litigation risks of HK\$320,000 (2017: provision for litigation risks of HK\$158,000) has been recognised in the consolidated statement of comprehensive income.

As part of the normal business activities of banking business, the Group is exposed to a wide range of legal risks. These include in particular risks relating to litigation. The Group recognises provisions for such litigation risks if the Group's management and its legal advisors are of the opinion that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount. The amount of the provisions and their timing are by their nature subject to uncertainty. However, these uncertainties are evaluated as being low since it was possible to reliably estimate the individual amounts and the majority of the recognised provisions will probably become due within one year.

39. 借貸(續)**39.1 銀行透支及銀行借貸(續)**

若干銀行透支及銀行借貸包含給予銀行可要求於任何時間即時償付之全權酌情權之條文，而不論本集團是否已遵守契諾及符合計劃償付責任。於一年後到期償付之借貸部分包含按要求償付條文，且預期於一年內結付。銀行透支及銀行借貸賬面值與其公平值相若。

39.2 應付保證金貸款

應付保證金貸款之年利率為6.59% (二零一七年：2.576%)，並按要求償還。於二零一八年十二月三十一日，應付保證金貸款以本集團賬面值為35,749,000港元(二零一七年：56,366,000港元)之交易組合投資擔保(附註19)。應付保證金貸款賬面值與其公平值相若。於二零一八年十二月三十一日，應付保證金貸款1,593,000港元(二零一七年：2,680,000港元)乃來自金融業務。

40. 撥備

截至二零一八年十二月三十一日止年度，撥回訴訟風險撥備320,000港元(二零一七年：訴訟風險撥備158,000港元)已於綜合全面收入表中確認。

作為銀行業務日常業務活動一部分，本集團面臨多類法律風險。該等風險包括與訴訟有關之特定風險。倘本集團管理層及其法律顧問認為體現經濟利益之資源可能流出且金額能可靠估計，則本集團就該訴訟風險確認撥備。撥備金額及其時間根據其性質受不確定因素規限。然而，由於能可靠地估計個別金額及大多數已確認撥備可能於一年內到期，故此經評估該等不確定因素為低。

41. SUBORDINATED DEBT

41. 次級債務

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Subordinated private placements	次級私人配售	–	95,674

Bendura Bank AG issued a subordinated debt instrument in the amount of EUR10 million via a private placement in 2013. In respect of the issued debt securities, there were no late payments or breaches of contract in the years under review. The maturity date is 14 June 2018 and its nominal and effective interest rates are 4% per annum. The subordinated debt has been fully repaid during the year.

富地銀行股份有限公司於二零一三年透過私人配售發行1,000萬歐元次級債務工具。就已發行債務證券，於回顧年度概無逾期付款或違約。到期日為二零一八年六月十四日，其名義及實際年利率為4%。年內已償還全部次級債務。

42. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the jurisdictions in which the Group operates.

42. 遞延稅項

遞延稅項按負債法採用本集團業務所在司法權區之現行適用稅率就暫時差額全面計算。

Details of the Group's deferred tax assets/(liabilities) recognised and movements are as follows:

本集團之已確認遞延稅項資產/(負債)及其變動詳情載列如下：

		Revaluation of intangible assets 重估無形資產 HK\$'000 千港元	Revaluation of property, plant and equipment 重估物業、廠房及設備 HK\$'000 千港元	Tax losses 稅項虧損 HK\$'000 千港元	Impairment loss on investments 投資減值虧損 HK\$'000 千港元	Temporary difference arising from bond repurchase 購回債券產生之暫時差額 HK\$'000 千港元	Decelerated tax depreciation 減速稅項折舊 HK\$'000 千港元	Other temporary differences 其他暫時差額 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	(24,449)	(11,404)	8,081	(267)	(1,826)	2,337	5,073	(22,455)
Acquisition of subsidiaries (note 51.2 and 51.3)	收購附屬公司(附註51.2及51.3)	(981)	–	–	–	–	–	–	(981)
Credited/(Charged) to profit or loss (note 11)	於溢利或虧損中計入/(扣除)(附註11)	25,669	368	(3,689)	277	1,733	(2,484)	1,741	23,615
Exchange realignment	匯兌調整	(1,220)	(520)	403	(10)	(75)	147	(192)	(1,467)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	(981)	(11,556)	4,795	–	(168)	–	6,622	(1,288)
Effect of the adoption of HKFRS 9	採納香港財務報告準則第9號之影響	–	–	–	–	–	2,289	–	2,289
At 1 January 2018, restated	於二零一八年一月一日，經重列	(981)	(11,556)	4,795	–	(168)	2,289	6,622	1,001
Acquisition of subsidiaries (note 51.1)	收購附屬公司(附註51.1)	(10,416)	–	–	–	–	(566)	(21,424)	(32,406)
Credited/(Charged) to profit or loss (note 11)	於溢利或虧損中計入/(扣除)(附註11)	–	385	(246)	–	446	378	358	1,321
Charge to other comprehensive income	於其他全面收入中扣除	–	(22,212)	–	–	–	–	1,169	(21,043)
Exchange realignment	匯兌調整	–	207	(43)	–	(112)	3	140	195
At 31 December 2018	於二零一八年十二月三十一日	(11,397)	(33,176)	4,506	–	166	2,104	(13,135)	(50,932)

42. DEFERRED TAX (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	9,437	6,900
Deferred tax liabilities	遞延稅項負債	(60,369)	(8,188)
		(50,932)	(1,288)

As at 31 December 2018, the Group has estimated unused tax losses arising in Hong Kong of HK\$357,820,000 (2017: HK\$321,526,000), subject to the agreement of Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2018, the Group has estimated unused tax losses arising in the PRC of HK\$94,495,000 (2017: HK\$148,342,000) which are available for offsetting against future taxable profits for a maximum period of five years from the reporting date. Deferred tax assets have not been recognised in respect of these estimated unused tax losses as these were incurred by the companies that have been loss-making for some time.

As at 31 December 2018, the Group has estimated unused tax losses in United Kingdom of HK\$159,848,000 (2017: HK\$119,759,000), subject to the agreement of tax bureau in United Kingdom, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets (2017: nil) have been recognised in respect of these estimated unused tax losses as these were incurred by the companies that have been loss-making for some time.

As at 31 December 2018, the Group has estimated unused tax losses in Switzerland of HK\$1,146,355,000 (2017: HK\$1,067,310,000), subject to the agreement of tax bureau in Switzerland, that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets of HK\$4,506,000 (2017: HK\$4,795,000) have been recognised in respect of these estimated unused tax losses to the extent of deferred tax liabilities recognised in respect of revaluation of identifiable assets as a result of the acquisitions. Deferred tax assets have not been recognised in respect of the estimated unused tax losses as these were incurred by the subsidiaries that have been loss-making for some time. These estimated unused tax losses will be available for offsetting against future taxable profit for a maximum period of five years from the reporting date.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders during the year.

As at 31 December 2018, deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounted to HK\$2,081,049,000 (2017: HK\$2,146,126,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

42. 遞延稅項 (續)

為於綜合財務狀況表中呈報，若干遞延稅項資產及負債已予抵銷。以下為用於財務報告之遞延稅項結餘分析：

於二零一八年十二月三十一日，本集團於香港產生估計未動用稅項虧損 357,820,000 港元 (二零一七年：321,526,000 港元)，有待與稅務局協議，可用作抵銷產生虧損公司之日後應課稅溢利。

於二零一八年十二月三十一日，本集團於中國產生之估計未動用稅項虧損為 94,495,000 港元 (二零一七年：148,342,000 港元)，可用作抵銷最長為由報告日起計五年之未來應課稅溢利。並無就該等估計未動用稅項虧損確認遞延稅項資產，乃由於有關虧損產生自己於一段時間內錄得虧損之公司。

於二零一八年十二月三十一日，本集團於英國產生估計未動用稅項虧損 159,848,000 港元 (二零一七年：119,759,000 港元)，有待與英國稅務局協議，可無限期待用作抵銷產生虧損公司之日後應課稅溢利。並無就該等估計未動用稅項虧損確認遞延稅項資產 (二零一七年：無)，乃由於有關虧損產生自己於一段時間內錄得虧損之公司。

於二零一八年十二月三十一日，本集團於瑞士產生估計未動用稅項虧損 1,146,355,000 港元 (二零一七年：1,067,310,000 港元)，有待與瑞士稅務局協議，可用作抵銷產生虧損公司之日後應課稅溢利。以收購重估可識別資產之已確認遞延稅項負債為限，就該等估計未動用稅項虧損確認之遞延稅項資產為 4,506,000 港元 (二零一七年：4,795,000 港元)。並無就該等估計未動用稅項虧損確認遞延稅項資產，乃由於有關虧損產生自己於一段時間內錄得虧損之附屬公司。該等估計未動用稅項虧損可用作抵銷最長為由報告日起計五年之日後應課稅溢利。

年內，本公司並無因向其股東支付股息而須承擔任何所得稅後果。

於二零一八年十二月三十一日，綜合財務報表並無就中國附屬公司所賺取溢利應佔之暫時差額 2,081,049,000 港元 (二零一七年：2,146,126,000 港元) 作出遞延稅項撥備，原因為本集團能夠控制撥回暫時差額之時間，加上暫時差額很可能不會於可見將來撥回。

43. OTHER LIABILITIES

43. 其他負債

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Accruals	應計費用	106,653	125,084
Due to associates (note 50.1(iv)(a) and (c))	應付聯營公司款項 (附註50.1(iv)(a)及(c))	25,230	346
Warranty provision	保養撥備	5,183	3,674
Net defined benefit obligations	定額福利責任淨額	83,140	94,323
Accrued interests and commission	應計利息及佣金	18,636	19,391
Other tax payable	其他應付稅款	40,054	43,258
Interest payable	應付利息	20	2,540
Commission payable	應付佣金	41,943	35,656
Other payables	其他應付款	228,072	245,873
		548,931	570,145

Other payables represented accrued management and performance fees, accrued services fee, accrued salaries and bonus, accrued audit fee and accrued other operating expenses.

As at 31 December 2018, the amount of the Group's other liabilities expected to be due after more than one year is HK\$86,787,000 (2017: HK\$98,741,000). The remaining other liabilities are expected to be due within one year.

其他應付款即指應計管理及履約費、應計服務費、應計工資及花紅、應計審計費及應計其他營運開支。

於二零一八年十二月三十一日，本集團預期超過一年後到期之其他負債金額為86,787,000港元(二零一七年：98,741,000港元)。餘下其他負債預期將於一年內到期。

44. SHARE CAPITAL

44. 股本

		2018 二零一八年		2017 二零一七年	
		Number of shares 股份數目 '000 千股	HK\$'000 千港元	Number of shares 股份數目 '000 千股	HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.10 each at 1 January and 31 December	於一月一日及十二月三十一日 每股面值0.10港元之普通股	6,000,000	600,000	6,000,000	600,000
Issued and fully paid:	已發行及繳足：				
At 1 January	於一月一日	4,350,314	435,032	4,346,814	434,682
Share option scheme – proceeds from shares issued (note (a))	認購股份權計劃—發行股份 所得款項(附註(a))	1,575	157	3,500	350
At 31 December	於十二月三十一日	4,351,889	435,189	4,350,314	435,032

44. SHARE CAPITAL (Continued)

Note:

- (a) During the year, 1,575,000 (2017: 3,500,000) new ordinary shares of the Company were issued upon the exercise of share options. The total proceeds received for the issues of shares under the share option scheme are HK\$511,000 (2017: HK\$1,138,000). The amount of HK\$354,000 (2017: HK\$788,000), representing the excess of the proceeds received over the nominal value of the ordinary shares of HK\$157,000 (2017: HK\$350,000), has been included in share premium account.

Details of the share options exercised during the years ended 31 December 2018 and 2017 are summarised in note 45. All shares issued in both years in relation to the share option scheme have the same rights as the Company's other issued ordinary shares.

45. SHARE-BASED COMPENSATION

At the general meeting held on 30 May 2008, the shareholders of the Company terminated the option scheme adopted on 25 May 2001 and adopted a new share option scheme (the "Share Option Scheme") for a period of 10 years commencing on the adoption date.

The directors may, at their discretion, invite the eligible participants to take up options to subscribe for shares. The eligible participants include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

Under the Share Option Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the Share Option Scheme if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the Company's shares in issue from time to time.

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

44. 股本(續)

附註：

- (a) 年內，本公司就行使認購股份權時發行 1,575,000 股 (二零一七年：3,500,000 股) 新普通股。就根據認購股份權計劃發行股份收取之所得款項總額為 511,000 港元 (二零一七年：1,138,000 港元)。為數 354,000 港元 (二零一七年：788,000 港元) 為已收所得款項超出普通股面值 157,000 港元 (二零一七年：350,000 港元) 之金額，該筆款項已計入股份溢價賬。

截至二零一八年及二零一七年十二月三十一日止年度，獲行使認購股份權詳情於附註 45 概述。所有於兩個年度內發行之股份 (與認購股份權計劃有關) 與本公司其他已發行普通股享有同等權利。

45. 股份補償

於二零零八年五月三十日舉行之股東大會上，本公司股東終止於二零零一年五月二十五日採納之認購股份權計劃並採納新認購股份權計劃 (「認購股份權計劃」)，自採納日期起計為期 10 年。

董事可酌情邀請合資格參與者承購認購股份權，以認購股份。合資格參與者包括 (i) 本公司或其任何附屬公司之任何全職或兼職僱員、行政人員或高級人員；(ii) 本公司或其任何附屬公司之任何董事 (包括執行董事、非執行董事及獨立非執行董事)；及 (iii) 本公司或其任何附屬公司之任何顧問、諮詢人士、供應商、客戶及代理。

根據認購股份權計劃，於認購股份權計劃項下授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之最高股份數目，不得超過本公司不時已發行股本之 30%。倘授出之認購股份權導致超出有關上限，則不得根據認購股份權計劃授出認購股份權。除經本公司股東批准外，根據認購股份權計劃授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之本公司股份總數，不得超過本公司不時已發行股份之 30%。

在任何 12 個月期間根據認購股份權計劃向每名承授人授出之認購股份權 (包括已行使或尚未行使之認購股份權) 行使時已發行及可能將予發行之股份總數不得超過本公司已發行股本之 1%。倘向一名承授人進一步授出認購股份權，導致該名人士根據認購股份權計劃於 12 個月期間直至進一步授出日期 (包括當日) 行使獲授及建議獲授之所有認購股份權 (包括已行使、註銷及尚未行使認購股份權) 後，已發行及將發行股份之數目合共超過已發行股份 1%，有關進一步授出認購股份權必須於股東大會獲本公司股東批准，而有關承授人及彼之聯繫人士須放棄表決。

45. SHARE-BASED COMPENSATION (Continued)

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

The exercise period of the share options granted is determinable by the directors, and should not be later than 10 years from the date of the acceptance of the share options (the "Option Period").

The subscription price is equal to the higher of (i) the nominal value of the share of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The fair value of share options granted is recognised in profit or loss taking into account the probability that the options will vest over the vesting period. Upon the exercise of the options the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account. At the time when the share options are exercised, the amount previously recognised in share option reserve is transferred to share premium account. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve is transferred to retained profits. Lapsed options are deleted from the outstanding options prior to their exercise date. All equity-settled share-based compensation expense is settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The grantees may exercise the options in whole or in part by giving exercise notice to the grantor at any time during the Option Period provided that the grantees shall exercise the options to acquire the option shares in accordance with the following vesting schedule:

Vesting schedule	Maximum percentage of option shares comprised in an option which may be exercised
One year after the grant date	30%
Two years after the grant date	35%
Three years after the grant date	35%

45. 股份補償 (續)

在任何12個月期間直至最後授出日期根據認購股份權計劃向每名合資格人士授出之認購股份權(包括已註銷、行使及尚未行使之認購股份權)行使時已發行及將予發行之股份最高數目,不得超過本公司已發行股份之1%,惟倘於截至有關授出日期止12個月期間向本公司各獨立非執行董事或主要股東或彼等各自之任何聯繫人士授出及將予授出之所有認購股份權獲行使時已發行及將予發行之股份數目超過本公司已發行股份0.1%及價值超過5百萬港元,有關授出必須事先獲本公司獨立股東批准。任何進一步授出超過有關限額之認購股份權必須根據上市規則之規定獲股東於股東大會上批准。

所授出認購股份權之行使期由董事釐定,且不應超過認購股份權接納日期後10年(「認購股份權期間」)。

認購價相當於下列各項之最高者:(i)本公司股份面值;(ii)本公司股份於授出日期在聯交所每日報價表所示之每股收市價;及(iii)緊接授出日期前五個營業日股份於聯交所每日報價表所示之每股平均收市價。

所授出認購股份權之公平值於計及認購股份權於歸屬期歸屬之可能性後在溢利或虧損確認。於認購股份權獲行使時,所產生之已發行股份按股份面值記入額外股本,而每股行使價超出股份面值之差額則計入股份溢價賬。認購股份權獲行使時,先於認購股份權儲備中確認之款額會轉撥至股份溢價賬。當認購股份權被沒收或於屆滿日期仍未行使時,先於認購股份權儲備中確認之款額會轉撥至保留溢利。於行使日期前已失效認購股份權會自尚未行使認購股份權中剔除。所有以股本結算之股份補償開支將以權益結算。本集團並無法定或推定責任以現金購回或結算認購股份權。

承授人可於認購股份權期間任何時間向授出人發出行使通知,行使全部或部分認購股份權,惟承授人將根據下列歸屬期時間表行使認購股份權購入認購股份權股份:

歸屬時間表	可行使認購股份權所包含認購股份權股份最高百分比
授出日期後一年	30%
授出日期後兩年	35%
授出日期後三年	35%

45. SHARE-BASED COMPENSATION (Continued)

Details of the share options granted up to the reporting date are as follows:

Date of grant:	9 December 2008
Exercisable period:	9 December 2009 to 7 January 2019
Exercise price:	HK\$0.325

The share option scheme has been expired on 30 May 2018.

