

STOCK CODE

股份代號

376

Yunfeng Financial Group Limited
雲鋒金融集團有限公司

2018 | Annual Report
年度年報



云鋒金融

This annual report, in both English and Chinese versions, is available on the Company's website at www.yff.com (the "**Company Website**").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "**Corporate Communications**") via the Company Website and who for any reason have difficulty in receiving or gaining access to the annual report posted on the Company Website will promptly upon request be sent the annual report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) of Corporate Communications.

Shareholders may send their request to receive the annual report in printed form, and/or to change their choice of the means of receipt of Corporate Communications by notice in writing to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to the share registrar of the Company at yunfeng.ecom@computershare.com.hk.

本年度報告的中、英文本已登載於本公司網站 www.yff.com (「本公司網站」)。

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Corporate Information

公司資料

BOARD OF DIRECTORS

Chairman

Mr. Yu Feng (*Non-Executive Director*)

Executive Directors

Ms. Li Ting (*Chief Executive Officer*)
Mr. Huang Xin

Non-Executive Directors

Mr. Adnan Omar Ahmed
Ms. Hai Olivia Ou
Mr. Gareth Ross

Independent Non-Executive Directors

Mr. Qi Daqing
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng

AUDIT COMMITTEE

Mr. Chu Chung Yue, Howard (*Chairman*)
Mr. Qi Daqing
Mr. Xiao Feng

REMUNERATION COMMITTEE

Mr. Qi Daqing (*Chairman*)
Mr. Huang Xin
Mr. Chu Chung Yue, Howard
Mr. Xiao Feng

NOMINATION COMMITTEE

Mr. Yu Feng (*Chairman*)
Mr. Qi Daqing
Mr. Chu Chung Yue, Howard

AUTHORISED REPRESENTATIVES

Ms. Li Ting
Mr. Chan Man Ko

董事會

主席

虞鋒先生 (*非執行董事*)

執行董事

李婷女士 (*行政總裁*)
黃鑫先生

非執行董事

Adnan Omar Ahmed 先生
海歐女士
Gareth Ross 先生

獨立非執行董事

齊大慶先生
朱宗宇先生
肖風先生

審核委員會

朱宗宇先生 (*主席*)
齊大慶先生
肖風先生

薪酬委員會

齊大慶先生 (*主席*)
黃鑫先生
朱宗宇先生
肖風先生

提名委員會

虞鋒先生 (*主席*)
齊大慶先生
朱宗宇先生

授權代表

李婷女士
陳文告先生

COMPANY SECRETARY

Mr. Chan Man Ko

AUDITOR

KPMG
Certified Public Accountants

BANKERS

Bank of Communications
China Construction Bank (Asia)
Bank of China (Hong Kong)
China Minsheng Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation
Limited

REGISTERED AND PRINCIPAL OFFICE

Suites 3201-3204
One Exchange Square
8 Connaught Place
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

WEBSITE

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公司秘書

陳文告先生

核數師

畢馬威會計師事務所
執業會計師

主要往來銀行

交通銀行
中國建設銀行(亞洲)
中國銀行(香港)
中國民生銀行
滙豐銀行

註冊及主要辦事處

香港
康樂廣場八號
交易廣場一座
3201-3204室

股份過戶登記處

香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心
17樓1712-1716室

網站

www.yff.com

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CEO's Statement

行政總裁報告

In 2018, affected by the Sino-US trade war, the global financial markets experienced drastic fluctuation, with almost all asset classes recording negative return. While the financial industry was impacted to some extent, Yunfeng Financial Group Limited (“Yunfeng Financial Group” or “the Company”) faced challenges, took advantage of the trend, and grasped opportunities to promote the Company’s sustainable and steady development.

On 16 November 2018, the Company completed the acquisition of YF Life Insurance International Limited (“YF Life”) (formerly known as MassMutual Asia Limited), which expanded the Company’s business scope and formed an ecosystem covering multiple financial products and services. In the meantime, the Company actively strengthened its financial technology capabilities and developed the core competencies.

2018年全球金融市場受中美貿易戰的影響，出現大幅波動，幾乎所有資產類別皆錄得負收益。金融行業受到一定的衝擊，然而，雲鋒金融集團有限公司（「雲鋒金融集團」或「公司」）面對挑戰，因勢而變、順勢而為、抓緊機遇，推動公司持續穩健發展。

公司於2018年11月16日完成收購萬通保險國際有限公司（「萬通保險」）（前稱萬通保險國際亞洲有限公司），擴大了公司的業務範圍、形成了覆蓋多重金融產品和服務的生態系統。同時，公司積極強化金融科技能力，打造核心競爭力。

REVIEW OF BUSINESS SEGMENT

For asset management business, in 2018, the Company strengthened the optimization and integration of the investment team. Based on the good foundation established in 2017, the Company actively carried out asset management related business and was committed to reasonable asset allocation on a global scale for customers. The three private equity fund “Majik” series products with alternative credits in developed markets as the main investment category have completed all fundraising in 2018, and have been actively subscribed by institutional investors and high-net-worth customers. Despite the sharp market fluctuation in 2018, they achieved stable returns, received high recognition from the customers and established a good reputation in the market. The “Youyu Note” product series with large and medium-sized Chinese bank loans as the underlying assets has gradually gained recognition in the market. The Company’s comprehensive capabilities such as asset evaluation and investment capabilities, product structure building capabilities and customer service have been demonstrated. In 2018, the Company actively captured investment opportunities in Hong Kong’s capital market, issued fund products with new shares as investment targets, and won the favor of institutional investors and high-net-worth customers. While enriching the Company’s asset management product line, it also further demonstrated the Company’s ability to actively innovate. In terms of proprietary investment, based on the overall development strategic target of the Company, robust investment principle and overall judgment on the market throughout the year, the Company started to gradually adjust the asset allocation for proprietary investment at the beginning of 2018 and greatly cut back its investment in equity type assets in favorable market conditions. By the end of 2018, it has allocated most of the investments to cash and the asset classes with lower risks, effectively mitigating the investment risks in connection with the sharp market fluctuation of the year.

各業務板塊回顧

資產管理業務方面，公司於2018年加強對投資團隊的優化和整合，在2017年度已建立起來的良好基礎上，積極開展資產管理相關業務，致力於為客戶在全球範圍進行合理資產配置。以發達市場另類債權為主要投資類別的三支私募基金錦鯉系列產品已於2018年完成全部募資工作，獲得機構投資者和高淨值客戶的踴躍認購，並且在2018年市場大幅波動的情況下，獲得了穩定的回報，贏得了客戶的認可，在市場建立了口碑。以大中型中資銀行貸款為底層資產的「有魚票據」產品系列也逐步獲得市場認可，公司對資產評價和投資能力，產品結構搭建能力以及客戶服務等綜合能力得以展現。公司於2018年積極捕捉香港資本市場投資機會，發行了以新股為投資標的的基金產品，獲得了來自機構投資人和高淨值客戶的青睞。在豐富公司資產管理產品綫的同時，也進一步展現了公司積極創新的能力。自營投資方面，基於公司總體發展戰略目標、穩健的投資原則和對全年市場的整體判斷，自2018年初開始，公司逐步調整自營投資資產配置，在有利的市場狀況下擇機大幅減持權益類資產投資，至2018年底，已將大部分投資配置在現金及風險較低的資產類別，有效規避了去年市場大幅波動帶來的投資風險。

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For brokerage business, in 2018, the total trading volume of brokerage business more than tripled compared to 2017. The overall revenue of the brokerage business tripled compared to 2017. The overall ranking of its trading volume of Hong Kong stocks on the Hong Kong Stock Exchange rose by more than 100 places. On the basis of 2017, the brokerage line continued to develop retail business. In the meantime, it developed institutional brokerage business, and added new financing business, providing customers with a full range of financial services. In 2018, the release version of “Youyu Stock” was updated 15 times. While enhancing the user experience, it added new distinctive features including stock recognition by photo, abnormal change in stock price, information recommendation, stock price alert, and intelligent customer service, which provided more effective tools for investors’ decision making. Based on the improved web version, “Youyu Stock” launched a PC version to provide more convenient and professional services to experienced investors.

For employee stock ownership plan administration (ESOP) business, as an important strategic business, the popularity of “Youyu ekeeper” has been further enhanced and gradually recognized by the market. New customers came online in succession in 2018. “Youyu ekeeper” mainly served Hong Kong listed companies and continued to successfully demonstrate synergy over other business lines during the period. In the securities business, the net value of assets of institutions and their employees under management almost doubled compared to 2017. In the past year, “Youyu ekeeper” also provided the management of idle funds for institutional customers and their employees through Youyu E-Cash, which became an important differentiated function and continued to create additional benefits for the Company. The ESOP team actively expanded its network in 2018, having more sales and marketing activities. In terms of channels, it has been supported by different trust institutions and share registration companies which accurately recommended customers with high potential to promote business, and to jointly seize the huge opportunities brought about by the reform of the listing regime.

證券經紀業務方面，2018年經紀業務交易總額較2017年上升逾兩倍，經紀業務總體營收較2017年上升兩倍，港股交易量於港交所總體排名攀升100多位。在2017年的基礎上，經紀綫繼續開拓零售業務，同時發展機構經紀業務，新增融資業務，為客戶提供全方位的金融服務。2018年「有魚股票」發版更新共15次，在提升用戶體驗的同時，新增特色功能包括拍照識股、股價異動、資訊推薦、股價提醒、智能客服等為投資者決策提供更為有效的工具。在完善網頁版的基礎上，「有魚股票」推出PC客戶端，為有經驗的投資者提供更為便捷、專業的服務。

員工持股業務方面，作為重要的策略性業務，「有魚持股」的知名度已進一步提升並逐漸受到市場認可，新客戶於2018年陸續上線。「有魚持股」主要服務香港上市公司，於期內繼續成功彰顯對其他業務綫的協同效應，證券業務方面，目前機構及其員工相關資產託管淨值較2017年已上升近一倍。過去一年「有魚持股」亦透過有魚額為機構客戶及其員工提供閒置資金管理，成為重要的差異化功能，繼續為公司創造出額外的收益。員工持股團隊於2018年積極拓展網絡，投入更多銷售及營銷活動。渠道方面，已獲得不同信託機構及股份登記公司的支持，精準推薦高潛力客戶以推廣業務，共同抓緊上市公司制度改革所帶來的龐大機遇。

For the corporate finance business, corporate finance team also provided advisory services to 19 corporate customers in addition to providing financial advisory services on the Company's acquisition of the share capital of YF Life. In 2018, the Company's revenue from corporate financial advisory services recorded an ideal growth. With its expertise and experience, the Company's corporate finance team was focused on providing one-stop integrated financial advisory services for customers to help them move globally and meet growing capital needs. The team also contributed to the Company's business development by providing internal support to other business units of the Company.

For insurance business, 2018 was an important milestone for the cooperation between Yunfeng Financial Group and YF Life. With the completion of the acquisition, the Group will enhance the support to the insurance businesses of YF Life and the mutual support and collaboration for other business lines, continuing to leverage on the multi-channel distribution strategy, with the exclusive agents serving as the core distribution channels, supporting distributors, including independent brokerage companies, agency companies and bank partners, and maintaining steady performance growth. In terms of products, the annuity scheme, the new business flagship product of the year, was provided by YF Life which was one of the few insurance companies that offered guaranteed lifetime distribution annuity schemes in Hong Kong. In the meantime, the insurance brokerage team of Yunfeng Financial Group was established in early 2018 and has obtained relevant business scope licenses. After the formal launch of the service in the second half of the year, it has begun to generate revenue for the Company, covering both personal and corporate customers. The Company is actively putting resources to improve the professionalism of the frontline team and striving to assist customers in comprehensively analyzing the different needs of their lives, providing customers with the most professional and quality risk management and wealth management services.

企業融資業務方面，除了為公司收購萬通保險的股本提供財務顧問服務外，企業融資團隊還為19家企業客戶提供諮詢服務。2018年內，公司企業財務顧問服務收入錄得理想增長。憑借其專業知識和經驗，公司的企業融資團隊專注於為客戶提供一站式綜合金融諮詢服務，幫助他們走向全球並滿足不斷增長的資本需求。團隊還通過為公司的其他業務部門提供內部支持，為公司的業務發展作出貢獻。

保險業務方面，2018年是雲鋒金融集團和萬通保險合作的重要里程碑。隨著並購交易的完成，集團將加大力度支持萬通保險的保險業務與其他業務綫的互相支持協作，持續堅持渠道分銷策略，專屬代理作為核心分銷渠道，輔助分銷包括獨立經紀公司、代理公司及銀行夥伴，保持穩定的業績增長。就產品方面，本年度的新業務旗艦產品年金計畫，萬通保險是在本港少數提供保證終身派發年金計畫的保險公司。同時，雲鋒金融集團的保險經紀團隊於2018年年初成立並已經取得相關業務範圍牌照，下半年正式投入服務後已開始為公司帶來收入，服務層面涵蓋個人及企業客戶。公司現正積極投入資源以提升前線團隊的專業水平，力圖協助客戶全面分析生活上的不同保障所需，為客戶提供最專業及優質的風險管理及財富管理服務。

CEO's Statement

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For the investment research business, in 2018, in terms of research content and operation, the Research and Strategy Department deeply studied the topics and combined with hotspots, expanded its market presence. The regional review series for the 40th anniversary of the reform and opening up received overwhelming responses on multiple platforms, which facilitated the cooperation between the Company and the external platforms. In terms of asset allocation strategy, it launched the weekly market review, and actively participated in the Company's customer strategy meeting and roadshow, in order to provide comprehensive research report services for the customers.