Share options and weighted average exercise price are as follows for the reporting periods presented:

		2018 二零一八年		2017 二零一七年	
		Number '000 數目千份	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number '000 數目千份	Weighted average exercise price 加權平均行使價 HK\$ 港元
Outstanding at 1 January	於一月一日尚未行使	7,055	0.325	10,555	0.325
Exercised	已行使	(1,575)	0.325	(3,500)	0.325
Expired	已屆滿	(5,480)	0.325	-	-
Outstanding at 31 December	於十二月三十一日尚未行使	-	-	7,055	0.325
Exercisable at the end of the year	於年末可行使	-	-	7,055	0.325

There is no options outstanding at 31 December 2017 had a weighted average remaining contractual life of 1 year. All the share options granted were expired during the year. The weighted average share price for share options exercised during the year at the date of exercise was HK\$1.74 (2017: HK\$1.77) per share for the year ended 31 December 2018.

During the year, the Group did not grant any share options (2017: nil).

Movements of the Share Option Scheme for the years ended 31 December 2018 and 2017 are as follows:

2018

Name or category of participants	參與者姓名或所屬類別	Number of share options 認購股份權數目			
		At 1 January 2018 二零一八年一月一日	Exercised during the year 於年內行使	Expired during the year 於年內屆滿	At 31 December 2018 二零一八年十二月三十一日
Other eligible employees In aggregate	其他合資格僱員 合計	1,575,000	(1,575,000)	-	-
Other eligible persons In aggregate	其他合資格人士 合計	5,480,000	-	(5,480,000)	-
Total	總計	7,055,000	(1,575,000)	(5,480,000)	-

45. 股份補償 (續)

直至報告日為止已授出認購股份權詳情如下：

授出日期：	二零零八年十二月九日
行使期：	二零零九年十二月九日至 二零一九年一月七日
行使價：	0.325 港元

認購股份權計劃已於二零一八年五月三十日屆滿。

報告期內之認購股份權及加權平均行使價呈列如下：

概無於二零一七年十二月三十一日尚未行使而加權平均餘下合約年期為1年之認購股份權。全部已授出認購股份權已於年內屆滿。截至二零一八年十二月三十一日止年度，已於年內行使之認購股份權於行使日期之加權平均股價為每股1.74港元(二零一七年：1.77港元)。

年內，本集團概無授出任何認購股份權(二零一七年：無)。

於截至二零一八年及二零一七年十二月三十一日止年度，認購股份權計劃之變動如下：

二零一八年

45. SHARE-BASED COMPENSATION (Continued) 2017

Name or category of participants	參與者姓名或所屬類別	Number of share options 認購股份權數目		
		At 1 January 2017 於二零一七年 一月一日	Exercised during the year 於年內行使	At 31 December 2017 於二零一七年 十二月三十一日
Independent non-executive director Mr. Li Qiang	獨立非執行董事 李強先生	3,500,000	(3,500,000)	–
Other eligible employees In aggregate	其他合資格僱員 合計	1,575,000	–	1,575,000
Other eligible persons In aggregate	其他合資格人士 合計	5,480,000	–	5,480,000
Total	總計	10,555,000	(3,500,000)	7,055,000

46. RESERVES

Group

The amounts of the Group's reserves and movements therein during the year are presented in the consolidated statement of changes in equity.

The share premium account mainly includes shares issued at a premium.

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees over the vesting period.

Other reserve represents (i) the cumulative expenses recognised on the granting of share options to an independent third party; (ii) the effect of transactions with non-controlling interests as disclosed in note 52 to the consolidated financial statements and (iii) the effect of the redemption of convertible bond.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against the consolidated reserves.

In accordance with the PRC regulations, certain of the Group's subsidiaries established in the PRC are required to transfer part of their profits after tax to the statutory reserve before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of the directors of these subsidiaries, in accordance with their joint venture agreements and/or articles of association. The statutory reserve is non-distributable and has restricted use.

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 4.23.

Investment revaluation reserve represents gains or losses arising on remeasuring financial assets classified as available-for-sale financial assets at fair value.

Fair value through other comprehensive income reserve represents gains or losses on remeasuring the financial assets classified as financial assets at fair value through other comprehensive income.

Revaluation reserve for property, plant and equipment is the revaluation gain arising from the transfer of property, plant and equipment to investment properties.

45. 股份補償 (續) 二零一七年

46. 儲備

本集團

本集團於年度之儲備數額及有關變動於綜合權益變動表中呈列。

股份溢價賬主要包括按溢價發行之股份。

認購股份權儲備指於歸屬期間向僱員授出認購股份權中確認之累計開支。

其他儲備指 (i) 向一名獨立第三方授出認購股份權中確認之累計開支；(ii) 與非控股權益進行交易之影響 (於綜合財務報表附註 52 披露) 及 (iii) 贖回可換股債券之影響。

於過往年度收購附屬公司所產生之若干商譽仍於綜合儲備對銷。

按照中國法規，本集團若干於中國成立之附屬公司於作出溢利分派前，須將其部分除稅後溢利轉撥至法定儲備。轉撥款額須由該等附屬公司之董事會按各自之合營協議及／或公司章程細則批准。法定儲備不可分派，且用途有所限制。

根據附註 4.23 內所採納之會計政策，外匯儲備包括換算海外業務財務報表所產生之所有匯兌差額。

投資重估儲備指按公平值歸類為可供出售金融資產之金融資產重新計量所產生之收益或虧損。

按公平值計入其他全面收入儲備指重新計量分類為按公平值計入其他全面收入之金融資產之金融資產之收益或虧損。

物業、廠房及設備重估儲備為將物業、廠房及設備轉撥至投資物業時產生之重估收益。

46. RESERVES (Continued)

Company

The reserves of the Company as at 31 December 2018 and 2017 are as follows:

46. 儲備(續)

本公司

本公司於二零一八年及二零一七年十二月三十一日之儲備如下：

		Share premium account	Share option reserve	Fair value through other comprehensive income reserve	Other reserve	Retained profits	Total
		股份溢價賬	認購股份權儲備	按公平值計入其他全面收入儲備	其他儲備	保留溢利	總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	773,749	1,601	-	22,692	74,291	872,333
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	788	-	-	-	-	788
Exercise of share options	行使認購股份權	531	(531)	-	-	-	-
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	-	-	-	-	123,882	123,882
2016 Special dividend (note 13.1)	二零一六年特別股息(附註13.1)	(3,866)	-	-	-	(213,650)	(217,516)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	771,202	1,070	-	22,692	(15,477)	779,487
Impact on initial application of HKFRS 9	首次應用香港財務報告準則第9號之影響	-	-	107,999	-	(106,378)	1,621
At 1 January 2018, as restated	於二零一八年一月一日，經重列	771,202	1,070	107,999	22,692	(121,855)	781,108
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	354	-	-	-	-	354
Exercise of share options	行使認購股份權	239	(239)	-	-	-	-
Lapse of share option	認購股份權失效	-	(831)	-	-	831	-
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	-	-	(12,197)	-	292,370	280,173
2017 final dividend (note 13.2)	二零一七年末期股息(附註13.2)	(89,767)	-	-	-	(171,346)	(261,113)
At 31 December 2018	於二零一八年十二月三十一日	682,028	-	95,802	22,692	-	800,522

Under the Companies Law Cap. 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

根據開曼群島公司法第22章(一九六一年第3條法例，經綜合及修訂)，本公司股份溢價賬之資金可供分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中到期之債務。

47. OPERATING LEASE ARRANGEMENTS/COMMITMENTS

47.1 At 31 December 2018 and 2017, total future minimum lease receipts by the Group under non-cancellable operating leases are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	7,756	5,283
In the second to fifth year	第二年至第五年	23,508	21,766
After fifth year	五年後	949	2,948
		32,213	29,997

The Group leases certain of its properties under operating lease arrangements, with leases negotiated for initial terms ranging from one to twenty years (2017: one to twenty years). None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干物業，議定之初步租約為期一年至二十年（二零一七年：一年至二十年）不等。該等租約不包括或然租金。

47.2 At 31 December 2018 and 2017, the total future minimum lease payments by the Group under non-cancellable operating leases are as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	45,107	34,083
In the second to fifth year	第二年至第五年	58,588	11,647
After fifth year	五年後	8,761	7,756
		112,456	53,486

The Group leases certain offices and factory premises under operating lease arrangements, for initial terms ranging from one to ten years (2017: one to ten years). None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干辦公室及工廠物業，初步租約為期一年至十年（二零一七年：一年至十年）不等。該等租約不包括或然租金。

47.3 The Group is required to pay an annual fee in respect of the leasehold land in the PRC from 1992 up to 2042 with a 20% increment for every five years. During the year, an annual fee of HK\$592,000 (2017: HK\$576,000) was charged as an expense in profit or loss of the Group.

47.3 本集團自一九九二年至二零四二年止，須就中國之一幅租賃土地支付年費，年費每五年增加20%。年內，年費592,000港元（二零一七年：576,000港元）已於本集團溢利或虧損內按開支支銷。

47. 經營租約安排／承擔

47.1 於二零一八年及二零一七年十二月三十一日，根據不可註銷之經營租約，本集團應收未來最低租賃款項總額如下：

47.2 於二零一八年及二零一七年十二月三十一日，根據不可註銷之經營租約，本集團應付未來最低租賃款項總額如下：

48. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Contracted, but not provided for	已訂約但未撥備：		
– Purchase of property, plant and equipment	– 購買物業、廠房及設備	–	5,265
– Investment in an associate – Citychamp Allied International Limited (note (a))	– 於聯營公司之投資 – 冠城聯合國際有限公司(附註(a))	270,000	270,000
		270,000	275,265

Note:

- (a) On 28 September 2016, Union United Investment Limited (“Union United”), a wholly-owned subsidiary of the Company, entered into an agreement with Citychamp Dartong (Hong Kong) Limited (“CD(HK)”) and Fengrong Investment (Hong Kong) Company Limited (“FI(HK)”), in relation to the formation of the joint venture company (“JV Company”) in the British Virgin Island. JV Company shall be owned as to 40% by FI(HK), 30% by CD(HK) and 30% by Union United. JV Company is engaged in potential overseas equity investment. Pursuant to the agreement, Union United agreed to contribute the maximum capital commitment of HK\$270,000,000 to JV Company. Details of the transaction are set out in the Company’s announcement dated 28 September 2016.

48. 資本承擔

於報告日，本集團未履行之承擔如下：

附註：

- (a) 於二零一六年九月二十八日，本公司之全資附屬公司聯和投資有限公司(「聯和」)與冠城大通(香港)有限公司(「冠城大通(香港)」)及豐榕投資(香港)有限公司(「豐榕投資(香港)」)訂立協議，內容有關於英屬處女群島成立合營公司(「合營公司」)。豐榕投資(香港)、冠城大通(香港)及聯和將分別擁有合營公司40%、30%及30%權益。合營公司從事潛在境外股本投資業務。根據該協議，聯和同意向合營公司作出最高資本承擔270,000,000港元。交易詳情載於日期為二零一六年九月二十八日本公司之公佈。

49. OFF BALANCE SHEET ITEMS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Irrevocable commitments	不可收回承擔	4,642	27,542
Contract volume	合約量	2,174,980	3,102,529
Fiduciary transactions with third-party banks	與第三方銀行之信託交易	2,506,925	1,863,516
		4,686,547	4,993,587

49. 資產負債外項目**50. RELATED PARTY TRANSACTIONS**

50.1 Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions carried out with related parties:

(i) Rental income

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Sub-lease income received (note)	已收分租收入(附註)	–	313

Note:

Sub-lease income was received from a company of which Mr. Shang Jianguang, Ms Sit Lai Hei and Mr. Hon Hau Wong, directors of the Company are also directors of the related company, and this was charged at approximately HK\$26,000 per month on average in 2017. The sub-leasing arrangement has been terminated during the year ended 31 December 2017.

50. 關連人士交易

50.1 除於綜合財務報表其他部分所披露者外，本集團曾與關連人士進行以下交易：

(i) 租金收入

附註：

分租收入乃向一間公司收取，其中本公司董事商建光先生、薛黎曦女士及韓孝煌先生亦為該關連公司之董事，於二零一七年，平均每月租金約26,000港元。於截至二零一七年十二月三十一日止年度，分租安排已被終止。

50. RELATED PARTY TRANSACTIONS (Continued)

50.1 (Continued)

(ii) Transactions with an associate, Fair Future and its subsidiaries

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Disposal of Gold Vantage Group (note 12.2)	出售金熹集團(附註12.2)	–	5
Sales of goods	貨品銷售	1,107	4,716
Service expenses	服務開支	–	4,342
Purchases of goods	購買貨品	40,688	58,515
Rental expenses paid	已付租金開支	354	354
Maintenance fee paid	已付保養費用	–	19
Inspection fee paid	已付檢查費用	1,016	4,338
Interest expenses	利息開支	804	–

(iii) Transactions between Shun Heng and the related parties of the Group

During the year, the Group has the following transactions with the related parties of the Group. The details of the transactions are disclosed as follows:

(iii) 信亨與本集團關連人士之交易

年內，本集團與本集團關連人士進行以下交易，交易詳情披露如下：

Name of related party 關連人士名稱	Nature of transaction 交易性質	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Directors of the company and their close family members 本公司董事及其直系親屬	Services fees and commission income 服務費及佣金收入	8	35
	Interest income 利息收入	10	23
Directors of subsidiaries and their close family members 附屬公司董事及其直系親屬	Services fees and commission income 服務費及佣金收入	–	3
	Interest income 利息收入	–	16
Related company 關連公司	Services fees and commission income 服務費及佣金收入	109	79
	Interest income 利息收入	37	12

Mr. Hon Kwok Lung, a director of the Company is also the director and beneficial owner of the related company.

本公司董事韓國龍先生亦為關連公司之董事及實益擁有人。

50. RELATED PARTY TRANSACTIONS (Continued)

50.1 (Continued)

(iv) Outstanding related party balances included in trade receivables, other assets, trade payables and other liabilities

50. 關連人士交易(續)

50.1 (續)

(iv) 計入應收賬款、其他資產、應付賬款及其他負債之未償付關連人士結餘

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Dividend receivable from an associate	應收一間聯營公司股息	5,000	17,500
Consideration receivable from an associate in respect of disposal of brand name	出售品牌名稱應收一間聯營公司代價	-	20,000
Due from an associate (note (a))	應收一間聯營公司款項(附註(a))	18,280	22,457
Trade receivables from associates	應收聯營公司賬款	3,927	-
Due from related companies (note (b))	應收關連公司款項(附註(b))	1,065	1,065
Loan from an associate (note (c))	來自一間聯營公司貸款(附註(c))	25,000	-
Due to a shareholder (note (d))	應付一名股東之款項(附註(d))	73,000	-
Due to associates (note (a))	應付聯營公司款項(附註(a))	230	346
Trade payables to associates	應付聯營公司賬款	38,113	38,395

Notes:

- (a) The balance was unsecured, interest-free and repayable on demand. The maximum outstanding balance of amounts due from associates during the year was HK\$25,067,000 (2017: HK\$24,588,000).
- (b) The amounts were due from companies of which Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, directors of the Company are also the directors of the related companies. The balance was unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK\$1,065,000 (2017: HK\$1,065,000).
- (c) Loan from an associate with principal amount of HK\$25,000,000 was unsecured, interest bearing at 5% per annum and repayable on 28 January 2019.
- (d) The balance was unsecured, interest-free and repayable on demand.

附註:

- (a) 有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付應收聯營公司款項結餘為25,067,000港元(二零一七年：24,588,000港元)。
- (b) 該等款項為應收公司款項，而本公司董事商建光先生、薛黎曦女士及韓孝煌先生亦為該等關連公司之董事。有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付金額為1,065,000港元(二零一七年：1,065,000港元)。
- (c) 本金額為25,000,000港元來自一間聯營公司貸款為無抵押、按年利率5%計息及須於二零一九年一月二十八日償還。
- (d) 有關結餘為無抵押、免息及須應要求償還。

50. RELATED PARTY TRANSACTIONS (Continued)**50.1 (Continued)****(v) Financial guarantee provided to Fair Future**

As 31 December 2018, the Group has provided a corporate guarantee of HK\$60,000,000 (2017: HK\$60,000,000) in respect of a revolving loan facility of up to HK\$60,000,000 (2017: HK\$60,000,000) granted to Fair Future (note 54.1). The corporate guarantee is ending on the expiry of the term of the revolving loan facility.

The above transactions were conducted in accordance with the terms mutually agreed between the Group and the related companies controlled by the directors.

50.2 Key management personnel compensation:

Included in staff costs are key management personnel compensation and comprises the following categories:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	27,174	25,700
Post-employment benefits	離職後福利	214	308
		27,388	26,008

The key management represents all directors of the Company. Further details of directors' emoluments are included in note 16.1 to the consolidated financial statements.

51. ACQUISITION OF SUBSIDIARIES**51.1 Acquisition of Ernest Borel**

The Group has completed the acquisition of 58.22% of the issued share capital of Ernest Borel, which listed on Stock Exchange with stock code 1856 in September 2018. The total consideration paid for the acquisition is HK\$374,209,000.