FUTURE PROSPECTS AND STRATEGIES

With the publication of the Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area by the Central Committee of the Communist Party of China and the State Council on 18 February 2019, Hong Kong fully leveraged the advantages of the global offshore Renminbi business hub and the international asset management center, and "Shanghai-Hong Kong Stock Connect" and "Shenzhen-Hong Kong Stock Connect" actively strengthened the interconnection mechanism with the mainland financial market, which further promoted the activities of the financial markets and insurance businesses in Guangdong, Hong Kong and Macau. Looking forward to the future, the Company's position is based on Hong Kong, grasping the opportunities in the Greater Bay Area, connecting China and foreign countries, and using technology to enable financial institutions, to create an one-stop professional financial platform.

As far as financial technology development is concerned, the difference in the user experience of financial technology platforms between China and overseas, or the gap in relation to technology platforms between the traditional large financial institutions and internet brokers, has prompted financial institutions to embrace technology to bridge the gap. In line with the ardent demands of the market, the "Fintech Business Department" was established by the Company to improve the Company's independent innovation capability on the one hand, and enhance the independence of technology solutions on the other hand. In addition to directly reaching To-C customers, it expands To-B cooperation and directly provides financial technology solutions. Other existing business lines will explore new business opportunities, and leverage its own technological advantages to provide better financial services to the investors.

投資研究業務方面，2018年，研究和策略部從在研究內容和運營方面，深入研究主題與熱點結合，擴大了市場影響力；改革開放40周年地區回顧系列在多平台反響熱烈，促進了公司與外部平台的合作。在資產配置策略方面，推出每週市場回顧，並積極參加公司客戶策略會和路演等，為客戶提供全方位報研服務。

業務展望及戰略

隨著中共中央、國務院於2019年2月18日公佈《粵港澳大灣區發展規劃綱要》，香港充分發揮全球離岸人民幣業務樞紐和國際資產管理中心的優勢，而「滬港通」、「深港通」積極加強與內地金融市場的互聯互通機制，進一步推動粵港澳三地金融市場和保險業務的活動。展望未來，公司的定位秉持立足香港，把握大灣區機遇，連接中外，利用科技賦能金融機構，打造一站式專業金融平台。

就金融科技發展而言，不論是國內及海外的金融科技平台使用體驗上的差異，還是傳統大型金融機構與互聯網券商的科技平台的差距，都促使金融機構擁抱科技以彌補差距。順應市場殷切的需求，公司單獨設立「金融科技部」，一方面提高公司自主創新能力；另一方面增強科技解決方案的獨立性，除了直接觸達C端（對個人）客戶，更拓展B端（對公司）合作，直接輸出金融科技解決方案。其他現有業務線也將進一步開拓新的商機，利用本身的技術優勢為投資者提供更為優質的金融服務。

In summary, the total population of the Guangdong-Hong Kong-Macao Greater Bay Area is approximately 70 million, with an economic aggregate of RMB10 trillion. It is the most economically powerful region in China. The Company is ready to grasp the opportunities brought by the development of the Greater Bay Area and welcome the opportunity of the opening of the capital market. Looking forward to the future, the Company will continue to forge itself as the best overseas investment platform, develop To-B cooperation as a supplement to the existing To-C business, and create synergistic effect. The Company and YF Life jointly cooperate online and offline to establish a stronger sales network and business, and offer a greater variety of products and more convenient businesses.

I would like to express my gratitude to our shareholders for their strong support, and would also like to express my gratitude to our partners and customers for their support and trust.

總結而言，縱觀粵港澳大灣區的總人口約七千萬人，經濟總量約十萬億元，是中國最具經濟實力的區域。公司已準備就緒，把握大灣區發展帶來的契機，迎接資本市場開放的風口，展望未來，公司繼續打造國際投資首選平台，以發展B端(對公司)合作，與現有的C端(對個人)業務相輔相成，產生協同效應。公司及萬通保險分別在線上和線下的共同合作，建立更強大的銷售網路，更豐富的產品和更便捷的業務。

最後，感謝各位股東的鼎力支持，也感謝合作夥伴和客戶的支持和信任。

Management Discussion and Analysis

管理層討論及分析

MATERIAL EVENT

As disclosed in the announcement of the Company dated 16 November 2018, the Company has complete the acquisition of 60% of the issued share capital of YF Life Insurance International Limited (formerly known as MassMutual Asia Limited) (“YF Life”). The portion of the consideration paid by the Company is HK\$7,926 million of which HK\$5,264 million is satisfied by the issue of an aggregate of 800,000,000 shares of the Company at the share market price of HK\$6.58 per share representing approximately 24.8% of the issued share capital of the Company as enlarged by the issue of the shares and the remainder is settled by cash.

The long term vision of the Group is to leverage its fintech capabilities to develop a financial services ecosystem comprising information technology and online and offline platforms that offer a broad range of financial services and products along with high quality expert advice. This transaction is a milestone for the Group’s integration of existing financial technology services and traditional insurance business to realise the growth into a sustainable financial group.

OVERVIEW

The Group’s major sources of revenue includes those insurance related and other financial businesses including subscription fees and management fees for products launched by the Group, platform fees for distribution of third-parties products, administration fee for employees stock ownership plan management services, brokerage commission income and corporate advisory fee income etc. With the acquisition of YF Life, the Group has consolidated the YF Life’s financial result for the period from 16 November 2018 to 31 December 2018. With the insurance business becoming dominant in the Group’s financial result and the other Group’s businesses remains in the stage of building up customer base and size of asset under management, the Group’s financial result for the year 2018 is considered not directly comparable to that of year 2017 and readers are reminded to take this into consideration while reading through the annual report.

重大事項

如於本公司日期為二零一八年十一月十六日之公告所披露，本公司已完成收購萬通保險萬通保險已發行的60%股本。本公司支付對價79.26億港元，當中52.64億港元以本公司發行800,000,000股新股(股份市場價為每股6.58港元)支付，相當於本公司經擴大後發行股本約24.8%，而剩餘部分以現金結算。

本集團的長期願景是利用其金融科技能力，開發涵蓋信息技術、線上和線下平台的金融服務生態圈，提供廣泛的金融服務和產品及高質量的專家諮詢服務。本次交易是本集團融合現有的金融科技服務與傳統的保險業務，以實現成為可持續金融集團的里程碑。

概要

本集團的主營業務收入來源包括保險相關及其他金融業務，包括發行產品的認購費及管理費、分銷第三方產品的平台費、員工持股服務管理費、經紀佣金收入及企業諮詢服務費等。收購萬通保險後，本集團已合併自二零一八年十一月十六日至二零一八年十二月三十一日止期間的萬通保險財務業績。隨著保險業務在本集團財務業績中佔據主導地位，而集團的其他業務仍處於逐步建立客戶群和基金管理資產規模階段，因此本集團於二零一八年的財務業績與二零一七年視為不具直接可比性，我們提醒讀者在閱讀公告時考慮這一點。

Management Discussion and Analysis

管理層討論及分析

OVERVIEW (Continued)

For the year 2018, the Group's main income stream amounted to HK\$791 million including HK\$761 million premiums and fee income and HK\$30 million service income from other financial services. The overall income (after premiums ceded to reinsurer and change in unearned revenue liability) was HK\$1.02 billion including net investment income of HK\$336.3million, representing an overall increase in total income of 27.3 times and an increase of 30.8 times compared to the prior year respectively. The insurance business contributed a total income of HK\$878.5 million including net investment income of HK\$233.1 million. Excluding the insurance related business, the Group's total income including the net investment income were HK\$140.5 million and HK\$103.2 million respectively, representing an increase of 4.8 times and 8.7 times compared to the prior year respectively. The increase of total income excluding insurance business was mainly attributable to the increase of financial service income, the rising interest rate economic environment and decrease of investment loss of financial instruments.

The increase in overall operating expense is mainly caused by the consolidation of YF Life and amortisation expense in relation to Pool B share awards granted by the Company in 2018. If the financial impact in relation to the YF Life acquisition, the amortization expense in relation to share awards and other one-off adjustments are excluded, the net loss attributable to equity shareholders of the Company for the year would be HK\$174.8 million (prior Year: HK\$275.3 million) representing a significant decrease of HK\$100.5 million or 36% compared to the prior Year. Taking into account the newly acquired insurance business, amortisation expense of share awards and one-off adjustments, the loss attributable to equity shareholders of the Company for the year is HK\$204.4 million compared to HK\$379.0 million in prior year, representing a significant decrease of HK\$174.7 million or 46% compared to the prior year.

概要(續)

於二零一八年，本集團的主要收入為7.91億港元，其中包括7.61億港元保費及手續費收入及來自其他金融服務3,000萬港元服務收入。整體收入在(扣除分出保費及未到期收入責任變動後)為10.2億港元，其中包括淨投資收入3.36億港元，與上年度相比，收入總額整體增加27.3倍，淨投資收入增加30.8倍。保險業務貢獻收入總額為8.78億港元，包括淨投資及其他收入2.33億港元。撇除保險相關業務，本集團的收入總額(包括淨投資及其他收入)和收益分別為1.41億港元及1.03億港元，與上年度相比分別增加4.8倍及8.7倍。不計保險業務的收入總額增加主要是由於金融服務收入增加、利率不斷上升的經濟環境、以及金融工具投資損失減少所致。

整體營業開支上升主要是由於萬通保險的合併以及二零一八年公司授出的B組員工股份獎勵計劃相關的費用於二零一八年年度攤銷。如果除去萬通保險的合併相關財務影響，員工股份獎勵計劃的攤銷費用及一次性調整，則本年度本公司權益股東應佔虧損淨額為1.75億港元(去年：2.75億港元)，與去年相比，大幅減少1億港元或36%。綜合新收購保險業務，股份獎勵的攤銷費用及一次性調整，本公司本年度的權益股東應佔虧損為2.04億港元(去年：3.79億港元)，與去年相比，大幅減少1.75億港元或46%。

Management Discussion and Analysis

管理層討論及分析

CONSOLIDATED FINANCIAL RESULTS REVIEW

綜合財務表現

The financial highlights of the Group were as follows:

本集團年內重點財務表現如下：

Consolidated financial result analysis

綜合財務表現分析

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2018 二零一八年	2017 二零一七年	Change % 變化
Income	收入			
Premiums and fee income	保費及費用收入	761.7	—	NA無
Loss after taxation	除稅後虧損	(154.2)	(379.3)	-59.3
Net loss attributable to the owners	擁有人應佔虧損淨額	(204.4)	(379.0)	-46.1
Basic loss per share (HK\$) (Note 1)	每股基本損失(港元) (附註1)	(0.08)	(0.16)	-50.0

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2018 二零一八年	2017 二零一七年	Change % 變化
Total assets	資產總額	63,033.4	5,203.0	11.1 times 倍
Total equity	權益總額	15,329.7	4,139.3	2.7 times 倍
Owner's equity	擁有人權益	9,220.8	4,139.3	1.2 times 倍
Owner's equity per share (HK\$) (Note 2)	擁有人每股權益(港元) (附註2)	2.86	1.71	67.3

Note 1: the denominator is weighted average number of ordinary shares of the Company

附註1：分母為本公司普通股的加權平均數

Note 2: the denominator is total issued shares as of 31 December of the respective years

附註2：分母為截至相應年度十二月三十一日的已發行股份總數

Management Discussion and Analysis

管理層討論及分析

CONSOLIDATED FINANCIAL RESULTS REVIEW (Continued)

綜合財務表現(續)

Consolidated financial result analysis (Continued)

綜合財務表現分析(續)

Analysis on loss for the year, HK\$ million

本年度虧損分析，百萬港元

		2018 二零一八年	2017 二零一七年	Change % 變化
YF Life segment operating profit	萬通保險分部經營溢利	126.5	—	NA 無
Other financial services and corporate segment operating loss	其他金融服務和公司分部經營虧	(174.8)	(275.3)	-36.5
Total operating loss	經營虧損總額	(48.3)	(275.3)	-82.5
Adjust for the following profit or loss and expenses impact:	調整以下損益及費用影響：			
— Realised capital gain/loss and short-term derivatives market value fluctuation	— 已實現資本收益／虧損和短期衍生工具市場價值波動	21.7	—	NA 無
— Staff share award amortisation expense	— 員工股份獎勵攤銷費用	(119.3)	(56.7)	1.1 time 倍
— Legal and professional fee and other expenses for acquisition of YF Life	— 收購萬通保險的法律及專業顧問費及其他費用	(16.3)	(47.3)	-65.5
— Finance cost (Note 1)	— 融資成本(附註1)	(10.6)	—	NA 無
— One-off adjustments (Note 2)	— 一次性調整(附註2)	41.2	—	NA 無
— Consolidation adjustments (Note 3)	— 合併調整(附註3)	(22.6)	—	NA 無
Loss for the year	本年度虧損	(154.2)	(379.3)	-59.3
Less: non-controlling interests	減：非控股權益	(50.2)	0.2	NA 無
Net loss attributable to the owners	擁有人應佔虧損淨額	(204.4)	(379.1)	-46.1

Note 1: The amount includes bank interest expenses and other finance expenses incurred for the capital required in the Group's strategic investment.

附註1：該金額包括本集團戰略投資所需資本產生的銀行利息費用和其他財務費用。

Note 2: One-off adjustments represent the net impact of professional consultancy fees incurred for non-recurring project expense and a tax provision reversal.

附註2：一次性調整指非經常性項目費用和稅收撥備轉回所產生的專業諮詢費用的淨影響。

Note 3: The consolidation adjustments represent the financial impact arising from the acquisition of YF Life.