Details of the net assets acquired at the acquisition date are as follows:

		HK\$'000 千港元
Cash consideration	現金代價	374,209
Less: Fair value of net assets acquired	減：已收購資產淨值之公平值	(172,755)
Goodwill (note 33)	商譽(附註33)	201,454

The goodwill of HK\$201,454,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergy with existing watch business of the Group.

50. 關連人士交易(續)**50.1 (續)****(v) 向俊光提供之財務擔保**

於二零一八年十二月三十一日，本集團就授予俊光一項最多60,000,000港元(二零一七年：60,000,000港元)之循環貸款融資提供60,000,000港元(二零一七年：60,000,000港元)之公司擔保(附註54.1)。公司擔保於循環貸款融資期限屆滿時終止。

上述交易乃按本集團與董事控制之關連公司互相協定之條款進行。

50.2 主要管理人員之酬金：

主要管理人員之酬金計入員工成本內，包括以下類別：

董事酬金之進一步詳情載於綜合財務報表附註16.1。

51. 收購附屬公司**51.1 收購依波路**

於二零一八年九月，本集團完成收購依波路(於聯交所上市公司，股份代號為1856)已發行股本58.22%。就收購事項已付之總代價為374,209,000港元。

於收購日期收購之資產淨值詳情如下：

不可扣稅商譽201,454,000港元包括已獲得之勞動力及預期與本集團現有鐘錶業務之協同效應。

51. ACQUISITION OF SUBSIDIARIES (Continued)**51.1 Acquisition of Ernest Borel (Continued)**

The fair values of the identifiable assets and liabilities arising from the acquisition of Ernest Borel as at the date of acquisition:

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	25,714
Property, plant and equipment (note 29)	物業、廠房及設備(附註29)	39,116
Intangible assets (note 32)	無形資產(附註32)	42,000
Inventories	存貨	383,747
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產	16,995
Trade receivables	應收賬款	55,024
Other assets	其他資產	11,501
Deferred tax liabilities (note 42)	遞延稅項負債(附註42)	(32,406)
Trade payables	應付賬款	(5,324)
Notes payable	應付票據	(100,000)
Borrowings	借貸	(10,505)
Income tax payables	應付所得稅	(2,951)
Liability portion of convertible bonds	可換股債券負債部分	(97,184)
Other liabilities	其他負債	(28,999)
		296,728
Less: Non-controlling interests	減：非控股權益	(123,973)
Fair value of net assets acquired	已收購資產淨值之公平值	172,755

		HK\$'000 千港元
Net cash outflow from acquisition of a subsidiary:	收購一間附屬公司之現金流出淨額：	
Cash and deposits in subsidiaries acquired	已收購附屬公司之現金及存款	25,714
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(374,209)
		(348,495)

Ernest Borel contributed revenue of approximately HK\$41,501,000 and net loss of approximately HK\$35,568,000 to the Group from the date of acquisition to 31 December 2018.

Had the business combination taken place on 1 January 2018, revenue of the Group for the year ended 31 December 2018 would have been increased by approximately HK\$130,305,000 and net profit would have decreased by HK\$62,098,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Ernest Borel been completed on 1 January 2018 nor are they intended to be a projection of future results.

51. 收購附屬公司(續)**51.1 收購依波路(續)**

收購依波路所產生之可識別資產及負債於收購日期之公平值：

自收購日期起至二零一八年十二月三十一日止，依波路向本集團貢獻收入約41,501,000港元及虧損淨額約35,568,000港元。

倘業務合併已於二零一八年一月一日進行，本集團於截至二零一八年十二月三十一日止年度之收入應增加約130,305,000港元，而純利應減少62,098,000港元。備考資料僅供說明，不一定代表於二零一八年一月一日完成收購依波路後本集團實際應取得之收入及經營業績之指標，亦不擬作未來業績之預測。

51. ACQUISITION OF SUBSIDIARIES (Continued)**51.2 Acquisition of Shun Heng**

In February 2017, the Group acquired the entire interest of Shun Heng, a company licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the "SFO"). Following the acquisition, the Group obtained the control over the Shun Heng through the Company's right to nominate majority members of Shun Heng's board of directors, and Shun Heng became a subsidiary of the Company. The acquisition provides an opportunity for the Group to participate in the securities trading industry in Hong Kong and allow the Group to broaden the revenue and income stream.

Details of the net assets acquired as at the acquisition date are as follows:

		HK\$'000 千港元
Cash consideration	現金代價	24,800
Less: Fair value of net assets acquired	減：已收購資產淨值之公平值	(23,999)
Goodwill (note 33)	商譽(附註33)	801

The goodwill of HK\$801,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the financial business to diversify the revenue stream of the existing business of the Group.

The fair values of the identifiable assets and liabilities arising from the acquisition of Shun Heng as at the date of acquisition:

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	88,924
Property, plant and equipment (note 29)	物業、廠房及設備(附註29)	108
Intangible assets (note 32)	無形資產(附註32)	2,850
Trading portfolio investments	交易組合投資	1,104
Trade receivables	應收賬款	13,416
Other assets	其他資產	2,516
Deferred tax liabilities (note 42)	遞延稅項負債(附註42)	(256)
Trade payables	應付賬款	(84,574)
Other liabilities	其他負債	(89)
Fair value of net assets acquired	已收購資產淨值之公平值	23,999

51. 收購附屬公司(續)**51.2 收購信亨**

於二零一七年二月，本集團收購信亨，一間根據證券及期貨條例(「證券及期貨條例」)獲發牌進行第1類(證券交易)受規管活動的公司之全部股權。收購完成後，本集團透過本公司提名信亨董事會大多數成員之權利而獲得對信亨之控制權，而信亨成為本公司之附屬公司。該收購事項為本集團提供機遇參與香港證券交易行業，使本集團能夠拓寬收益及收入流。

於收購日期收購之資產淨額詳情如下：

不可扣稅商譽801,000港元包括已獲得之勞動力及預期金融業務未來發展以使本集團現有業務收入來源多樣化。

收購信亨所產生之可識別資產及負債於收購日期之公平值：

51. ACQUISITION OF SUBSIDIARIES (Continued)**51.2 Acquisition of Shun Heng (Continued)**

		HK\$'000 千港元
Net cash inflow from acquisition of a subsidiary:	收購一間附屬公司之現金流入淨額：	
Cash and deposits in subsidiaries acquired	已收購附屬公司之現金及存款	88,924
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(24,800)
Add: Deposits paid in the previous year	加：於上年度已付按金	10,000
		74,124

Shun Heng contributed revenue of approximately HK\$9,395,000 and net profit of approximately HK\$3,347,000 to the Group from the date of acquisition to 31 December 2017.

Had the business combination taken place on 1 January 2017, revenue of the Group for the year ended 31 December 2017 would have been increased by approximately HK\$102,000 and net profit would have decreased by HK\$239,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Shun Heng been completed on 1 January 2017 nor are they intended to be a projection of future results.

51.3 Acquisition of Metasequoia Capital

In February 2017, the Group acquired the entire interest of Metasequoia Capital, a licensed company to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Following the acquisition, the Group obtained the control over the Metasequoia Capital through the Company's right to nominate majority members of Metasequoia Capital's board of directors, and Metasequoia Capital became a subsidiary of the Company.

Details of the net assets acquired as at the date of acquisition are as follows:

		HK\$'000 千港元
Cash consideration	現金代價	6,000
Less: Fair value of net assets acquired	減：已收購資產淨值之公平值	(3,721)
Goodwill (note 33)	商譽(附註33)	2,279

The goodwill of HK\$2,279,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the financial business to diversify the revenue stream of the existing business of the Group.

51. 收購附屬公司(續)**51.2 收購信亨(續)**

自收購日期起至二零一七年十二月三十一日止，信亨向本集團貢獻收入約9,395,000港元及純利約3,347,000港元。

倘業務合併已於二零一七年一月一日進行，本集團於截至二零一七年十二月三十一日止年度之收入應增加約102,000港元，而純利應減少239,000港元。備考資料僅供說明，不一定代表於二零一七年一月一日完成收購信亨後本集團實際應取得之收入及經營業績之指標，亦不擬作未來業績之預測。

51.3 收購水杉資產

於二零一七年二月，本集團收購水杉資產（一家獲准進行證券及期貨條例第4類（就證券提供意見）及第9類（提供資產管理）受規管活動之持牌公司）全部權益。收購完成後，本集團透過本公司提名水杉資產董事會大多數成員之權利而獲得對水杉資產之控制權，而水杉資產成為本公司之附屬公司。

於收購日期收購之資產淨值詳情如下：

不可扣稅商譽2,279,000港元包括金融業務之已獲得勞動力及預期未來發展以使本集團現有業務收益來源多樣化。

51. ACQUISITION OF SUBSIDIARIES (Continued)**51.3 Acquisition of Metasequoia Capital (Continued)**

The fair values of the identifiable assets and liabilities arising from the acquisition of Metasequoia Capital as at the date of acquisition are as follow:

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	171
Intangible assets (note 32)	無形資產(附註32)	4,396
Other assets	其他資產	21
Deferred tax liabilities (note 42)	遞延稅項負債(附註42)	(725)
Other liabilities	其他負債	(142)
Fair value of net assets acquired	所收購資產淨值之公平值	3,721

		HK\$'000 千港元
Net cash outflow from acquisition of a subsidiary:	收購一間附屬公司之現金流出淨額：	
Cash and deposits acquired	收購之現金及存款	171
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(6,000)
Add: Deposits paid in the previous year	加：於上年度之已付按金	3,000
		(2,829)

No revenue has been generated by Metasequoia Capital from 1 January 2017 to 31 December 2017. Metasequoia Capital contributed net profit of approximately HK\$213,000 to the Group from the date of acquisition to 31 December 2017.

Had the business combination taken place on 1 January 2017, net profit of the Group for the year ended 31 December 2017 would have been decreased by approximately HK\$92,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Metasequoia Capital been completed on 1 January 2017 nor are they intended to be a projection of future results.

51. 收購附屬公司(續)**51.3 收購水杉資產(續)**

收購水杉資產所產生之可識別資產及負債於收購日期之公平值如下：

自二零一七年一月一日至二零一七年十二月三十一日，水杉資產概無產生收入。自收購日期起至二零一七年十二月三十一日，水杉資產為本集團帶來溢利淨額約213,000港元。

倘業務合併已於二零一七年一月一日進行，則本集團於截至二零一七年十二月三十一日止年度之純利應減少約92,000港元。備考資料僅供說明，不一定代表於二零一七年一月一日完成收購水杉資產後本集團實際應取得之收入及經營業績之指標，亦不擬作未來業績之預測。

52. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interest in Ernest Borel

In September 2018, the Group has further acquired 84,366,000 shares of Ernest Borel, representing approximately 24.28% at HK\$1.85 per share, through an open offer, the total consideration paid for acquiring the additional equity interest is HK\$156,077,000. The effect of changes in the ownership interest of Ernest Borel on the equity attributable to owners of the Company during the year is summarised as below:

		2018 二零一八年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	68,875
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(156,077)
Excess of consideration paid recognised within equity	於股權內確認之已支付代價之超出差額	(87,202)

(b) Deemed acquisition of additional interest in Bendura Group

In July 2018, Bendura Group repurchased 500 equity shares of Bendura Bank at cash consideration CHF352,000 (equivalent to HK\$2,756,000). Following the repurchase, the Company's effective equity interest in Bendura Group increased by 0.21%. The Group recognised a decrease in non-controlling interest of HK\$2,225,000 and a decrease in equity attributable to owners of the Company of HK\$531,000. The effect of changes in the ownership interest of Bendura Group on the equity attributable to owners of the Company during the year is summarised as below:

		2018 二零一八年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	2,225
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(2,756)
Excess of consideration paid recognised within equity	於股權內確認之已支付代價之超出差額	(531)

(c) Acquisition of additional interest in Bendura Group

In June 2017, the Company acquired additional 1.49% equity interest of Bendura Group at cash consideration of CHF1,977,000 (equivalent to HK\$16,093,000). Following the acquisition, the Company effectively hold 86.12% equity interest of Bendura Group. The Group recognised a decrease of in non-controlling interests of HK\$11,556,000 and a decrease in equity attributable to owners of the Company of HK\$4,537,000. The effect of changes in the ownership interest of Bendura Group on the equity attributable to owners of the Company during the year is summarised as below:

		2017 二零一七年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	11,556
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(16,093)
Excess of consideration paid recognised within equity	於股權內確認之已支付代價之超出差額	(4,537)

52. 與非控股權益之交易

(a) 收購依波路額外之權益

於二零一八年九月，本集團透過公開要約，按每股1.85港元之價格進一步收購依波路84,366,000股股份，相當於約24.28%之股權，就收購額外股權已支付之總代價為156,077,000港元。年內，依波路擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

(b) 視為收購富地集團之額外權益

於二零一八年七月，富地集團以現金代價352,000瑞士法郎（相當於2,756,000港元）購回富地銀行500股權益股。購回完成後，本公司於富地集團之實際股權增加0.21%。本集團確認非控股權益減少2,225,000港元及本公司擁有人應佔權益減少531,000港元。年內，富地集團擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

(c) 收購富地集團額外之權益

於二零一七年六月，本公司以現金代價1,977,000瑞士法郎（相當於16,093,000港元）收購富地集團額外1.49%之股權。收購完成後，本公司實際持有富地集團86.12%之股權。本集團確認非控股權益減少11,556,000港元及本公司擁有人應佔權益減少4,537,000港元。年內，富地集團擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

52. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)**(d) Deemed disposal of equity interest in Bendura Group**

On 29 December 2017, Bendura Group disposed 3,000 treasury shares of Bendura Group at cash consideration of CHF1,350,000 (equivalent to HK\$10,808,000). Following the transfer of treasury shares, the Company's effective equity interest in Bendura Group decreased by 1.29%. The Group recognised an increase in non-controlling interests of HK\$4,173,000 and a decrease in equity attributable to owners of the Company of HK\$4,173,000. The effect of changes in the ownership interest of Bendura Group on the equity attributable to owners of the Company during the year is summarised as below:

		2017 二零一七年 HK\$'000 千港元
Carrying amount of deemed partial equity interest disposed	視為部分已出售股權之賬面值	(14,988)
Consideration received for the deemed disposal	就視為出售已收取代價	10,808
Loss on the deemed disposal recognised within equity	於股權內確認視為出售之虧損	(4,180)

(e) Deemed disposal of equity interest in Shenzhen Permanence Commerce Co. Ltd. ("Permanence")

In May 2017, Seti Timber Group disposed the entire equity interest in Permanence to Zhuhai Rossini Watch Industry Limited ("Rossini") at consideration of RMB2,904,000 (equivalent to HK\$3,487,000). The Group effectively hold 91% equity interest of Rossini. Upon the completion of the transaction, the Group's effective equity interest in Permanence decreased from 100% to 91%. The transaction has been accounted for as an equity transaction with the non-controlling interests as follows:

		2017 二零一七年 HK\$'000 千港元
Carrying amount of deemed partial equity interest disposed	視為部分已出售股權之賬面值	(1,061)
Gain on the deemed disposal recognised within equity	於股權內確認視為出售之收益	1,061

(f) Deemed disposal of equity interest in Guangzhou Five Goat Watch Co., Limited ("Five Goat")

In June 2017, Seti Timber Group disposed 73% equity interest in Five Goat to Rossini at consideration of RMB76,004,000 (equivalent to HK\$86,562,000). Upon the completion of the transaction, the Group's effective equity interest in Five Goat decreased from 77.75% to 74.1%. The transaction has been accounted for as an equity transaction with the non-controlling interests as follows:

		2017 二零一七年 HK\$'000 千港元
Carrying amount of deemed partial equity interest disposed	視為部分已出售股權之賬面值	8,298
Loss on the deemed disposal recognised within equity	於股權內確認視為出售之虧損	(8,298)

52. 與非控股權益之交易(續)**(d) 視為出售富地集團之股權**

於二零一七年十二月二十九日，富地集團以現金代價1,350,000瑞士法郎(相當於10,808,000港元)出售富地集團3,000股庫存股份。轉移庫存股份後，本公司於富地集團之實際股權減少1.29%。本集團確認非控股權益增加4,173,000港元及本公司擁有人應佔權益減少4,173,000港元。年內，富地集團擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

(e) 視為出售深圳市恒譽嘉時貿易有限公司(「恒譽嘉時」)之股權

於二零一七年五月，森帝木業集團以代價人民幣2,904,000元(相當於3,487,000港元)向珠海羅西尼錶業有限公司(「羅西尼」)出售恒譽嘉時之全部股權。本集團實際持有羅西尼91%之股權。交易完成後，本集團於恒譽嘉時之實際股權由100%減至91%。有關交易已與非控股權益按以下事項入賬作為權益交易：

(f) 視為出售廣州五羊錶業有限公司(「五羊」)之股權

於二零一七年六月，森帝木業集團以代價人民幣76,004,000元(相當於86,562,000港元)向羅西尼出售五羊73%之股權。交易完成後，本集團於五羊之實際股權由77.75%減至74.1%。有關交易已與非控股權益按以下事項入賬作為權益交易：

52. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)**(g) Deemed disposal of equity interest in Global Wealthy Link Limited ("Global Wealthy")**

In March 2017, Global Wealthy allotted 20,000,000 shares to two independent third parties at HK\$20,000,000. Upon the completion of the share allotment, the Group's effective equity interest in Global Wealthy decreased from 100% to 60%. The transaction has been accounted for as an equity transaction with the non-controlling interests as follows:

		2017 二零一七年 HK\$'000 千港元
Carrying amount of deemed partial equity interest disposed	視為部分已出售股權之賬面值	(11,518)
Consideration received for deemed disposal	就視為出售已收取代價	20,000
Loss on the deemed disposal recognised within equity	於股權內確認視為出售之虧損	8,482

(h) Effect of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2018

		2018 二零一八年 HK\$'000 千港元
Change in equity attributable to owners of the Company arising from:	本公司擁有人應佔權益之變動來自：	
– Acquisition additional equity interest in Ernest Borel	– 收購依波路之額外股權	(87,202)
– Deemed acquisition additional equity interest in Bendura Bank	– 視為收購富地銀行之額外股權	(531)
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	與非控股權益進行交易對本公司擁有人應佔權益之淨影響	(87,733)

(i) Effect of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2017

		2017 二零一七年 HK\$'000 千港元
Change in equity attributable to owners of the Company arising from:	本公司擁有人應佔權益之變動來自：	
– Acquisition additional equity interest in Bendura Bank	– 收購富地銀行之額外股權	(4,537)
– Deemed disposal of partial equity interest in Bendura Bank	– 視為出售富地銀行之部分股權	(4,180)
– Deemed disposal of partial equity interest in Permanence	– 視為出售恒譽嘉時之部分股權	1,061
– Deemed disposal of partial equity interest in Five Goat	– 視為出售五羊之部分股權	(8,298)
– Deemed disposal of partial equity interest in Global Wealthy	– 視為出售環球富盛之部分股權	8,482
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	與非控股權益進行交易對本公司擁有人應佔權益之淨影響	(7,472)

52. 與非控股權益之交易 (續)**(g) 視為出售環球富盛有限公司(「環球富盛」)之股權**

於二零一七年三月，環球富盛以20,000,000港元向兩名獨立第三方配發20,000,000股股份。股份配發完成後，本集團於環球富盛之實際股權由100%減至60%。有關交易已與非控股權益按以下事項入賬作為權益交易：

(h) 與非控股權益之交易對截至二零一八年十二月三十一日止年度本公司擁有人應佔權益之影響**(i) 與非控股權益之交易對截至二零一七年十二月三十一日止年度本公司擁有人應佔權益之影響**

53. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

53. 綜合現金流量表附註

融資活動產生之負債之對賬：

		Borrowings	Corporate bonds	Subordinate debt	Dividend payables	Due to a shareholder	Notes payable	Liability component of convertible bond
		借貸	公司債券	次級債務	應付股息	應付一名股東之款項	應付票據	可換股債券負債部分
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 1 January 2018	於二零一八年一月一日	583,269	732,978	95,674	-	-	-	-
Proceeds from new loans	新貸款之所得款項	710,999	-	-	-	73,000	-	-
Repayment of loan	償還貸款	-	-	(95,767)	-	-	(100,000)	(100,000)
Proceeds from sales of repurchased bonds	銷售購回債券之所得款項	-	27,566	-	-	-	-	-
Repayment of borrowings	償還借貸	(227,929)	-	-	-	-	-	-
Dividend paid to shareholders of the Company	向本公司股東派付股息	-	-	-	(261,113)	-	-	-
Interest paid	已付利息	(29,510)	(27,630)	-	-	-	-	(744)
Total changes from financing cash flow	融資現金流量變動總額	453,560	(64)	(95,767)	(261,113)	73,000	(100,000)	(100,744)
Other changes:	其他變動：							
Acquisition of subsidiaries (note 51.1)	收購附屬公司 (附註51.1)	10,505	-	-	-	-	100,000	97,184
Dividend declared	宣派股息	-	-	-	261,113	-	-	-
Interest accrued	應計利息	29,510	27,630	-	-	-	-	2,582
Fair value loss on early redemption of convertible bond	提早贖回可換股債券之公平值虧損	-	-	-	-	-	-	978
Exchange adjustments:	匯兌調整：	(29,655)	(300)	93	-	-	-	-
As at 31 December 2018	於二零一八年十二月三十一日	1,047,189	760,244	-	-	73,000	-	-

		Borrowings	Corporate bonds	Subordinate debt	Dividend payables
		借貸	公司債券	次級債務	應付股息
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
As at 1 January 2017	於二零一七年一月一日	1,190,340	692,127	83,345	-
Proceeds from new loans	新貸款之所得款項	-	73,326	-	-
Proceeds from sales of repurchased bonds	銷售購回債券之所得款項	-	-	392	-
Repayment of borrowings	償還借貸	(703,737)	-	-	-
Dividend paid to shareholders of the Company	向本公司股東派付股息	-	-	-	(217,516)
Interest paid	已付利息	(37,919)	(26,512)	(1,886)	-
Total changes from financing cash flow	融資現金流量變動總額	(668,330)	(26,120)	14,741	(217,516)
Other changes:	其他變動：				
Disposal of subsidiaries	出售附屬公司	-	(210)	-	-
Dividend declared	宣派股息	-	-	-	217,516
Interest accrued	應計利息	37,919	26,512	2,080	-
Exchange adjustments:	匯兌調整：	23,550	40,459	(4,492)	-
As at 31 December 2017	於二零一七年十二月三十一日	583,269	732,978	95,674	-

54. CONTINGENT LIABILITIES

54.1 Financial guarantee

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial guarantees	財務擔保	60,000	60,000

At 31 December 2018, the Group had contingent liability in relation to guarantee of approximately HK\$60,000,000 (2017: HK\$60,000,000) given to a bank in respect of a revolving loan facility of up to HK\$60,000,000 (2017: HK\$60,000,000) granted to an associate. The corporate guarantee is ending on the expiry of the term of the revolving loan facility. In the opinion of the directors, it is unlikely that a claim will be made against the Group and no cash outflow under the financial guarantee contract, the financial impact arising from the above guarantee is insignificant and accordingly, they are not accounted for in the consolidated financial statements.

54.2 Legal proceeding

In June 2016, Bendura Bank AG and Bendura Fund Management Alpha AG (hereafter "Bendura Group") have been confronted with potential claims of one investor having invested into an investment fund that currently is in liquidation. Bendura Bank AG acted as custodian and Bendura Fund Management Alpha AG acts as fund management company whereas the asset management function has been outsourced to an external asset manager. The court dismissed the case at first instance. The investor appealed against the decision. The appeal court referred back to the first instance. Bendura Group, together with its legal advisors, concluded that the outcome of the case cannot be reliably estimated and the possibility of an outflow of economic resources is not probable as at 31 December 2018 and 2017.

54.3 Credit card commitments

As 31 December 2018, the Group had contingent liability in relation to credit card commitments of approximately HK\$98,387,000 (2017: approximately HK\$72,539,000) given to third parties. Credit card commitments represents the undrawn amount of credit card limits. In the opinion of the directors, those credit commitments are given with collateral and the possibility of an outflow of economic resources is not probable.

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and financial liabilities such as available-for-sale financial assets, trading portfolio investments, derivative financial assets, cash and deposits, due from banks and clients, trade receivables, held-to-maturity investments, short-term investments, financial assets at fair value through other comprehensive income, other financial assets at amortised cost, other assets, derivative financial liabilities, due to banks and clients, trade payables, corporate bonds, borrowings, subordinated debt, due to a shareholder and other liabilities, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, fair value risk and equity price risk.

54. 或然負債

54.1 財務擔保

於二零一八年十二月三十一日，本集團之或然負債為就一間聯營公司獲授最多60,000,000港元(二零一七年：60,000,000港元)之循環貸款融資而向一間銀行提供約60,000,000港元(二零一七年：60,000,000港元)之擔保。公司擔保於循環貸款融資期限屆滿時終止。董事認為，根據財務擔保合約對本集團作出申索之機會甚微，且並無現金流出，故上述擔保產生之財務影響並不重大，因此，上述財務擔保並不會於綜合財務報表中入賬。

54.2 訴訟

於二零一六年六月，富地銀行股份有限公司及Bendura Fund Management Alpha AG(統稱「富地集團」)面臨一名投資於一項清算中投資基金之投資者之可能申索。富地銀行股份有限公司擔任託管人及Bendura Fund Management Alpha AG擔任基金管理公司，而資產管理職能則外判予外部資產經理。法院於一審駁回此案。有關投資者對該判決提出上訴。上訴庭發還一審。富地集團連同其法律顧問認為，於二零一八年十二月三十一日之經濟資源流出可能性並不大。

54.3 信用卡承擔

於二零一八年十二月三十一日，本集團擁有就授予第三方之信用卡承擔之或然負債約98,387,000港元(二零一七年：約72,539,000港元)。信用卡承擔指信用卡額度之未提取金額。董事認為，該等信貸承擔是以抵押品之形式所提供，故經濟資源流出之可能性不大。

55. 財務風險管理目標及政策

本集團有直接源自業務之金融資產及金融負債，例如可供出售金融資產、交易組合投資、衍生金融資產、現金及存款、應收銀行及客戶款項、應收賬款、持至到期投資、短期投資、按公平值計入其他全面收入之金融資產、按攤銷成本列賬之其他金融資產、其他資產、衍生金融負債、應付銀行及客戶款項、應付賬款、公司債券、借貸、次級債務、應付一名股東之款項及其他負債。本集團金融工具所產生主要風險為利率風險、外匯風險、信貸風險、流動資金風險、公平值風險及股本價格風險。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. Its treasury department works under the policies approved by the directors and identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors. The board has reviewed and agreed policies periodically for managing each of these risks and they are summarised below.

55.1 Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2018 and 2017 are categorised as follows:

55. 財務風險管理目標及政策 (續)

本集團之政策並非就投機目的積極買賣金融工具。其庫務部門根據經董事批准之政策行事，並確定涉足金融市場之方法及監察本集團所面對財務風險，並定期向董事提供報告。董事會定期檢討及協定管理上述各項風險之政策，有關政策概述如下。

55.1 金融資產及金融負債分類概要

於二零一八年及二零一七年十二月三十一日確認之本集團金融資產及金融負債賬面值分類如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at fair value:	按公平值列賬之金融資產：		
– Available-for-sale financial assets	– 可供出售金融資產	–	482,345
– Due from banks	– 應收銀行款項	74,301	45,976
– Trading portfolio investments	– 交易組合投資	123,606	641,031
– Derivative financial assets	– 衍生金融資產	7,694	4,680
		205,601	1,174,032
At amortised cost	按攤銷成本列賬		
– Cash and deposits	– 現金及存款	7,701,743	7,420,678
– Due from clients	– 應收客戶款項	1,575,438	1,011,516
– Due from banks	– 應收銀行款項	3,313,535	5,875,902
– Trade receivables	– 應收賬款	571,424	506,287
– Other financial asset at amortised cost	– 按攤銷成本列賬之其他 金融資產	1,034,773	–
– Other assets	– 其他資產	283,417	377,722
		14,480,330	15,192,105
Available-for-sale financial assets, at cost	可供出售金融資產，按成本列賬	–	6,023
Held-to-maturity investments	持至到期投資	–	1,138,704
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之 金融資產	627,200	–
		15,313,131	17,510,864
Financial liabilities	金融負債		
Financial liabilities at fair value:	按公平值列賬之金融負債：		
– Due to clients	– 應付客戶款項	73,950	45,865
– Derivative financial liabilities	– 衍生金融負債	20,866	35,656
		94,816	81,521
Financial liabilities measured at amortised cost:	按攤銷成本計量之金融負債：		
– Due to banks	– 應付銀行款項	4,181	3,042
– Due to clients	– 應付客戶款項	12,430,641	14,224,224
– Trade payables	– 應付賬款	324,106	305,798
– Corporate bonds	– 公司債券	760,244	732,978
– Borrowings	– 借貸	1,047,189	583,269
– Subordinated debt	– 次級債務	–	95,674
– Due to a shareholder	– 應付一名股東之款項	73,000	–
– Other liabilities	– 其他負債	503,694	559,265
		15,143,055	16,504,250
		15,237,871	16,585,771

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from borrowings and bank deposits. Borrowings and bank deposits bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowings outstanding at the end of the reporting period are disclosed in note 39.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings and bank deposits with a floating interest rate.

Sensitivity Analysis

At 31 December 2018, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained profits by approximately HK\$22,756,000 (2017: increase/decrease the Group's profit after income tax and retained profits by approximately HK\$28,900,000). The assumed changes have no impact on the Group's other components of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period. The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis for the year ended 31 December 2017 has been prepared on the same basis.

55.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC with most of the transactions denominated and settled in HK\$, US\$, Euro, CHF, GBP and RMB. The Group's exposure to foreign currency risk primarily arise from certain financial instruments including available-for-sale financial assets, other assets, cash and deposits, due from clients and banks, trading portfolio investments, derivative financial assets, held-to-maturity investments, due to clients, derivative financial liabilities, other liabilities and borrowings which are denominated in US\$, Euro, CHF, GBP and RMB. The Group currently does not have a foreign currency hedging policy but the management continuously monitors the foreign exchange exposure.

55. 財務風險管理目標及政策 (續)

55.2 利率風險

利率風險與金融工具之公平值或現金流量因市場利率變動而波動之風險有關。本集團之利率風險主要源自借貸及銀行存款。本集團分別因按浮息及定息計息之借貸及銀行存款面對現金流量利率風險及公平值利率風險。於報告期末尚未償還借貸之利率及償還條款於附註39披露。

本集團所面對市場利率變動風險主要與本集團按浮息計息之借貸及銀行存款有關。

敏感度分析

於二零一八年十二月三十一日，假設所有其他因素維持不變，估計假如利率整體上調／下調50個基點，將導致本集團之除所得稅後溢利及保留溢利增加／減少約22,756,000港元（二零一七年：本集團之除所得稅後溢利及保留溢利增加／減少約28,900,000港元）。所假設變動對本集團權益內其他項目並無影響。

上述敏感度分析乃假設利率於報告期末出現變動。利率之假設變動乃經觀察現行市況後被視為合理可能出現之變動，並為管理層對未來十二個月期間利率之合理可能變動之評估。

計算乃依據各期間市場平均利率變動及於各報告日所持對利率變動敏感度高之金融工具作出。所有其他因素保持不變。截至二零一七年十二月三十一日止年度之敏感度分析乃按相同基準編製。

55.3 外匯風險

外匯風險指金融工具之公平值或未來現金流量因匯率變動而波動之風險。本集團主要於香港、瑞士、英國、列支敦士登及中國經營，大部分交易以港元、美元、歐元、瑞士法郎、英鎊及人民幣列值及結算。本集團面對之外匯風險主要源自若干以美元、歐元、瑞士法郎、英鎊及人民幣列值之金融工具，包括可供出售金融資產、其他資產、現金及存款、應收客戶及銀行款項、交易組合投資、衍生金融資產、持至到期投資、應付客戶款項、衍生金融負債、其他負債及借貸。本集團目前並無外匯對沖政策，惟管理層一直監察外匯風險。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.3 Foreign currency risk (Continued)

The following table summarises the Group's major financial assets and financial liabilities denominated in currencies other than the functional currencies of the respective group companies as at 31 December 2018 and 2017.

		Expressed in HK\$'000 以千港元呈列				
		US\$ 美元	Euro 歐元	CHF 瑞士法郎	GBP 英鎊	RMB 人民幣
As at 31 December 2018	於二零一八年十二月三十一日					
Cash and deposits	現金及存款	11,303	4,925,392	1,040	54	47,171
Due from clients	應收客戶款項	122,489	884,262	-	-	-
Due from banks	應收銀行款項	2,577,822	176,602	-	-	-
Trading portfolio investments	交易組合投資	546	5,931	-	-	-
Derivative financial assets	衍生金融資產	6,468	226	-	-	-
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	-	-	128,730
Other financial assets at amortised cost	按攤銷成本列賬之其他金融資產	613,832	347,405	-	-	-
Other assets	其他資產	43,368	2,144	319	-	8,254
Due to clients	應付客戶款項	(4,797,723)	(6,343,678)	-	-	-
Derivative financial liabilities	衍生金融負債	(13,493)	-	-	-	-
Borrowings	借貸	-	-	-	-	(232)
Other liabilities	其他負債	(6,886)	(1,360)	-	-	-
Overall net exposure	整體風險淨額	(1,442,274)	(3,076)	1,359	54	183,923
As at 31 December 2017	於二零一七年十二月三十一日					
Cash and deposits	現金及存款	26,806	3,349,168	1,259	2,890	30,541
Due from clients	應收客戶款項	119,154	789,358	-	-	-
Due from banks	應收銀行款項	4,097,543	548,568	-	-	-
Trading portfolio investments	交易組合投資	513	9,649	-	-	-
Derivative financial assets	衍生金融資產	16	2,901	-	-	-
Available-for-sale financial assets	可供出售金融資產	156,639	14,067	-	-	237,959
Held-to-maturity investments	持至到期投資	689,937	378,708	-	-	-
Other assets	其他資產	40,503	1,266	16,384	-	118
Due to clients	應付客戶款項	(7,708,671)	(4,992,129)	-	-	-
Derivative financial liabilities	衍生金融負債	(35,067)	-	-	-	-
Borrowings	借貸	(104,204)	-	-	-	-
Other liabilities	其他負債	(79,951)	(104,625)	(9,241)	(16)	(44,852)
Overall net exposure	整體風險淨額	(2,796,782)	(3,069)	8,402	2,874	223,766

The following table indicates the approximate change in the Group's profit for the year and investment revaluation reserve (due to the change in fair value of the available-for-sale financial assets) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between Group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates an increase in profit and investment revaluation reserve where the underlying functional currency weakens against the relevant foreign currency. For a strengthening of the underlying functional currency against the relevant foreign currency, there would be an equal and opposite impact on the profit and investment revaluation reserve, and the balances below would be negative.