附註3：合併調整指收購萬通保險產生的財務影響。

Management Discussion and Analysis

管理層討論及分析

CONSOLIDATED FINANCIAL RESULTS REVIEW (Continued)

綜合財務表現(續)

Changes in owner's equity

擁有人權益變動

HK\$ million

百萬港元

		2018 二零一八年	2017 二零一七年
Balance at 1 January	一月一日之餘額	4,139.3	4,444.1
Adoption of new accounting standard	採納新會計準則	(3.1)	—
Share based payment transaction	以股份權益為結算基礎的交易	9.1	56.4
Acquisition of and capital injection to YF Life	收購萬通保險及注資	11,304.0	—
Loss for the year	本年度虧損	(154.2)	(379.3)
Other comprehensive income and others	其他綜合收益及其他	34.6	18.1
Balance at 31 December	十二月三十一日之餘額	15,329.7	4,139.3
Attributable to:	應佔權益：		
— equity shareholders of the Company	— 本公司權益股東	9,220.8	4,139.3
— non-controlling interests	— 非控股權益	6,108.9	—
Total equity	權益總額	15,329.7	4,139.3

The Group's total shareholders' equity amounted to approximately HK\$15,329.7 million as at 31 December 2018 as compared to the total shareholders' equity of HK\$4,139.3 million reported at the end of last year. The increase is mainly due to the completion of YF Life acquisition and the decrease in net loss for the year.

於二零一八年十二月三十一日，本集團之股東權益總額約為153.3億港元，而去年底錄得之股東權益總額則為41.39億港元。股東權益增加主要是由收購萬通保險及本年度虧損淨額減少所致。

INSURANCE BUSINESS REVIEW

保險業務回顧

To facilitate a more thorough and comprehensive review of the insurance business, YF Life, the related financial data below is presented on a full year basis and excludes the fair value accounting adjustments made on the acquisition. Management considers the full year operation and financial data excluding fair value accounting is able to provide reader with more relevant information on the business performance of the newly acquired insurance business segment operating results of which approximately one and a half months have been consolidated and reflected in the Group's consolidated financial statements.

為便於進行更徹底和全面的審閱，下述萬通保險的保險業務相關財務資料基於全年進行列示，不含對收購進行的公允價值會計調整。管理層認為不含公允價值會計的全年業務及財務資料能為財務報告使用者提供有關新收購保險業務分部業務表現的更貼切資料，而本集團的合併財務報表中僅綜合及反映了一個半月的經營業績。

Management Discussion and Analysis

管理層討論及分析

OVERVIEW

During the year 2018, our insurance business remained as authorized insurer licensed to carry on life and annuity, linked long term, permanent health, and retirement scheme management long term insurance businesses in Hong Kong. It also operates in Macau through a branch office and is licensed to sell life insurance products in Macau.

Our insurance business division maintained diversified product suite includes three flagship products: (i) the “FLEXI-ULife Prime Saver”, an enhanced universal life insurance plan; (ii) the “MY Lifetime Annuity”, a plan providing guaranteed lifetime annuity income to act as a safety net during the customer’s retirement; and (iii) the PrimeHealth series which are critical illness products covering more than 100 illnesses.

The tied agency force consisted of approximately 2,701 (2017: 2,966) agents in Hong Kong and Macau as of 31 December 2018. In addition to the tied agency force, we also utilise brokers and agency intermediaries as well as banks and other financial institutions to distribute insurance products. As of 31 December 2018, the insurance business division has approximately 379 (2017: 358) employees and more than 470,000 (2017: 450,000) in-force individual policies.

In the year 2019 and coming period, our insurance division will continue to develop its tied agency, brokerage and agency intermediary and bancassurance distribution channels to increase penetration in the market, to broaden its access to potential customers and to meet the evolving preferences of existing customers. Tied agency is the most significant distribution channel in terms of premium and fee income contribution and plans to continue to steadily grow its tied agency force. We also seek to expand its brokerage and agency intermediary distribution channel to serve sophisticated customers who we believe are more receptive to independent advice. In order to expand the bancassurance distribution channel, we will aim to establish new partnerships with suitable banks and financial institutions. Furthermore, we aim to develop products with higher margins by optimizing the product mix by developing and promoting products, such as refundable critical illness products and improve the information capability and usage of digital platforms to match the preferences of the customers. By a carefully planned and thorough step-by-step integration, management is confident that the insurance division will greatly contribute to the Group’s financial services ecosystem vision to provide wider range of products and services to the customer base and provide significant crossing-selling opportunities.

概要

於二零一八年，在保險業務方面，我們仍然獲授權在香港從事人壽、年金和相連長期、永久健康險及退休計劃管理長期險業務。本集團還通過分支機構在澳門運營，並獲准在澳門銷售人壽保險產品。

我們的保險業務分部持有多元化的產品系列，包括三類旗艦產品：(i) 首選靈活萬用壽險計劃，這是一個增強型萬用壽險計劃；(ii) 萬通終身年金，這是一個為客戶退休期間提供保障的終身年金收入計劃；(iii) 首選健康保障系列，是一個覆蓋100多種疾病的嚴重疾病保障系列。

截至二零一八年十二月三十一日，獨家代理在香港和澳門約有2,701個(二零一七年：2,966個)，截至二零一八年十二月三十一日止年度。除了獨家代理外，我們還利用經紀和代理中介以及銀行和其他金融機構來分銷保險產品。截至二零一八年十二月三十一日，保險業務分部約有379名(二零一七年：358名)員工和超過470,000個(二零一七年：450,000個)有效個別投保人。

於二零一九年和未來一段時間內，我們的保險分部將繼續發展獨家代理、經紀和代理中介以及銀行保險分銷渠道，以增加市場滲透率，擴大潛在客戶群並滿足現有客戶不斷變化的偏好。在保費及費用收入貢獻方面，獨家代理是最重要的分銷渠道，我們計劃繼續穩步發展獨家代理。我們還尋求擴大經紀和代理中介分銷渠道，以服務我們認為更樂於接受獨立建議的高端客戶。為了擴大銀行保險分銷渠道，我們的目標是與相關銀行和金融機構建立新的合作夥伴關係。此外，我們將通過開發和推廣產品(如可退還重疾保險產品)來優化產品組合，開發利潤率更高的產品，並提高數據平臺的信息能力和使用率，以匹配客戶偏好。通過精心策劃和全面的逐步整合，管理層相信保險分部將極大地促進本集團的金融服務生態系統願景，為客戶群提供更廣泛的產品和服務，同時提供重要的交叉銷售機會。

Management Discussion and Analysis

管理層討論及分析

TOTAL PREMIUM AND FEE INCOME

Total premium and fee income measures its business volumes by referring to the total TPI reported under the Insurance Companies Ordinance (“IO”). TPI consists of full amount of single premium, first year regular premium and renewal regular premium before reinsurance, and includes deposits and contributions for contracts. In preparing the financial statements in accordance with HKFRS, YF Life chooses to unbundle the deposit component of insurance contracts from TPI and such deposit component is credited directly to the policyholders’ deposit upon receipt. Therefore, the revenue recognized in the financial statements prepared under HKFRS is less than TPI.