55. 財務風險管理目標及政策 (續)

55.3 外匯風險 (續)

下表概述於二零一八年及二零一七年十二月三十一日本集團以有關集團公司各自功能貨幣以外之貨幣列值之主要金融資產及金融負債。

下表顯示本集團(因可供出售金融資產之公平值變動)就本集團於報告期末有重大風險之外匯匯率之合理可能變動所作出之本年度溢利及投資重估儲備之概約變動。敏感度分析包括本集團公司間之結餘，結餘以非貸款人或借款人之功能貨幣之貨幣列值。以下正數表示相關功能貨幣兌有關外幣貶值情況下，溢利及投資重估儲備之增加。倘相關功能貨幣兌有關外幣升值，則對溢利及投資重估儲備有相等及相反影響，而以下結餘將為負數。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.3 Foreign currency risk (Continued)

		2018 二零一八年			2017 二零一七年		
		Change in foreign exchange rates	Effect on profit for the year	Effect on fair value through other comprehensive income	Change in foreign exchange rates	Effect on profit for the year	Effect on investment revaluation reserve
		外匯 匯率變動	對本年度 溢利之影響 HK\$'000 千港元	對按公平值 計入其他全面 收入之影響 HK\$'000 千港元	外匯 匯率變動	對本年度 溢利之影響 HK\$'000 千港元	對投資重估 儲備之影響 HK\$'000 千港元
US\$	美元	+5%	(72,114)	-	+5%	(142,563)	7,832
		-5%	72,114	-	-5%	142,563	(7,832)
Euro	歐元	+5%	(154)	-	+5%	(857)	703
		-5%	154	-	-5%	857	(703)
CHF	瑞士法郎	+5%	68	-	+5%	420	-
		-5%	(68)	-	-5%	(420)	-
GBP	英鎊	+5%	3	-	+5%	144	-
		-5%	(3)	-	-5%	(144)	-
RMB	人民幣	+5%	2,760	6,437	+5%	(710)	11,898
		-5%	(2,760)	(6,437)	-5%	710	(11,898)

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that there is no significant exposure expected on financial assets and liabilities denominated in US\$ for Group companies whose functional currency is HK\$ since HK\$ are pegged to USD. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit for the year and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

55.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

55. 財務風險管理目標及政策 (續)

55.3 外匯風險 (續)

列示之變動代表管理層對外匯匯率於直至下一年度報告日止期間之合理可能變動之評估。就此而言，由於港元與美元掛鉤，故已假設功能貨幣為港元之本集團公司以美元所計值之金融資產及負債不會承擔任何重大風險。上表呈列之分析結果，代表對各集團實體本年度溢利及股本（以各自功能貨幣計量及按報告期末規定作呈列用途之匯率換算為港元）之總體影響。二零一六年進行之分析採用相同基準。

55.4 信貸風險

信貸風險指金融工具之交易對手未能按金融工具之條款履行其責任，並導致本集團錄得財務虧損之風險。

本集團於初步確認資產時考慮違約或然率及於各報告期內持續考慮信貸風險有否大幅增加。為評估信貸風險有否大幅增加，本集團將於報告日資產發生違約之風險與於初步確認日期之違約風險作比較。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

The credit risk of the Group is primarily attributable to the cash and deposit, due from clients and banks, other financial assets at amortised cost and other assets.

The credit risk of the cash and deposit is limited because the majority of the counterparties are banks with good reputation. No impairment had been provided under 12-month expected credit loss assessment.

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

本集團考慮可得之合理及有理據前瞻性資料，特別包括下列指標：

- 外部信貸評級 (如適用)
- 預期會導致交易對手履行責任之能力發生重大變動之業務、財務或經濟狀況之實際或預期重大不利變動
- 交易對手經營業績之實際或預期重大變動
- 交易對手之表現及行為出現重大預期變動，包括集團內交易對手之付款狀況變動及交易對手經營業績之變動

倘交易對手未能於合約付款到期時支付，則屬金融資產違約。

倘無合理預期可收回款項時，則撇銷金融資產。

評估信貸風險及估計預期信貸虧損採用公正及概率加權方式，並計入所有與評估相關之可得資料，包括有關過往事件之資料、現行狀況、有關未來事件之合理及有理據預測以及報告日之經濟狀況。此外，預期信貸虧損估計應計及貨幣時間價值。

本集團之信貸風險主要產生自現金及存款、應收客戶及銀行款項、按攤銷成本列賬之其他金融資產以及其他資產。

由於大部分交易對手為信譽良好之銀行，現金及存款之信貸風險有限。概無根據12個月預期信貸虧損評估計提減值撥備。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

The credit risk of due from clients and banks (excluding the precious metal) is determined based on the combination of the internal and external credit rating, the average debt recovery, peer review information and comparison with publically available data. The Group calculates ECL using three main components: a probability of default, a loss given default ('LGD') and the exposure at default ('EAD'). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. Amount to HK\$3,256,000 impairment allowance has been provided under expected credit loss assessment for the year ended 31 December 2018.

The balance of due from clients and banks also subject to concentration risk which the ten largest single exposures encompass HK\$858,871,000 (2017: HK\$543,533,000), which are related to due from clients of the banking business as of 31 December 2018.

Since 1 January 2018, the Group adopts the "ECL model" on its debt instruments which are classified as financial assets measured at amortised cost and at FVOCI in accordance with the provisions of HKFRS 9. For financial assets that are included in the measurement of ECL, the Group evaluates whether the credit risks of related financial assets have increased significantly since initial recognition. The "three stage" impairment model is used to measure their loss allowances respectively to recognise ECL and their movements. The ECL assessment made by the Group mainly reference to the internal and market credit rating information. Amount to HK\$22,000 impairment allowance has been provided after the assessment during the year.

For the trade receivables, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances and historical credit loss experience adjusted to reflect the Group's view of current and forecast economic conditions that may affect the ability of the debtors to settle receivables. Amounted to HK\$4,381,000 impairment allowance had been provided under expected credit loss assessment which calculated using simplified approach according to the ageing by due date disclose in note 22.

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

應收客戶及銀行款項 (不包括貴金屬) 信貸風險乃結合內部及外部信貸評級、平均債務收款、同行檢討資料及與公開資料比較而釐定。本集團以三個主要組成部分計算預期信貸虧損：違約或然率、違約損失率 (「違約損失率」) 及違約風險承擔 (「違約風險承擔」)。12 個月預期信貸虧損乃將 12 個月違約或然率與違約損失率及違約風險承擔相乘而計算。全期預期信貸虧損則使用全期違約或然率計算。12 個月及全期違約或然率分別指未來 12 個月及工具剩餘年期內發生違約之概率。違約風險承擔指預期違約結餘，並經計及結算日至違約事件期間之本金及利息還款及承諾融資的任何預期提取額。違約損失率指出現違約事件時違約風險承擔之預期虧損，並經計及 (包括其他特性) 預期變現抵押品價值時之緩和影響及貨幣時間價值。截至二零一八年十二月三十一日止年度，根據預期信貸虧損之評估，已計提減值撥備 3,256,000 港元。

應收客戶及銀行款項結餘亦面對集中風險，十大單一風險包括於二零一八年十二月三十一日之 858,871,000 港元 (二零一七年：543,533,000 港元)，乃與應收銀行業務客戶賬款相關。

自二零一八年一月一日起，本集團對債務工具採納「預期信貸虧損模式」，根據香港財務報告準則第 9 號之規定，有關債務工具分類為按攤銷成本計量及按公平值計入其他全面收入之金融資產。就預期信貸虧損計量涉及之金融資產而言，本集團評估相關金融資產之信貸風險自初步確認起有否大幅增加，並就確認預期信貸虧損及其變動分別使用「三階段」減值模式計量虧損撥備。本集團進行預期信貸虧損評估時，主要參照內部及市場信貸評級資料。年內，於評估後已計提減值撥備 22,000 港元。

至於應收賬款，本集團定期檢討結餘及對任何逾期金額採取跟進行動，以盡量降低信貸風險。本集團根據未償還結餘及過往信貸虧損經驗計量全期預期信貸虧損，並作出調整以反映本集團對可能影響債務人償付應收款項能力之現時及預測經濟狀況的看法。根據附註 22 所披露按到期日劃分賬齡採用簡化方法計算之預期信貸虧損評估，已計提減值撥備 4,381,000 港元。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

The loss allowance as at 31 December 2018 was determined for trade receivables as follows:

31 December 2018

		Expected credit loss rate – weighted average (%) 預期信貸虧損率 – 加權平均 (%)	Gross carrying amount 賬面總值 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
Not yet pass due	尚未逾期	0.13%	401,619	(504)	401,115
Overdue within 90 days	逾期不超過90天	0.48%	73,800	(352)	73,448
Overdue 91 to 180 days	逾期91至180天	1.04%	61,045	(637)	60,408
Overdue over 180 days	逾期超過180天	6.56%–100%	77,186	(49,483)	27,703
Total	總計		613,650	(50,976)	562,674

For the other assets mainly comprise of rental deposits, dividend receivables, amounts due from an associate and related parties and other tax recoverable. Management considers rental deposits do not have significant credit risk since the deposits are refundable from landlords upon end of lease term or recoverable by the Group through using the leased property. For the other assets, given the short term nature of these assets, the ECL is had been provided under 12-month expected credit loss assessment. An ECL provision of HK\$5,313,000 has been made as at 1 January 2018 after the implementation of the HKFRS 9. The management considered there is no additional provision has to make for the other assets after the assessments for the year ended 31 December 2018.

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

於二零一八年十二月三十一日釐定之應收賬款虧損撥備如下：

二零一八年十二月三十一日

其他資產主要包括租金按金、應收股息、應收一間聯營公司及關連人士款項以及其他可收回稅項。管理層認為租金按金並無重大信貸風險，原因為租期結束時將可由業主退還按金或本集團將可透過使用租賃物業收回按金。就其他資產而言，鑒於該等資產之短期性質，預期信貸虧損按12個月預期信貸虧損評估計提撥備。於實施香港財務報告準則第9號後，於二零一八年一月一日已計提預期信貸虧損撥備5,313,000港元。管理層於評估後認為於截至二零一八年十二月三十一日止年度毋須就其他資產計提額外撥備。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(i) Maximum credit risk exposure of the Group

The maximum exposure to credit risk (excluding cash and deposits as at the end of reporting date without taking into consideration of any collateral held or other credit enhancement) is represented by the net balance of each type of financial assets in the consolidated statement of financial position (after deducting any impairment allowance). A summary of the maximum exposure is as follows:

At 31 December 2018

		Banking business	Financial business	Non-banking and financial businesses	Total
		銀行業務	金融業務	非銀行及 金融業務	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Due from clients	應收客戶款項	1,575,438	–	–	1,575,438
Due from banks	應收銀行款項	3,387,836	–	–	3,387,836
Trading portfolio assets	交易組合資產	6,655	46,686	70,265	123,606
Derivative financial assets	衍生金融資產	7,694	–	–	7,694
Trade receivables	應收賬款	–	8,750	562,674	571,424
Financial assets at fair value through other comprehensive income	按公平值計入其他全面 收入之金融資產	–	–	627,200	627,200
Other financial assets at amortised cost	按攤銷成本列賬之 其他金融資產	1,034,773	–	–	1,034,773
Other assets	其他資產	52,313	3,017	228,087	283,417
		6,064,709	58,453	1,488,226	7,611,388
Credit card commitments, Irrevocable commitment and guarantees provided	信用卡承擔、不可收回 承擔及已提供擔保	103,030	–	60,000	163,030
Maximum credit risk exposure	最高信貸風險	6,167,739	58,453	1,548,226	7,774,418

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(i) 本集團之最大信貸風險

於各報告日末，除現金及存款以外之最大信貸風險（不計及任何所持抵押品或其他信用增級）由綜合財務狀況表中各類金融資產之結餘淨值（經扣除任何減值撥備後）呈列。最高風險概要如下：

於二零一八年十二月三十一日

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(i) Maximum credit risk exposure of the Group (Continued) At 31 December 2017

		Banking business	Financial business	Non-banking and financial businesses	Total
		銀行業務 HK\$'000 千港元	金融業務 HK\$'000 千港元	非銀行及 金融業務 HK\$'000 千港元	總計 HK\$'000 千港元
Due from clients	應收客戶款項	1,011,516	–	–	1,011,516
Due from banks	應收銀行款項	5,921,878	–	–	5,921,878
Trading portfolio assets	交易組合資產	10,352	89,420	541,259	641,031
Derivative financial assets	衍生金融資產	4,609	–	71	4,680
Trade receivables	應收賬款	–	5,307	500,980	506,287
Available-for-sale financial assets	可供出售金融資產	178,747	–	309,621	488,368
Held-to-maturity investments	持至到期投資	1,138,704	–	–	1,138,704
Short-term investments	短期投資	–	–	–	–
Other assets	其他資產	77,553	5,584	294,585	377,722
		8,343,359	100,311	1,646,516	10,090,186
Credit card commitments, Irrevocable commitment and guarantees provided	信用卡承擔、不可收回承擔 及已提供擔保	100,081	–	60,000	160,081
Maximum credit risk exposure	最高信貸風險	8,443,440	100,311	1,706,516	10,250,267

(ii) Credit exposure by quality of assets of the banking business is as follows:

As at 31 December 2018

		AAA to AA AAA級至 AA級 HK\$'000 千港元	A+ to BBB– A+級至 BBB–級 HK\$'000 千港元	BB+ or lower BB+級或 更低 HK\$'000 千港元	No external rating 無外部評級 HK\$'000 千港元	Book value of impaired loans net 已減值貸款之 賬面淨值 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	1,118,414	2,162,781	–	106,458	183	3,387,836
Due from clients	應收客戶款項	–	–	–	1,570,472	4,966	1,575,438
Financial instruments	金融工具	527,488	509,391	–	4,549	–	1,041,428
Other assets	其他資產	–	37	–	52,276	–	52,313
Derivative financial instruments	衍生金融工具	5,823	24	–	1,847	–	7,694
		1,651,725	2,672,233	–	1,735,602	5,149	6,064,709
Contingent liabilities	或然負債	–	3,585	–	99,445	–	103,030

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(i) 本集團之最大信貸風險 (續) 於二零一七年十二月三十一日

(ii) 按銀行業務資產質素劃分之信貸 風險如下：

於二零一八年十二月三十一日

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(ii) (Continued)

As at 31 December 2017

		AAA to AA AAA 級 至 AA 級 HK\$'000 千港元	A+ to BBB- A+ 級至 BBB- 級 HK\$'000 千港元	BB+ or lower BB+ 級 或更低 HK\$'000 千港元	No external rating 無外部評級 HK\$'000 千港元	Book value of impaired loans net 已減值貸款之 賬面淨值 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	1,279,808	4,561,845	-	80,033	192	5,921,878
Due from clients	應收客戶款項	-	-	-	1,008,485	3,031	1,011,516
Financial instruments	金融工具	728,066	593,968	94	5,675	-	1,327,803
Other assets	其他資產	-	17	-	77,536	-	77,553
Derivative financial instruments	衍生金融工具	2,168	-	-	2,441	-	4,609
		2,010,042	5,155,830	94	1,174,170	3,223	8,343,359
Contingent liabilities	或然負債	-	5,421	-	94,660	-	100,081

The above table shows the quality of assets according to the external ratings available. Financial instruments without a rating are mainly instruments for which there is no external rating available. Amounts due from clients are allocated to the category "no external rating".

(iii) Credit exposure by collateral of the banking business is as follows:

As at 31 December 2018

		Mortgage- backed 以按揭支持 HK\$'000 千港元	Other collateral 其他抵押品 HK\$'000 千港元	No collateral 無抵押品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from clients of which mortgage loan	按揭貸款之應收客戶款項				
- Residential property	- 住宅物業	723,400	11,997	98	735,495
- Office and business property	- 辦公室及商用物業	7,366	-	-	7,366
- Commercial and industrial property	- 工商物業	80,096	-	-	80,096
- Other	- 其他	291	729,146	23,044	752,481
Financial instruments	金融工具	-	-	1,034,773	1,034,773
Derivative financial instruments	衍生金融工具	-	-	7,694	7,694
		811,153	741,143	1,065,609	2,617,905
Contingent liabilities	或然負債	4,642	98,378	10	103,030

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(ii) (續)

於二零一七年十二月三十一日

上表列示根據已有外部評級的資產質素。無評級金融工具主要為並無外部評級之工具。應收客戶款項歸類為「無外部評級」。

(iii) 按銀行業務抵押品劃分之信貸風險如下：

於二零一八年十二月三十一日

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued) (iii) (Continued)

As at 31 December 2017

		Mortgage- backed 以按揭支持 HK\$'000 千港元	Other collateral 其他抵押品 HK\$'000 千港元	No collateral 無抵押品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from clients of which mortgage loan	按揭貸款之應收客戶款項				
– Residential property	– 住宅物業	338,915	–	–	338,915
– Office and business property	– 辦公室及商用物業	8,320	–	–	8,320
– Commercial and industrial property	– 工商物業	12,722	–	–	12,722
– Other	– 其他	5,014	597,100	49,445	651,559
Financial instruments	金融工具	–	–	1,327,803	1,327,803
Derivative financial instruments	衍生金融工具	–	–	4,609	4,609
		364,971	597,100	1,381,857	2,343,928
Contingent liabilities	或然負債	27,542	72,539	–	100,081

The above table shows that secured lending represents constantly more than 90 per cent of the total due from clients.

(iv) Credit risk by geographical sector of the banking business is as follows:

As at 31 December 2018

		Switzerland and Liechtenstein 瑞士及 列支敦士登 HK\$'000 千港元	Europe (excluding Switzerland and Liechtenstein) 歐洲 (不包括瑞士及 列支敦士登) HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	1,661,804	1,726,032	–	3,387,836
Due from clients	應收客戶款項	326,891	1,105,377	143,170	1,575,438
Financial instruments	金融工具	2,103	484,313	555,012	1,041,428
Other assets	其他資產	47,854	4,442	17	52,313
Derivative financial instruments	衍生金融工具	5,847	9	1,838	7,694
		2,044,499	3,320,173	700,037	6,064,709
Contingent liabilities	或然負債	98,524	4,033	473	103,030
		2,143,023	3,324,206	700,510	6,167,739

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續) (iii) (續)

於二零一七年十二月三十一日

上表顯示有抵押貸款持續佔應收客戶款項總額超過90%。

(iv) 按銀行業務地區區域劃分之信貸風險如下：

於二零一八年十二月三十一日

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(iv) (Continued)

As at 31 December 2017

		Switzerland and Liechtenstein	Europe (excluding Switzerland and Liechtenstein) 歐洲	Other	Total
		瑞士及 列支敦士登 HK\$'000 千港元	(不包括瑞士及 列支敦士登) HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
Due from banks	應收銀行款項	2,004,999	3,916,879	–	5,921,878
Due from clients	應收客戶款項	254,599	552,549	204,368	1,011,516
Financial instruments	金融工具	–	561,932	765,871	1,327,803
Other assets	其他資產	76,982	168	403	77,553
Derivative financial instruments	衍生金融工具	3,886	272	451	4,609
		2,340,466	5,031,800	971,093	8,343,359
Contingent liabilities	或然負債	66,493	31,962	1,626	100,081
		2,406,959	5,063,762	972,719	8,443,440

The above table shows a concentration in due from banks and clients as well as financial instruments outside Switzerland and Liechtenstein. As at 31 December 2018, outside Switzerland and Liechtenstein commitments amounted to HK\$4,024,209,000 (2017: HK\$6,040,485,000), or 65% (2017: 71%) percent of the total lending volume.

(v) Credit risk by counterparty of the banking business is as follows:

As at 31 December 2018

		Central banks	Banks	Public sector entities	Private and institutional investment clients	Other	Total
		中央銀行 HK\$'000 千港元	銀行 HK\$'000 千港元	公營實體 HK\$'000 千港元	私人及機構 投資客戶 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
Due from banks	應收銀行款項	–	3,387,836	–	–	–	3,387,836
Due from clients	應收客戶款項	–	–	–	1,575,438	–	1,575,438
Financial instruments	金融工具	–	717,349	7,822	316,257	–	1,041,428
Derivative financial instruments	衍生金融工具	–	5,847	–	1,847	–	7,694
Other assets	其他資產	–	16,727	20	35,566	–	52,313
		–	4,127,759	7,842	1,929,108	–	6,064,709
Contingent liabilities	或然負債	–	3,825	–	99,205	–	103,030

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(iv) (續)

於二零一七年十二月三十一日

上表顯示應收瑞士及列支敦士登以外銀行及客戶款項及金融工具集中。於二零一八年十二月三十一日，瑞士及列支敦士登以外承擔為4,024,209,000港元（二零一七年：6,040,485,000港元），或總借貸量之65%（二零一七年：71%）。

(v) 按銀行業務交易對手劃分之信貸風險如下：

於二零一八年十二月三十一日

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(v) (Continued)

As at 31 December 2017

		Central banks	Banks	Public sector entities	Private and institutional investment clients	Other	Total
		中央銀行 HK\$'000 千港元	銀行 HK\$'000 千港元	公營實體 HK\$'000 千港元	私人及機構 投資客戶 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
Due from banks	應收銀行款項	-	5,921,878	-	-	-	5,921,878
Due from clients	應收客戶款項	-	-	-	1,011,516	-	1,011,516
Financial instruments	金融工具	-	644,697	362,084	321,022	-	1,327,803
Derivative financial instruments	衍生金融工具	-	2,168	-	2,441	-	4,609
Other assets	其他資產	-	1,717	529	75,307	-	77,553
		-	6,570,460	362,613	1,410,286	-	8,343,359
Contingent liabilities	或然負債	-	8,904	-	91,177	-	100,081

The above table shows a concentration of bank counterparties, which is managed by a limit system. This process ensures the diversification of the counterparties themselves as well as the counterparty domiciles. Financial instruments issued by corporate entities are allocated to the category "private and institutional investment clients".

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(v) (續)

於二零一七年十二月三十一日

上表顯示銀行交易對手集中且由有限體系管理。該過程確保交易對手及其所屬地方分散。公司實體發行之金融工具歸類為「私人及機構投資客戶」。

(vi) 抵銷

當有可合法執行權利抵銷已確認金額及計劃按淨額基準結清，或同時變現資產及結清負債時，金融資產與金融負債相互抵銷，且淨額於綜合財務狀況表列報。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(vi) Offsetting (Continued)

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(vi) 抵銷 (續)

		Financial assets subject to offsetting 可予抵銷之金融資產					Related amounts not offset in the consolidated statement of financial position 並無於綜合財務狀況表中抵銷之相關金額	
		Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount	
		已確認 金融資產總額 HK\$'000 千港元	於財務狀況表中 抵銷之已確認 金融負債總額 HK\$'000 千港元	於綜合財務 狀況表中呈列之 金融資產淨額 HK\$'000 千港元	金融工具 (現金抵押品 除外) HK\$'000 千港元	已收 現金抵押品 HK\$'000 千港元	淨額 HK\$'000 千港元	
		At 31 December 2018 於二零一八年十二月三十一日						
Type of financial assets	金融資產類型							
Trade receivables from clearing house	應收結算所賬款	2,919	(2,919)	-	-	-	-	
At 31 December 2017 於二零一七年十二月三十一日								
Type of financial assets	金融資產類型							
Trade receivables from clearing house	應收結算所賬款	5,876	(4,297)	1,579	-	-	1,579	
		Financial liabilities subject to offsetting 可予抵銷之金融負債					Related amounts not offset in the consolidated statement of financial position 並無於綜合財務狀況表中抵銷之相關金額	
		Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount	
		已確認 金融資產總額 HK\$'000 千港元	於綜合 財務狀況表中 抵銷之已確認 金融負債總額 HK\$'000 千港元	於綜合 財務狀況表中 呈列之 金融資產淨額 HK\$'000 千港元	金融工具 (現金抵押品 除外) HK\$'000 千港元	已收 現金抵押品 HK\$'000 千港元	淨額 HK\$'000 千港元	
		At 31 December 2018 於二零一八年十二月三十一日						
Type of financial liabilities	金融負債類型							
Trade payables to clearing house	應付結算所賬款	7,668	(2,919)	4,749	-	-	4,749	
At 31 December 2017 於二零一七年十二月三十一日								
Type of financial liabilities	金融負債類型							
Trade payables to clearing house	應付結算所賬款	4,297	(4,297)	-	-	-	-	

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.4 Credit risk (Continued)

(vi) Offsetting (Continued)

The tables below reconcile the amounts of trade receivables and trade payables as presented in the consolidated statement of financial position:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables	應收賬款		
Net amount of trade receivables from clearing house	應收結算所賬款淨額	–	1,579
Trade, loan and interest receivables not in the scope of offsetting disclosure	不在抵銷披露範圍之應收賬款、應收貸款及應收利息	571,424	504,708
Trade, loan and interest receivables as disclosed in the consolidated statement of financial position	綜合財務狀況表所披露之應收賬款、應收貸款及應收利息	571,424	506,287
Trade payables	應付賬款		
Net amount of trade payables to clearing house	應付結算所賬款淨額	4,749	–
Trade payables not in the scope of offsetting disclosure	不在抵銷披露範圍之應付賬款	319,357	305,798
Trade payables as disclosed in the consolidated statement of financial position	綜合財務狀況表所披露之應付賬款	324,106	305,798

55.5 Liquidity risk

Liquidity risk related to the risk that the Group will not able to meet its obligation associated with its financial liabilities. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The following tables show the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flow (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay. Specially, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

55. 財務風險管理目標及政策 (續)

55.4 信貸風險 (續)

(vi) 抵銷 (續)

下表為於綜合財務狀況表所呈列應收賬款與應付賬款之對銷：

55.5 流動資金風險

流動資金風險與本集團無法履行其金融負債相關責任之風險有關。本集團透過謹慎監控長期金融負債之擬定還款期及日常業務現金流出，以管理其流動資金需求。本集團每日監察其流動資金需求。擁有360日監察期之長期流動資金需求於每月確定。

本集團主要利用現金應付其最多30日期間之流動資金需求。所需長期流動資金透過保持充足承諾信貸融資提供。

下表顯示於報告日本集團金融負債之剩餘合約到期日，其以合約未貼現現金流量(包括以合約利率計算之利息款項，或就浮息而言，基於報告日之當前利率)及本集團可能須付款之最早日期為基礎。具體而言，對於包含按要償還條款而有關條款可由銀行全權酌情行使之銀行借貸，該分析根據實體可能須付款之最早期間列示現金流出，即猶如放款人會行使其要求即時還款之無條件權利。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.5 Liquidity risk (Continued) As at 31 December 2018

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值 HK\$'000 千港元	合約未貼現 現金流量總額 HK\$'000 千港元	1年內或 按要求 HK\$'000 千港元	超過1年 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債				
Due to banks	應付銀行款項	4,181	4,181	2,589	1,592
Due to clients	應付客戶款項	12,430,641	12,430,641	12,382,172	48,469
Trade payables	應付賬款	324,106	324,106	324,106	–
Corporate bonds	公司債券	760,244	776,320	776,320	–
Borrowings	借貸	1,047,189	1,065,349	1,065,349	–
Due to a shareholder	應付一名股東之款項	73,000	73,000	73,000	–
Other liabilities	其他負債	503,694	503,694	503,694	–
		15,143,055	15,177,291	15,127,230	50,061
Maximum contractual amount	最高合約金額				
Financial guarantee issued	已發出財務擔保	–	60,000	60,000	–
Credit card commitments	信用卡承擔	–	98,388	98,388	–
Irrecoverable commitments	不可收回承擔	–	4,642	4,642	–
		–	163,030	163,030	–

As at 31 December 2017

於二零一七年十二月三十一日

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值 HK\$'000 千港元	合約未貼現 現金流量總額 HK\$'000 千港元	1年內或 按要求 HK\$'000 千港元	超過1年 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債				
Due to banks	應付銀行款項	3,042	3,042	–	3,042
Due to clients	應付客戶款項	14,224,224	14,224,224	14,183,594	40,630
Trade payables	應付賬款	305,798	305,798	305,798	–
Corporate bonds	公司債券	732,978	775,047	26,570	748,477
Borrowings	借貸	583,269	597,911	581,089	16,822
Subordinated debt	次級債務	95,674	101,574	3,827	97,747
Other liabilities	其他負債	559,265	559,265	464,852	94,413
		16,504,250	16,566,861	15,565,730	1,001,131
Maximum contractual amount	最高合約金額				
Financial guarantee issued	已發出財務擔保	–	60,000	60,000	–
Credit card commitments	信用卡承擔	–	72,539	72,539	–
Irrecoverable commitments	不可收回承擔	–	27,542	27,542	–
		–	160,081	160,081	–

Liquidity risk also arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

流動資金風險乃由於金融資產及金融負債之金額及到期日錯配而產生。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.5 Liquidity risk (Continued)

The Group manages liquidity risk by holding liquid assets (including cash and deposits, financial instruments and other assets) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits.

The following tables indicates the analysis by remaining maturities of the Group's financial assets and liabilities:

As at 31 December 2018

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 1年內 HK\$'000 千港元	More than 1 year 超過1年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	10,030,978	3,425,063	1,721,408	638,587	15,816,036
Total financial liabilities	金融負債總額	(14,129,767)	(989,744)	(848,105)	-	(15,967,616)
Financial asset-liability gap	金融資產負債缺口	(4,098,789)	2,435,319	873,303	638,587	(151,580)

As at 31 December 2017

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 1年內 HK\$'000 千港元	More than 1 year 超過1年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	10,287,408	5,707,190	1,206,645	309,621	17,510,864
Total financial liabilities	金融負債總額	(15,297,804)	(479,670)	(808,297)	-	(16,585,771)
Financial asset-liability gap	金融資產負債缺口	(5,010,396)	5,227,520	398,348	309,621	925,093

As the financial instruments such as trading portfolio investments and available-for-sale investments may be sold before maturity or due to banks and clients may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

The below table summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amount disclosed in the "Within one year and on demand" time band in the maturity analysis above. Taking into account the Group's financial positions, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

55. 財務風險管理目標及政策 (續)

55.5 流動資金風險 (續)

本集團透過持有適當質量之流動性資產 (包括現金及存款、金融工具及其他資產) 管理流動資金風險，以確保在經審慎釐定之限額內符合短期資金需求。

下表列示本集團按餘下到期日計算金融資產及負債之分析：

於二零一八年十二月三十一日

於二零一七年十二月三十一日

由於金融工具如交易組合投資及可供出售投資可能於到期前出售或應付銀行及客戶款項可能在不被提取之情況下到期，合約到期日並非代表未來現金流量之預計日期。

下表概述根據貸款協議所載協定擬定還款期須按要求償還條款之借貸之到期日分析。有關金額包括以合約利率計算之利息款項。因此，該等金額大於上文到期日分析之「一年內或按要求」時間範圍所披露之金額。經考慮本集團財務狀況後，董事認為銀行將不可能酌情行使其要求即時償付之權利。董事相信有關借貸將根據貸款協議所載擬定還款日償付。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.5 Liquidity risk (Continued)

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 2 years	Over 2 years
		賬面值 HK\$'000 千港元	合約未貼現 現金流量總額 HK\$'000 千港元	1年內或 按 要求 HK\$'000 千港元	超過1年但 於2年內 HK\$'000 千港元	超過2年 HK\$'000 千港元
As at 31 December 2018	於二零一八年 十二月三十一日	862,821	895,772	895,772	-	-
As at 31 December 2017	於二零一七年 十二月三十一日	428,583	439,386	439,386	-	-

55.6 Fair value risk

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity. The fair values of non-current financial assets and liabilities were not disclosed because the carrying values were not materially different from their fair values.

55.7 Equity price risk

Equity price risk related to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of change in market price (other than changes in interest rate and foreign exchange rate). The Group is exposed to equity price changes arising from equity investments classified as trading portfolio investments, financial assets at fair value through other comprehensive income and available-for-sale financial assets at fair value.

Decisions to buy or sell trading portfolio investments are based on daily monitoring of the performance of individual securities and other industry indicators, as well as the Group's liquidity needs. Financial assets at fair value through other comprehensive income and available-for-sale financial assets at fair value are based on their longer term growth potential and are monitored regularly for performance against expectations.

The following table indicates the approximate change in the Group's profit after income tax and consolidated equity in response to reasonably possible changes in the share prices of the listed investments classified as trading portfolio investments, financial assets at fair value through other comprehensive income and available-for-sale financial assets at fair value to which the Group has significant exposure at the reporting date. The analysis is performed on the same basis for 2017.

55. 財務風險管理目標及政策 (續)

55.5 流動資金風險 (續)

55.6 公平值風險

由於本集團流動金融資產及負債即時或於短期內到期，故其公平值與賬面值並無重大差異。由於非流動金融資產及負債之賬面值與公平值並無重大差異，故不披露其公平值。

55.7 股本價格風險

股本價格風險與金融工具之公平值或未來現金流量因市價變動而波動(利率及外匯匯率變動除外)之風險有關。本集團須面對來自分類為交易組合投資、按公平值計入其他全面收入之金融資產及按公平值列賬之可供出售金融資產之股本投資之股本價格變動風險。

買賣交易組合投資決定按每日監察個別證券之表現及其他行業指標以及本集團之流動資金需要作出。按公平值計入其他全面收入之金融資產及按公平值列賬之可供出售金融資產以較長期間之增長潛力為基準，並定期監察投資表現是否符合預期。

下表顯示分類為交易組合投資之上市投資股價、按公平值計入其他全面收入之金融資產及本集團於報告日所持面對重大風險之按公平值列賬之可供出售金融資產之合理可能變動，對本集團之除所得稅後溢利及綜合權益之概約變動。二零一七年之分析按相同基準編製。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.7 Equity price risk (Continued)

		2018 二零一八年		2017 二零一七年	
		Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響 HK\$'000 千港元	Effect on fair value through other comprehensive income reserve 對按公平值計入 其他全面收入 儲備之影響 HK\$'000 千港元	Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響 HK\$'000 千港元	Effect on other comprehensive income and to the investment revaluation reserve 對其他全面收入 及投資重估儲備 之影響 HK\$'000 千港元
Trading portfolio investments:		交易組合投資：			
Increase in share prices of the listed investments by 30% (2017: 30%)	上市投資之股價上升30% (二零一七年：30%)	23,466	-	190,896	-
Decrease in share prices of the listed investments by 30% (2017: 30%)	上市投資之股價下跌30% (二零一七年：30%)	(23,466)	-	(190,896)	-
Financial assets at fair value through other comprehensive income:		按公平值計入其他全面收入之金融資產：			
Increase in share price of the listed investment by 30%	上市投資之股價上升30%	-	188,160	-	-
Decrease in share price of the listed investment by 30%	上市投資之股價下跌30%	-	(188,160)	-	-
Available-for-sale financial assets at fair value:		按公平值列賬之可供出售金融資產：			
Increase in share price of the listed investment by 30%	上市投資之股價上升30%	-	-	-	144,704
Decrease in share price of the listed investment by 30%	上市投資之股價下跌30%	-	-	-	(144,704)

55.8 Operational risks

Operational risk is the risk of losses due to faulty internal processes, procedures and systems, inappropriate behaviour by employees, or external influences. The definition includes all legal risks as well as reputational risks. However, it excludes strategic risks. The ongoing monitoring of operational risk is, whenever possible, embedded in the operational processes. Separation of functions and a dual control principle are crucial elements in monitoring. The directors oversee the management of operational risk based on standardised reporting and ad hoc information.