保費及費用收入總額

保費及費用收入總額通過參考《保險業條例》報告的保費及費用收入總額來計量其業務量。保費及費用收入總額包括整付保費全額、首年年繳保費和再保之前的續保期繳保費，包括儲蓄和供款。根據《香港財務報告準則》編制財務報表時，萬通保險選擇從保費及費用收入中分拆保險合同的儲金部分，而該等儲金部分於收到後直接計入保單持有人的存款。因此，根據《香港財務報告準則》編制的財務報表中確認的收益低於保費及費用收入總額。

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Total premium and fee income reported under the IO	根據《保險業條例》報告的保費及費用收入總額	7,456	6,793
Less: Premium deposits separated out from insurance contracts and recognition of fee income	減：從保險合同中單獨區分的保費儲金和費用收入確認	(3,194)	(2,948)
Premium and fee income recognized in the income statements of HKFRS	在基於《香港財務報告準則》的收益表中確認的保費及費用收入	4,262	3,845

Management considers TPI as one of the important measures of the Group’s operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of insurance companies. The management also uses TPI as an additional measurement tool for the purposes of business decision-making. TPI is not a measure of operating performance under HKFRS and should not be considered as a substitute for, or superior to, profit before tax in accordance with HKFRS.

管理層認為保費及費用收入總額是本集團經營業績的重要指標之一，而且認為分析師、投資者及其他相關方在評估保險公司時經常使用該指標。管理層還使用保費及費用收入總額作為業務決策目的之附加計量工具。根據《香港財務報告準則》，保費及費用收入總額並非經營業績的指標，亦不應視作代替或優先於基於《香港財務報告準則》的稅前溢利。

Management Discussion and Analysis

管理層討論及分析

BUSINESS VOLUME

The tables below set forth the TPI of the Insurance business by (i) geographical region, (ii) distribution channel and (iii) product type based on internal records.

業務量

下表基於內部記錄按(i)地理區域，(ii)分銷渠道和(iii)產品類型載列了保險業務的保費及費用收入總額。

(i) By geographical region

(i) 按地理區域

		For the year ended 31 December 截至十二月三十一日止年度			
		2018 二零一八年		2017 二零一七年	
		HK\$ million 百萬港元	%	HK\$ million 百萬港元	%
Hong Kong	香港	6,350	85	5,799	85
Macau	澳門	1,106	15	994	15
		7,456	100	6,793	100

(ii) By distribution channel

(ii) 按分銷渠道

		For the year ended 31 December 截至十二月三十一日止年度					
		2018 二零一八年			2017 二零一七年		
		HK\$ million 百萬港元			HK\$ million 百萬港元		
		Hong Kong 香港	Macau 澳門	Total 總計	Hong Kong 香港	Macau 澳門	Total 總計
Tied agency	獨家代理	3,984	979	4,963	3,762	866	4,628
Brokers and non-tied agency	經紀人和非獨家代理	1,886	28	1,914	1,638	38	1,676
Banks and other financial institution	銀行和其他金融機構	480	99	579	399	90	489
		6,350	1,106	7,456	5,799	994	6,793

Management Discussion and Analysis

管理層討論及分析

BUSINESS VOLUME (Continued)

業務量(續)

(iii) By product type

(iii) 按產品類型

		For the year ended 31 December 截至十二月三十一日止年度					
		2018 二零一八年 HK\$ million 百萬港元			2017 二零一七年 HK\$ million 百萬港元		
		Hong Kong 香港	Macau 澳門	Total 總計	Hong Kong 香港	Macau 澳門	Total 總計
Regular premium – First year	定期保費 – 首年	842	216	1,058	939	239	1,178
Regular premium – Renewal	定期保費 – 續保	5,093	822	5,915	4,529	682	5,211
Single premium	整付保費	412	67	479	329	71	400
Fee income	費用收入	3	1	4	2	2	4
		6,350	1,106	7,456	5,799	994	6,793

EMBEDDED VALUE AND VALUE OF NEW BUSINESS

內含價值和新業務價值

The Embedded Value method is a commonly adopted alternative method of measuring the value and profitability of a life insurance company. Embedded Value is an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. Value of New Business represents an actuarially determined estimate of the economic value arising from new life insurance business issued in the relevant 12-month period.

內含價值法是計量人壽保險公司價值和盈利能力的常用替代方法。內含價值是基於對未來經驗的一組特定假設的精算確定的人壽保險業務的經濟價值，不含未來新業務的任何經濟價值。新業務價值是指在相關12個月期間內發行的新人壽保險業務產生的經濟價值的精算確定估計。

We adopted a traditional deterministic discounted cash flow methodology to determine the components of embedded value. This methodology makes implicit allowance for the time value of options and guarantees and other risks associated with the realisation of the expected future distributable earnings through the use of a risk adjusted discount rate and is consistent with the industry practice in the market.

我們採用傳統的確定性貼現現金流量法確定內含價值的組成部分。該方法通過使用風險調整貼現率，就期權和擔保的時間價值以及實現預計未來可分配收益相關的其他風險計提內含準備，並與市場行業慣例一致。

Management Discussion and Analysis

管理層討論及分析

EMBEDDED VALUE AND VALUE OF NEW BUSINESS (Continued)

內含價值和新業務價值(續)

The embedded value of the insurance business as at 31 December 2018 is HK\$15,131 million (31 December 2017 is HK\$12,071 million) with breakdown as below.

截至二零一八年十二月三十一日，保險業務的內含價值為151.31億港元(二零一七年十二月三十一日為120.71億港元)，詳情如下。

HK\$ million

百萬港元

		31 December 2018 二零一八年 十二月三十一日	31 December 2017 二零一七年 十二月三十一日	Change % 變化
Adjusted Net Worth ("ANW") (note 1)	經調整淨值(附註1)	5,825	3,208	82
Value of in-force ("VIF") business after CoC (note 2)	有效業務扣除資本成本 之後的價值(附註2)	9,306	8,863	5
Embedded value	內含價值	15,131	12,071	25

Note 1: The ANW represents the net asset value on Hong Kong statutory basis, with marked-to-market adjustment to certain assets. The ANW growth is driven by strong growth in retained earnings and capital injection of HK\$2,000 million from YF Life's shareholders completed on 23 November 2018.

附註1: 經調整淨值指香港法定基準之上的資產淨值，含有我們保險業務分部的若干資產進行按市值計價調整。經調整淨值由保留盈利強勁增長以及萬通保險股東於二零一八年十一月二十三日作出為數20億港元的注資產生。

Note 2: The VIF is the present value of future estimated after-tax statutory profits from in-force business, discounted at the risk discount rate. The VIF growth is driven by new business acquired and favourable actual experience, partly offset by future economic assumption update.