Capital management

The Group's capital management objectives are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of potential mergers and acquisitions.

55.8 營運風險

營運風險指由於不完善之內部流程、程序及制度、員工行為不當或外部影響而造成損失之風險。其定義包括所有法律風險以及聲譽風險，然而並不包括戰略風險。每當可行，營運過程中均會持續監察營運風險。職能分隔和雙重控制原則是營運風險監控之關鍵因素。董事基於標準化報告及即時資料監察營運風險管理。

資本管理

本集團之資本管理目標為：

- 確保本集團能夠持續經營，以繼續為持份者提供回報及利益；
- 支持本集團穩定增長；及
- 為潛在合併及收購提供資金。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.8 Operational risks (Continued)

Capital management (Continued)

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The capital-to-overall financing ratio at reporting date was as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Capital	資本		
Total equity	權益總額	4,809,491	5,148,126
Overall financing	整體融資		
Borrowings	借貸	1,047,189	583,269
Due to a shareholder	應付一名股東之款項	73,000	–
Corporate bonds	公司債券	760,244	732,978
Subordinated debt	次級債務	–	95,674
		1,880,433	1,411,921
Capital-to-overall financing ratio	資本佔整體融資比率	2.56	3.65

Capital adequacy of Bendura Group

Starting February 1, 2015, the calculation of regulatory capital incorporates the capital requirements following the Capital Requirements Regulation (EU) No. 575/2013 (Capital Requirements Regulation – CRR) and the Capital Requirements Directive No. 2013/36/EU (CRD 4) as implemented into Liechtenstein law. The minimum capital requirement is 8% of risk weighted assets which consists at least of 4.5% common equity tier 1 (CET 1) capital, 1.5% additional tier 1 capital and 2% tier 2 capital. In addition, the Bendura Group has to fulfill 2.5% buffer requirements (capital conservation buffer). The buffer requirement must be fulfilled with CET 1 capital.

Capital ratios measure capital adequacy by comparing the Bendura Group's eligible capital with balance sheet assets, off-balance sheet commitments and market positions at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, first being multiplied by a conversion factor and then being assigned a risk weighting according to the amount of capital deemed to be necessary for them. Off-balance sheet commitments and default risk positions are also multiplied and risk-weighted. Market risk is calculated with the standard approach.

All results are based on the full application of the final CRR and CRD 4 framework in the European Union and thus without consideration of applicable transitional rules. The Bendura Group has complied with all externally imposed capital requirements as at 31 December 2018 and 2017.

55. 財務風險管理目標及政策 (續)

55.8 營運風險 (續)

資本管理 (續)

本集團根據其整體財務結構之比例釐定股本資金。本集團管理資本結構，並因應經濟狀況轉變及相關資產之風險特徵作出調整。為維持或調整資本結構，本集團或會調整向股東支付之股息金額、向股東退回資金、發行新股份或出售資產減債。

於報告日，資本佔整體融資比率如下：

富地集團資本充足

自二零一五年二月一日起，隨著列支敦士登法律納入資本要求法規(歐盟)(資本要求法規 – CRR) 第575/2013號及資本規定指令第2013/36/EU號(CRD 4)，監管資本之計算包含資本要求。最低資本要求為風險加權資產之8%，其中至少包括4.5%核心一級資本(核心一級資本)、1.5%額外一級資本及2%二級資本。此外，富地集團須滿足2.5%之緩衝要求(資本儲備緩衝)。緩衝要求必須以核心一級資本達成。

資本充足率以資本比率衡量，方法為將富地集團之合格資本與資產負債表中資產、資產負債表外承擔及按加權金額計算之市場持倉比較，以反映其相對風險。資產根據大範圍名義風險加權，先乘以一個轉換因素，再根據被視為對其必要之資金數額分配加權風險。資產負債表外承擔及違約風險狀況亦會作出乘數及被分配加權風險。市場風險以標準方法計算。

所有結果基於全面遵守歐盟最終版CRR及CRD 4框架而得出，因此未考慮適用過渡規定。富地集團於二零一八年及二零一七年十二月三十一日已全面遵守外部施加之資本要求。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.9 Fair value measurements recognised in the consolidated statement of financial position

The fair values of the Group's financial assets and financial liabilities are determined as follows:

- the fair values of listed equity investments, precious metal, debt instruments and investment fund units classified under due from banks, trading portfolio investments, financial asset at fair value through other comprehensive income and due to clients are determined by reference to their quoted market prices at the reporting date in active markets and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate.
- the fair value of certain equity investments under financial assets at fair value through other comprehensive income is determined based on the fair value of their underlying net assets.
- the fair values of unlisted debt instruments and investment fund units classified under trading portfolio investments have been determined using significant inputs, which are market observable, directly or indirectly.
- the fair value of convertible bond investment classified as level 3 financial assets, is determined by the directors of the Company with reference to the valuation performed by Asset Appraisal Limited, an independent professionally qualified valuer, by using valuation techniques such as Binomial Option Pricing Model. These valuation techniques maximise the use of observable market data where it is available for all significant inputs and rely as little as possible on entity specific estimates.
- the fair values of derivative financial assets and liabilities are marked to market using the foreign exchange forward rates ruling at the end of each reporting periods.
- the fair value of unlisted investment in insurance policy is determined based on amount value as stated in cash surrender value statement issued by insurer.
- the fair value of unlisted financial product investments is determined based on the latest transaction price.
- the fair values of derivative financial assets and liabilities classified as level 2 financial assets, are marked to market using the foreign exchange forward rates ruling at the end of each reporting periods.

55. 財務風險管理目標及政策 (續)

55.9 於綜合財務狀況表確認之公平值計量

本集團金融資產及金融負債之公平值按以下情況釐定：

- 分類至應收銀行款項、交易組合投資、按公平值計入其他全面收入之金融資產及應付客戶款項之上市股本投資、貴金屬、債務工具及投資基金單位之公平值經參考其於報告日於活躍市場上之買入市價釐定，並已按報告期末之即期匯率換算(如適用)。
- 按公平值計入其他全面收入之金融資產之若干股本投資之公平值按相關資產淨值之公平值釐定。
- 分類至交易組合投資之非上市債務工具及投資基金單位之公平值乃直接或間接使用市場可觀察之重大輸入數值釐定。
- 分類至第三級金融資產之可換股債券投資之公平值乃根據本公司董事經參考獨立專業合資格估值師中誠達資產評估顧問有限公司使用估值方法(如二項式期權定價模式)作出之估值釐定。該等估值方法最大限度地利用可供所有重大輸入數值之觀察所得市場數據，並盡可能不依賴特定實體估計。
- 衍生金融資產及負債之公平值乃以各個報告期末當前遠期匯率按市值計價。
- 未上市保單投資之公平值乃按保險公司出具現金退保單所示之金額而釐定。
- 非上市金融產品投資之公平值根據最近期交易價釐定。
- 分類為第二級金融資產之衍生金融資產及負債之公平值乃以各個報告期末當前遠期匯率按市值計價。

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.9 Fair value measurements recognised in the consolidated statement of financial position (Continued)

HKFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

55. 財務風險管理目標及政策 (續)

55.9 於綜合財務狀況表確認之公平值計量 (續)

香港財務報告準則第13號就公平值計量披露及有關公平值計量之相對可靠性之額外披露引入三個公平值層級。

金融資產及金融負債根據用於計量金融資產及金融負債之公平值之重大輸入數值之相對可靠性分為三個層級。公平值層級有以下層級：

- 第一級：相同資產或負債於活躍市場之報價(未經調整)；
- 第二級：直接或間接可觀察之輸入數值(不包括第一級報價)；及
- 第三級：無法觀察之輸入數值乃並無市場數據之輸入數值。

綜合財務狀況表以公平值計量之金融資產及金融負債分為以下公平值層級：

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2018	二零一八年				
Assets	資產				
Due from bank – precious metal	應收銀行款項—貴金屬	–	74,301	–	74,301
Trading portfolio investments	交易組合投資	80,329	43,277	–	123,606
Derivative financial assets	衍生金融資產	–	7,694	–	7,694
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	621,489	5,711	–	627,200
		701,818	130,983	–	832,801
Liabilities	負債				
Derivative financial liabilities	衍生金融負債	–	20,866	–	20,866
		–	20,866	–	20,866
2017	二零一七年				
Assets	資產				
Due from bank – precious metal	應收銀行款項—貴金屬	–	45,976	–	45,976
Trading portfolio investments	交易組合投資	633,091	7,940	–	641,031
Derivative financial assets	衍生金融資產	–	4,609	71	4,680
Available-for-sale financial assets at fair value	按公平值列賬之可供出售金融資產	403,447	19,073	59,825	482,345
		1,036,538	77,598	59,896	1,174,032
Liabilities	負債				
Derivative financial liabilities	衍生金融負債	–	35,656	–	35,656
		–	35,656	–	35,656

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

55.9 Fair value measurements recognised in the consolidated statement of financial position (Continued)

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The level in the fair value hierarchy within which the financial assets and financial liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The fair value of financial product investments classified as available-for-sales investments is Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below.

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	年初結餘(第三級經常性公平值)	59,825	–
Acquisition	收購	–	59,825
Reclassification upon the adoption of HKFRS 9	採納香港財務報告準則第9號時 重新分類	(59,825)	–
Closing balance (Level 3 recurring fair value)	年末結餘(第三級經常性公平值)	–	59,825

The key inputs to determine the fair value of financial product investments are the latest transaction price on the same product. A higher in latest transaction price would result in an increase in the fair value of financial product investments, and vice versa.

55. 財務風險管理目標及政策(續)

55.9 於綜合財務狀況表確認之公平值計量(續)

於報告期內，第一級及第二級之間並無重大轉撥。

金融資產及金融負債整體所歸入之公平值層級級別，乃基於對公平值計量屬重大之最低層次輸入數值劃分。

計量公平值所用方法及評估方式與以往報告期間無異。

分類為可供出售投資之金融產品投資公平值為第三級經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

釐定金融產品投資公平值之主要輸入數值為相同產品之最近期交易價格。最近期交易價格增加將導致金融產品投資之公平值增加，反之亦然。

56. STATEMENT OF FINANCIAL POSITION

56. 財務狀況表

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
ASSETS AND LIABILITIES			
Non-current assets	資產及負債 非流動資產		
Property, plant and equipment	物業、廠房及設備	3,171	4,930
Interests in subsidiaries	所佔附屬公司之權益	1,503,248	828,882
Financial asset at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	426,115	—
		1,932,534	833,812
Current assets	流動資產		
Other assets	其他資產	61,032	68,435
Trading portfolio investments	交易組合投資	61,865	473,717
Cash and deposits	現金及存款	12,730	192,427
		135,627	734,579
Current liabilities	流動負債		
Other liabilities	其他負債	21,150	19,668
Borrowings	借貸	738,299	334,204
Due to a shareholder	應付一名股東之款項	73,000	—
		832,449	353,872
Net current (liabilities)/assets	流動(負債)/資產淨值	(696,822)	380,707
Total assets less current liabilities	總資產減流動負債	1,235,712	1,214,519
Net assets	資產淨值	1,235,712	1,214,519
EQUITY	權益		
Share capital	股本	44	435,032
Reserves	儲備	45	779,487
Total equity	權益總額	1,235,712	1,214,519

The statements of financial position of the Company was approved and authorised for issue by the board of directors of the Company on 29 March 2019 and are signed on its behalf by:

本公司財務狀況表於二零一九年三月二十九日獲本公司董事會批准及授權刊發，並由以下董事代表簽署：

Hon Kwok Lung
韓國龍
Director
董事

Shang Jianguang
商建光
Director
董事

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, at 31 December 2018 are as follows:

57. 主要附屬公司資料

於二零一八年十二月三十一日，主要附屬公司(均為有限公司)之詳情如下：

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Directly held:</i> 直接持有：					
Qingapen Limited 晴嘉投資有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
China Haidian Commercial Network Services Limited 中國海澱商業網絡服務有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
Haidian-Creation International Limited	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Sure Best Management Limited 港益管理有限公司	Hong Kong 香港	HK\$1 1港元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Jia Cheng Investment Limited 佳城投資有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Citychamp Watch and Jewellery SwissCo AG	Switzerland 瑞士	CHF100,000 100,000瑞士法郎	100%	100%	Issuance of bonds, Switzerland 於瑞士發行債券
Bendura Bank AG 富地銀行股份有限公司	Liechtenstein 列支敦士登	CHF20,000,000 20,000,000瑞士法郎	85.07%	84.86%	Assets management, accepting client deposits, making investment and granting loans, Liechtenstein 於列支敦士登管理資產、接受客戶 存款、投資及批出貸款
Shun Heng Finance Holding (Hong Kong) Limited 信亨金融控股(香港)有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000港元	60%	60%	Investment holding, Hong Kong 於香港投資控股
<i>Indirectly held:</i> 間接持有：					
EBOHR Luxuries International Co., Limited (note a) 依波精品(深圳)有限公司(附註a)	PRC 中國	HK\$116,000,000 116,000,000港元	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
Shenzhen EBOHR Luxuries Online E-commerce Company Limited (note b) 深圳市依波精品在線電子商務有限公司 (附註b)	PRC 中國	RMB1,000,000 人民幣1,000,000元	100%	100%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Actor Investments Limited 安達投資有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100%	100%	Investment holding, Hong Kong 於香港投資控股

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

57. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Indirectly held: (Continued)</i> 間接持有:(續)					
Zuhai Rossini Watch Industry Limited (note d)	PRC	RMB180,000,000	91%	91%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
珠海羅西尼錶業有限公司(附註d)	中國	人民幣180,000,000元			
PAMA Precision Manufacturing Limited (note b)	PRC	RMB10,000,000	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
深圳市帕瑪精品製造有限公司(附註b)	中國	人民幣10,000,000元			
Shenzhen Permanence Commerce Co., Limited (note b)	PRC	RMB23,000,000	91%	91%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
深圳市恒譽嘉時貿易有限公司(附註b)	中國	人民幣23,000,000元			
Zuhai Rossini Glasses Industry Limited (note b)	PRC	RMB1,000,000	91%	91%	Distribution of glasses, PRC 於中國分銷眼鏡
珠海羅西尼眼鏡有限公司(附註b)	中國	人民幣1,000,000元			
Sino Swiss Clock & Watch Technology Limited (note b)	PRC	RMB5,000,000	63.7%	63.7%	Provision of services in watch maintenance and repairment and technical advisory, PRC 於中國提供鐘錶維修及技術諮詢服務
中瑞(珠海)鐘錶技術有限公司(附註b)	中國	人民幣5,000,000元			
Eterna AG Uhrenfabrik	Switzerland	CHF6,000,000	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
	瑞士	6,000,000瑞士法郎			
Eterna Uhren GmbH, Kronberg	Germany	EUR205,000	100%	100%	Distribution of watches and timepieces, Germany 於德國分銷鐘錶及時計產品
	德國	205,000歐元			
Eterna Movement AG	Switzerland	CHF1,000,000	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
	瑞士	1,000,000瑞士法郎			
Guangdong Juxin Watch Co., Limited (note d)	PRC	RMB15,000,000	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
廣東鉅信鐘錶連鎖有限公司(附註d)	中國	人民幣15,000,000元			
Liaoning Hengjia Horologe Co., Limited (note d)	PRC	RMB25,500,000	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
遼寧恒嘉鐘錶有限公司(附註d)	中國	人民幣25,500,000元			
Guangzhou Five Goat Watch Co., Limited (note b)	PRC	RMB100,000,000	74.1%	74.1%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
廣州五羊錶業有限公司(附註b)	中國	人民幣100,000,000元			

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

57. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Indirectly held: (Continued)</i> 間接持有:(續)					
Eterna (Asia) Limited 綺年華(亞洲)有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000 港元	70%	70%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品
Centenaire Trading (Shanghai) Co., Ltd (note a) 聖坦尼爾貿易(上海)有限公司(附註a)	PRC 中國	RMB4,550,000 人民幣4,550,000 元	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Eterna (Beijing) International Trading Co., Ltd (note b) 綺年華(北京)國際貿易有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣1,000,000 元	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Jilin Dayou Watch Limited (note d) 吉林大有鐘錶有限公司(附註d)	PRC 中國	RMB15,000,000 人民幣15,000,000 元	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Montres Corum Sàrl	Switzerland 瑞士	CHF3,000,000 3,000,000 瑞士法郎	100%	100%	Manufacture, and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
Montres Corum (UK) Ltd.	United Kingdom 英國	GBP3,383,424 3,383,424 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Corum Italia SRL	Italy 意大利	EUR10,400 10,400 歐元	100%	100%	Distribution of watches and timepieces, Italy 於意大利分銷鐘錶及時計產品
Montres Corum Europe SA	Switzerland 瑞士	CHF100,000 100,000 瑞士法郎	100%	100%	Distribution of watches and timepieces, Switzerland 於瑞士分銷鐘錶及時計產品
Servicio de Importacion SA	Spain 西班牙	EUR739,000 739,000 歐元	100%	100%	Distribution of watches and timepieces, Spain 於西班牙分銷鐘錶及時計產品
Corum Deutschland GmbH	Germany 德國	EUR200,000 200,000 歐元	100%	100%	Distribution of watches and timepieces, Germany 於德國分銷鐘錶及時計產品
Corum (Hong Kong) Limited	Hong Kong 香港	HK\$1,000 1,000 港元	100%	100%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

57. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
The Dreyfuss Group Limited	United Kingdom 英國	GBP 221,541 221,541 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Rotary Overseas Limited	United Kingdom 英國	GBP 1,000,000 1,000,000 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Artemis Watch Company Limited	United Kingdom 英國	GBP 100 100 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Rotary Watches LLC	United States of America 美國	USD 10 10 美元	100%	100%	Distribution of watches and timepieces, United States of America 於美國分銷鐘錶及時計產品
Dreyfuss & Co SA	Switzerland 瑞士	CHF 100,000 100,000 瑞士法郎	100%	100%	Manufacturing of watches and timepieces, Switzerland 於瑞士製造鐘錶及時計產品
Fabrique de Moritres Rotary S.A	Switzerland 瑞士	CHF 1,000,000 1,000,000 瑞士法郎	100%	100%	Manufacturing and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
Bendura Fund Management Alpha AG	Liechtenstein 列支敦士登	CHF1,500,000 1,500,000 瑞士法郎	85.07%	84.66%	Providing investment counselling, acting as technical administrator of fund units, acting as a fund management company and acting as an alternative investment fund manager, Liechtenstein 於列支敦士登提供投資諮詢、擔任 基金單位之技術管理員、擔任基 基金管理公司及擔任另類投資基金 經理
Bendura Fund Management Beta AG	Liechtenstein 列支敦士登	CHF1,500,000 1,500,000 瑞士法郎	85.07%	-	Providing investment counselling, acting as technical administrator of fund units, acting as a fund management company and acting as an alternative investment fund manager, Liechtenstein 於列支敦士登提供投資諮詢、擔任 基金單位之技術管理員、擔任基 基金管理公司及擔任另類投資基金 經理

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

57. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
VFM Mutual Fund AG	Liechtenstein 列支敦士登	CHF 500,000 500,000 瑞士法郎	85.07%	84.66%	Managing a particular fund as general partner Liechtenstein 於列支敦士登作為一般合夥人管理一項特別基金
HIB Investment Ltd	BVI 英屬處女群島	USD50,000 50,000 美元	85.07%	84.66%	Managing the benchmark portfolio of Bendura Bank AG, Liechtenstein 於列支敦士登管理富地銀行股份有限公司之基準投資組合
LFM ALPHA SOLUTIONS AGmvk	Liechtenstein 列支敦士登	CHF50,000 50,000 瑞士法郎	85.07%	84.86%	Provision of asset investment and management services for qualified investors, Liechtenstein 於列支敦士登向合資格投資者提供資產投資及管理服務
Hong Kong Metasequoia Capital Management Limited 香港水杉資產管理有限公司	Hong Kong 香港	HK\$800,000 800,000 港元	60%	60%	Provision of asset management services, Hong Kong 於香港提供資產管理服務
Shun Heng Securities Limited 信亨証券有限公司	Hong Kong 香港	HK\$26,380,000 26,380,000 港元	60%	60%	Dealing and advising in securities, Hong Kong 於香港進行證券交易及顧問服務
Metasequoia Investment Fund SPC – Global Opportunities Fund SP	Cayman Islands 開曼群島	US\$10,000,000 10,000,000 美元	44.98%	44.98%	Investment fund, Cayman Islands 於開曼群島之投資基金
Ernest Borel Holdings Limited 依波路控股有限公司	Cayman Island 開曼群島	HK\$3,474,000 3,474,000 港元	82.5%	–	Investment holding 投資控股
Boillat Les Bois S.A.	Switzerland 瑞士	CHF100,000 100,000 瑞士法郎	82.5%	–	Development, manufacturing and marketing of watches 開發、製造及推廣鐘錶
Ernest Borel S.A.	Switzerland 瑞士	CHF100,000 100,000 瑞士法郎	82.5%	–	Manufacturing and trading of watches 製造及買賣鐘錶
Ernest Borel (Far East) Company Limited 依波路(遠東)有限公司	Hong Kong 香港	HK\$20,000 20,000 港元	82.5%	–	Assembling and sales of watches 組裝及銷售鐘錶
Ernest Borel (Guangzhou) Trading Co., Ltd 依波路(廣州)貿易有限公司	PRC 中國	RMB20,000,000 人民幣20,000,000 元	82.5%	–	Distribution and sales of watches 分銷及銷售鐘錶
Ernest Borel (Hong Kong) Limited 依波路(香港)有限公司	Hong Kong 香港	HK\$1,000 1,000 港元	82.5%	–	Investment holding 投資控股

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

57. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/繳足 股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之 實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2018 二零一八年	2017 二零一七年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
Ernest Borel Investment Limited 依波路投資有限公司	British Virgin Islands (the "BVI") 英屬處女群島 (「英屬處女群島」)	USD100 holding 100美元控股	82.5%	-	Investment 投資
Swissmount Holdings Limited	BVI holding 英屬處女群島控股	USD100 100美元	82.5%	-	Investment 投資
Swissmount Global Company Limited 瑞亨寰球有限公司	Hong Kong 香港	HK\$1,000 1,000港元	82.5%	-	Inactive 無業務
Innovative Natural Resources Trading Company Limited (Formerly known as Mega Success Pacific Limited) (創新 能源貿易有限公司) 創新能源貿易有限公司(前稱創昇太平洋 有限公司)	Hong Kong 香港	HK\$1 1港元	82.5%	-	Inactive 無業務

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.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

- These subsidiaries are registered as wholly foreign owned enterprises under the law of PRC.
- These subsidiaries are registered as limited liability companies under the law of PRC.
- This subsidiary is registered as foreign joint venture under the law of PRC.
- These subsidiaries are registered as sino-foreign joint ventures under the law of PRC.

上表載列董事認為主要影響本集團本年度之業績或構成本集團資產淨值重大部分之本公司附屬公司。董事認為，詳列其他附屬公司之資料將會令有關資料過於冗長。

概無附屬公司於年末發行任何債務證券。

附註：

- 該等附屬公司根據中國法律登記為外商獨資企業。
- 該等附屬公司根據中國法律登記為有限公司。
- 該附屬公司根據中國法律登記為外商合資企業。
- 該等附屬公司根據中國法律登記為中外合資企業。

57. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (Continued)

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any elimination.

57. 主要附屬公司資料(續)

下文載列於任何對銷前擁有對本集團而言屬重大之非控股權益之各附屬公司財務資料概要。

		Ernest Borel Group 依波路集團		Bendura Bank AG 富地銀行股份有限公司		Zhuhai Rossini Watch Industry Limited 珠海羅西尼錶業有限公司	
		2018 二零一八年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	
Summarised statement of financial position As at 31 December	財務狀況表概要 於十二月三十一日						
Effective non-controlling interests percentage	實際非控股權益百分比	17.5%	14.93%	15.14%	9%	9%	
Current Assets	流動資產	469,285	13,523,012	15,323,116	835,871	952,388	
Liabilities	負債	(266,399)	(12,662,307)	(14,574,258)	(323,596)	(124,804)	
Total net current assets	流動資產總淨值	202,886	860,705	748,858	512,275	827,584	
Non-current Assets	非流動資產	102,771	-	-	384,133	322,922	
Liabilities	負債	(34,410)	-	-	-	-	
Total net non-current assets	非流動資產總淨值	68,361	-	-	384,133	322,922	
Net assets	資產淨值	271,247	860,705	748,858	896,408	1,150,506	
Accumulated non-controlling interests	累計非控股權益	47,468	139,151	113,377	80,677	103,546	
Summarised statement of comprehensive income For the year ended 31 December	全面收入表概要 截至十二月三十一日止年度						
Revenue	收益	42,826	480,364	372,835	1,066,289	1,011,518	
(Loss)/profit before income tax	除所得稅前(虧損)/溢利	(31,830)	210,151	144,837	351,241	324,546	
Other comprehensive income	其他全面收入	3,836	8,385	20,193	-	-	
Total comprehensive income	全面收入總額	(27,994)	190,506	146,249	185,677	275,493	
(Loss)/profit allocated to non-controlling interests	分配至非控股權益之(虧損)/溢利	(4,899)	28,843	22,142	16,711	24,794	
Dividends paid to non-controlling interests	向非控股權益支付之股息	-	10,295	5,493	44,329	11,404	
Summarised statement of cash flows For the year ended 31 December	現金流量表概要 截至十二月三十一日止年度						
Cash flows generated from/(used in) operating activities	經營業務產生/(所用)之現金流量	2,165	(184,302)	2,985,342	200,951	58,418	
Cash flows generated/(used in) from investing activities	投資活動產生/(所用)之現金流量	16,839	(108,616)	(458,441)	(62,308)	(100,588)	
Cash flows (used in)/generated from financing activities	融資活動(所用)/產生之現金流量	(47,209)	(163,356)	(348,716)	(156,419)	3,329	
Net cash (outflow)/inflow	現金(流出)/流入淨額	(28,205)	(456,274)	2,178,185	(17,776)	(38,841)	

FIVE YEAR FINANCIAL SUMMARY

五年財務資料摘要

A summary of the published results and financial position of the Group for the year ended 31 December 2018 and the last four years is set out below. This summary does not form part of the audited financial statements.

本集團截至二零一八年十二月三十一日止年度及過去四年之已刊發業績及財務狀況概要載列如下。此概要並不組成經審核財務報表之一部分。

FINANCIAL PERFORMANCE

財務表現

		Year ended 31 December 截至十二月三十一日止年度				
		2018	2017	2016	2015	2014*
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年*
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Net interest income from banking business	銀行業務之利息收入淨額	180,831	94,992	17,983	-	-
Net service fees and commission income from banking business	銀行業務之服務費及佣金淨額	236,361	212,616	72,595	-	-
Trading income from banking business	銀行業務之交易收入	63,172	65,227	18,902	-	-
Service fees and commission income from financial business	金融業務之服務費及佣金收入	3,342	9,307	-	-	-
Interest income from financial business	金融業務之利息收入	193	128	-	-	-
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,444,364	2,583,495	2,811,352	3,458,245	3,470,665
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	9,586	16,936	19,123	18,109	17,888
Total revenue	總收入	2,937,849	2,982,701	2,939,955	3,476,354	3,488,553
Cost of sales from non-banking and financial businesses	非銀行及金融業務之銷售成本	(1,022,568)	(1,226,494)	(1,296,518)	(1,694,496)	(1,797,911)
Other income and other net gains or losses	其他收入及其他收益或虧損淨額	79,486	1,300,392	63,165	257,545	269,603
Selling and distribution expenses	銷售及分銷費用	(849,551)	(800,923)	(841,444)	(883,152)	(926,387)
Administrative expenses	行政費用	(737,985)	(774,011)	(648,477)	(616,151)	(698,077)
Share of loss of joint ventures	應佔合營企業虧損	(2,678)	(1,159)	-	-	-
Share of profit of associates	應佔聯營公司溢利	8,387	20,711	23,134	9,685	13,333
Finance costs from non-banking business	非銀行業務之財務費用	(65,828)	(68,453)	(79,447)	(77,075)	(65,055)
Profit before income tax	除所得稅前溢利	347,112	1,432,764	160,368	472,710	284,059
Income tax expense	所得稅開支	(105,664)	(221,566)	(96,528)	(132,551)	(121,027)
Profit for the year	本年度溢利	241,448	1,211,198	63,840	340,159	163,032
Other comprehensive income	其他全面收入					
Item that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目					
- Remeasurement of net defined benefit obligations	- 重新計量定額福利責任淨額	33,025	15,186	14,368	9,485	(5,955)
- Change in fair value of financial assets at fair value through other comprehensive income	- 按公平值計入其他全面收入之金融資產公平值變動	(123,352)	-	-	-	-
- Revaluation gain upon transfer of owner occupied land and buildings to investment properties	- 將自用土地及樓宇轉撥至投資物業時之重估收益	57,128	-	-	-	-
- Deferred tax arising from transfer of owner occupied land and buildings to investment properties	- 將自用土地及樓宇轉撥至投資物業產生之遞延稅項	(22,212)	-	-	-	-
		(55,411)	15,186	14,368	9,485	(5,955)

FINANCIAL PERFORMANCE (Continued)

財務表現(續)

		Year ended 31 December 截至十二月三十一日止年度				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014* 二零一四年* HK\$'000 千港元
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類到溢利或虧損之項目					
– Exchange differences on translation to presentation currency	– 換算呈列貨幣之匯兌差額	(162,086)	233,906	(226,038)	(142,928)	(2,021)
– Release of exchange reserve to profit or loss upon disposal of subsidiaries	– 於出售附屬公司後解除外匯儲備至溢利或虧損	–	(2,809)	4,701	256	(2,015)
– Share of exchange differences on translation of associates	– 應佔聯營公司匯兌差異	(117)	96	(112)	133	(16)
– Release of investment revaluation reserve upon disposal	– 於出售時解除投資重估儲備	–	–	–	–	(163,542)
– Changes in fair value of available-for-sale financial assets	– 可供出售金融資產公平值變動	–	(5,041)	(75,210)	9,051	(11,533)
		(162,203)	226,152	(296,659)	(133,488)	(179,127)
Other comprehensive income for the year	本年度其他全面收入	(217,614)	241,338	(282,291)	(124,003)	(185,082)
Total comprehensive income for the year	本年度全面收入總額	23,834	1,452,536	(218,451)	216,156	(22,050)
Profit for the year attributable to:	以下人士應佔本年度溢利：					
Owners of the Company	本公司擁有人	201,372	1,170,484	36,703	307,675	132,005
Non-controlling interests	非控股權益	40,076	40,714	27,137	32,484	31,027
		241,448	1,211,198	63,840	340,159	163,032
Total comprehensive income for the year attributable to:	以下人士應佔本年度全面收入總額：					
Owners of the Company	本公司擁有人	(9,083)	1,395,850	(227,203)	196,583	(55,528)
Non-controlling interests	非控股權益	32,917	56,686	8,752	19,573	33,478
		23,834	1,452,536	(218,451)	216,156	(22,050)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股權益

		Year ended 31 December 截至十二月三十一日止年度				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
Total assets	總資產	20,258,229	21,855,671	17,255,820	6,838,556	6,732,878
Total liabilities	總負債	(15,448,738)	(16,707,545)	(13,403,130)	(2,604,069)	(2,657,948)
Non-controlling interests	非控股權益	(369,700)	(343,245)	(219,809)	(191,234)	(228,406)
		4,439,791	4,804,881	3,632,881	4,043,253	3,846,524

* Certain reclassifications are made to conform to current year's presentation.

* 若干重新分類為符合本年度呈列方式而作出。

SCHEDULE OF PRINCIPAL INVESTMENT PROPERTIES

主要投資物業附表

Description	詳情	Group interest 集團權益	Use 用途	Tenure 年期
Flat B, 21st Floor, Jolly Villa No. 8 Tai Hang Road Hong Kong and Car parking space No. 32 on 3rd Floor of the same building	香港大坑道8號 竹麗苑21樓B室及 同一幢樓宇內 3樓之32號車位	100%	Residential 住宅	Medium term lease 中期租約
Industrial Complex including Dormitories in the Sixth Industrial Zone Houjie Town Dongguan County, Guangdong Province The People's Republic of China (the "PRC")	中華人民共和國 (「中國」) 廣東省東莞市 厚街鎮 第六工業區工廠 綜合大樓 (包括宿舍)	100%	Industrial/Residential 工業／住宅	Medium term lease 中期租約
2nd Lower Ground Level Jin Hua Building Yan He South Road Luohu District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 羅湖區 沿河南路 錦花大廈 底下層二層	100%	Commercial 商業	Medium term lease 中期租約
Shops at Street Nos. 13, 14 and 15 New City Centre Plaza Garden Nos. 459, 461 and 463 Xiang Hua Road Zhuhai City, Guangdong Province The PRC	中國 廣東省珠海市 香華路 459、461及463號 新城市中心花園 商舖13、14及15號	100%	Commercial 商業	Medium term lease 中期租約
Office B, 7th Floor No. 78, Nanguan Road Shenhe District, Shenyang City The PRC	中國 瀋陽市沈河區 南關路78號 7樓B座辦公室	100%	Commercial 商業	Short term lease 短期租約
No. 1004, Block B, Xinnengyuan Building Nanhai Avenue, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區南海大道 新能源大廈B座1004號	100%	Commercial 商業	Long term lease 長期租約
Nos. 203, 204, 205, 206, 208, Building 16, Dengliang Garden Dengliang Road, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區登良路 登良花園16棟 203、204、205、 206、208號	100%	Residential 住宅	Medium term lease 中期租約
Nos. 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, Building A, Lifang Village Nanshan Avenue, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區南山大道 荔芳村A棟 228、229、230、231、 232、233、234、235、 236、237號	100%	Residential 住宅	Medium term lease 中期租約

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