附註2: 有效業務價值是指有效業務的未來估計稅後法定利潤的現值，以風險貼現率予以貼現。有效業務價值由新收購業務以及有利的實際經驗，部分被未來經濟假設更新所抵銷產生。

For further detailed discussion and movement analysis of embedded value of insurance division from 31 December 2017 to 31 December 2018, please refer to the Embedded Value section.

有關二零一七年十二月三十一日至二零一八年十二月三十一日的保險分部內含價值的進一步詳細討論及變動分析，請參閱內含價值部分。

Management Discussion and Analysis

管理層討論及分析

KEY FINANCIAL DATA OF INSURANCE BUSINESS SEGMENT

保險業務分部主要財務數據

The key financial data of insurance segment is presented under Hong Kong Financial Reporting Standards (“HKFRS”) on a full year basis before any fair value adjustment arising from the acquisition accounting policy and intra-group eliminations:

保險分部的主要財務資料按照《香港財務報告準則》基於收購會計政策和集團內抵銷產生的任何公允價值調整前按全年呈報。

		2018 二零一八年 HK\$ million 百萬港元	2017 二零一七年 HK\$ million 百萬港元	Change % 變化
Income	收入			
Premiums and fee income	保費及費用收入	4,262	3,845	11
Premiums ceded to reinsurer	分出保費	(594)	(577)	3
Net premium and fee income	保費及費用收入淨額	3,668	3,268	12
Change in unearned revenue liability	未到期收入責任變動	(574)	(507)	13
Net earned premium and fee income	滿期保費及費用收入淨額	3,094	2,761	12
Net investment and other income (note a)	投資和其他收入淨額 (附註 a)	937	3,240	-71
Reinsurance commission and profit	再保險佣金和溢利	29	46	-37
Benefits, losses and expenses	收益、虧損和費用			
Net policyholders benefit (note b)	淨保戶給付 (附註 b)	1,102	3,364	-67
Commission and related expenses	佣金和相關費用	1,105	1,130	-2
Deferral and amortisation of deferred acquisition costs	遞延保單獲得成本的遞延和攤銷	(625)	(700)	-11
Management and other expenses (note c)	管理及其他開支 (附註 c)	564	511	10
Change in future policyholder benefits (note d)	未來保單持有人給付變動 (附註 d)	1,273	1,075	18
Profit before taxation before disposal of MM Japan	處置萬通日本前的除稅前溢利	641	667	-4
Disposal gain of MM Japan	萬通日本的處置收益	589	—	NA 無
Profit before taxation	除稅前溢利	1,230	667	85
Taxation	稅項	49	45	9
Profit after taxation	除稅後溢利	1,181	622	90

Management Discussion and Analysis

管理層討論及分析

KEY FINANCIAL DATA OF INSURANCE BUSINESS SEGMENT (Continued)

保險業務分部主要財務數據(續)

Note a: the balance includes net investment and other income, interest income from bank deposits and other operating income excluding the disposal gain of equity interest in MassMutual Life Insurance Company K.K. (“MM Japan”). The decrease of the balance mainly arises from less investment gain from investment-linked policies.

附註 a: 餘額包括投資淨額和其他收入、銀行存款利息收入和其他經營收入，不含 MassMutual Life Insurance Company K.K. (「萬通日本」) 股權的處置收益。餘額的減少主要是由於投資相連壽險保單的投資收益減少所致。

Note b: the balance includes net claims, policy benefits and surrenders, interest credited to policyholders’ deposits and dividends to policyholders. The decrease of the balance mainly arises from less investment gain passing to the policyholders of investment-linked policies.

附註 b: 餘額包括賠款淨額、保單收益和退保金，保單持有人的存款應計利息和保單持有人股息。餘額的減少主要是由於向投資相連壽險保單持有人分配的投資收益減少所致。

Note c: the balance includes management expenses, investment management fee and other operating expense. The increase of the balance mainly arises from inflation, increase of supporting staff and promotion.

附註 c: 餘額包括管理費用、投資管理費和其他營業開支。餘額的增加主要來自於通脹、支持人員以及推廣費用增加。

Note d: the balance includes both change in future policyholders’ benefits to both insurance and investment contracts. The increase of the balance mainly arises from new business and natural growth of inforce portfolio.

附註 d: 餘額包括未來保單持有人於保險和投資合同的收益變化。餘額的增加主要來自於新業務和有效組合的自然增長。

		2018 二零一八年 HK\$ million 百萬港元	2017 二零一七年 HK\$ million 百萬港元	Change % 變化
Operating profit (note 1)	經營溢利(附註 1)	742	690	8
Adjust for the following profit or loss and expenses impact:	調整以下損益及費用影響：			
— Realised capital gain/loss and short-term derivatives market value fluctuation	— 已實現資本收益／虧損和短期衍生工具市場價值波動	(150)	(68)	121
— One-off adjustments (Note 2)	— 一次性調整(附註 2)	589	—	NA 無
Profit for the year	本年度溢利	1,181	622	90

Note 1: Operating profit represents profit generated from core business activities.

附註 1: 經營溢利指由核心業務活動產生的溢利。

Note 2: One-off adjustments represents the disposal gain of equity interest in MM Japan.

附註 2: 一次性調整指萬通日本的股權處置收益。

Management Discussion and Analysis

管理層討論及分析

ASSETS AND LIABILITIES

The following table sets out the key financial information with respect to the assets and liabilities employed by the insurance division before any fair value adjustment arising from the acquisition accounting policy and intra-group eliminations.

資產和負債

下表載列了採購會計政策產生的任何公允價值調整和集團內部抵銷之前，保險分部所使用的資產和負債的主要財務信息。

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Investments (Note)	投資(附註)	43,354	40,177
Cash and deposits	現金和存款	4,595	1,779
Deferred acquisition costs	遞延保單獲得成本	9,640	8,009
Other assets	其他資產	905	750
Total assets	資產總額	58,494	50,715
Insurance contract provisions	保險合同準備金	42,652	38,151
Investment contract liabilities	投資合同負債	4,479	4,048
Other payable	其他應付款項	1,160	1,064
Total liabilities	負債總額	48,291	43,263
Net assets	資產淨值	10,203	7,452

Note:

Includes investment in unlisted equity securities in MM Japan. As at 31 December 2017, the insurance division holds 10% equity interests in MM Japan, and the fair value of such equity interests amounted to HK\$849 million and it was disposed during year 2018 before the completion of acquisition of YF Life.

附註：

包括於萬通日本的非上市權益證券。於二零一七年十二月三十一日，保險分部持有萬通日本的10%股權，該等股權的公允價值為8.49億港元，並於完成收購萬通保險之前於二零一八年處置。

Management Discussion and Analysis

管理層討論及分析

INVESTMENT ASSETS

The table below sets forth the asset allocation of the investment portfolio of insurance division for the years ended 31 December 2018 and 2017.

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Debt securities	債務證券	27,679	24,197
Mortgage loans	抵押貸款	7,358	6,052
Equity securities	權益證券	1,499	1,834
Cash and deposits	現金和存款	4,595	1,779
		41,131	33,862
Unit trusts	單位信託	6,818	8,094
		47,949	41,956

As at 31 December 2018, 90% (2017: 87%) of the debt securities invested have Standard and Poor's rating of BBB or above or equivalent rating from other reputable rating agencies.

The total amount of equity securities set out above includes investment in MM Japan, and the fair value of the 10% equity interests held by the YF Life in MM Japan as at 31 December 2017 amounted to HK\$849 million. MM Japan was disposed during 2018.

The table below sets forth the total investment income based on internal records:

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Interest income and others	利息收入和其他	1,384	1,157
Dividend income	股息收入	127	91

The investment income excludes income arising from investment-linked products.

投資資產

下表載列了截至二零一八年及二零一七年十二月三十一日止年度保險業務投資組合的資產分配。

截至二零一八年十二月三十一日，投資債務證券的90%（二零一七年：87%）具有標準普爾評級BBB或以上或其他信譽良好的評級機構的同等評級。

上述權益證券總額包括對萬通日本的投資，萬通保險於二零一七年十二月三十一日持有的萬通日本10%股權的公允價值為8.49億港元。萬通日本已於二零一八年處置。

下表載列了基於內部記錄的投資收入總額：

投資收入和投資收益不含投資相連壽險產品產生的收入。

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管理層討論及分析

KEY OPERATIONAL DATA OF THE INSURANCE DIVISION

保險分部的主要經營數據

The table below sets forth certain other key operational data of the insurance division.

下表載列了保險分部的其他主要經營數據。

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
Market position/share (by regular premium income)	市場定位／份額 (按定期保費收入)	12th/1.5% 第12位/1.5%	11th/1.5% 第11位/1.5%
Number of employees	僱員數量		
— Hong Kong	— 香港	361	342
— Macau	— 澳門	18	16
Number of tied agents	獨家代理數量		
— Hong Kong	— 香港	1,764	2,013
— Macau	— 澳門	937	953
Number of brokers and non-tied agents	經紀人和非獨家代理數量	472	459
Number of bancassurance partners	銀行保險合作夥伴數量	6	7
MDRT qualifiers (Note 1)	百萬圓桌會合格人員(附註1)	177	152
Expenses ratio (Note 2)	費用率(附註2)	7.7%	7.6%

Notes:

附註：

1. Million Dollar Round Table (MDRT) is a global professional association of life insurance and financial services professionals that recognizes significant sales achievements and high service standards.
2. Expenses ratio is operating expenses expressed as a percentage of TPI.

1. 百萬圓桌會(MDRT)是全球人壽保險和金融服務專業人員協會，致力於表彰重大銷售業績和高層次服務標準。
2. 費用比率是以保費和手續費的百分比表示的營業開支。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL STRENGTH AND SOLVENCY MARGIN

The table below sets forth a summary of the total available capital and solvency ratio, the ratio expressed as a percentage, of the surplus to the required solvency margin of the legal entity carried out the insurance business related activities, as determined at the relevant time in accordance with the Insurance Companies Ordinance (Cap. 41 of the Laws of Hong Kong) or the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) (“IO”), as the case may be, as it may be amended from time to time, and its subsidiary legislation and based on standards required by the IO and methodology consistently applied by our insurance division.

財務實力和償付能力

下表載列了可用資本總額和償付比率情況，償付比率為根據《保險業條例》(香港法律第41章)或《保險條例》(香港法律第41章)(視情況而定，可能不時作出修訂)、及其附屬法規，並根據《保險業條例》規定的標準和我們保險分部一致運用的方法於相關時間確定的法律實體執行保險業務相關活動所需償付能力的盈餘百分比。

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Total available capital	可用資本總額	5,574	3,556
Regulatory minimum capital	最低法定資本	1,827	1,626
Solvency Ratio	償債率	305%	219%

The solvency ratio was 305% at 31 December 2018, up by 86 bps compared with 219 % at 31 December 2017. The higher solvency ratio was driven by capital injection and strong growth in retained earnings.

於二零一八年十二月三十一日，償債率為305%，比二零一七年十二月三十一日的219%增加了86個點子。償債率上升是由注資及保留盈利的強勁增長造成。

OTHER BUSINESSES REVIEW

Brokerage Business

In 2018, the Group launched fifteen version updates for “Youyu Stock” mobile application adding new features to help customers resolve investment problems encountered in different investment stages. The new features differentiated the Group from other competitors using artificial intelligence technological advantages including information intelligence recommendation function to retain and attract customers. Youyu Stock also enhanced the web based customer experience by providing easy access to market data and professional service to experienced investors trading through their desktop station at home. During the Year, the turnover of brokerage business amounted to HK\$5,733 million, representing an increase of 2.72 times as compared with the prior year.

其他業務回顧

經紀業務

於二零一八年，本集團推出「有魚股票」移動客戶端第15版更新，增加了新功能幫助客戶解決不同投資階段遇到的投資難題。新功能使本集團與其他競爭對手脫穎而出，利用人工智能技術優勢，包括信息智能推薦功能，以留住和吸引客戶。有魚股票向經驗投資者通過其家庭臺式機提供市場數據接入便利和專業服務，提升網絡客戶體驗。本集團年內經紀業務的交易總值為57.33億港元，較去年增加2.72倍。

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管理層討論及分析

CORPORATE FINANCE CONSULTANCY SERVICE

The Group's corporate finance business provides financial consultancy service primarily to Hong Kong listed companies. In 2018, the Group has completed 27 financial consultancy projects. During the year, this business segment recorded an income derived from external customer of approximately HK\$13 million, representing an increase of 18% as compared with the prior year.

EMPLOYEE STOCK OWNERSHIP PLAN ADMINISTRATION

In 2018, Youyu employee stock ownership plan administration ("Youyu ESOP"), as an important strategic business, mainly serves Hong Kong listed companies, which brought in new brought new inflow of client assets to the Group and growth in client net assets value managed by the Group. Youyu ESOP creates synergy especially with Youyu Stock business through building stronger bonding with clients while enhancing revenue generating ability of the Group. Taking on the opportunities offered by listed company regulation reform, Youyu ESOP team proactively reached out to potential clients through various promotion campaign and sales activities through cooperation with different trustee entities.

ASSET MANAGEMENT

During 2018, our asset and wealth management business has attracted institutional and high net worth professional investors and completed final closing of three offline fund products.

Name of offline fund products managed or jointly managed by the Group

由本集團管理或共同管理的自營基金名稱

Investment focus

投資重點

Majik Access USD Fund 1 LP

有魚錦鯉美元基金1號

Third-party managed private credit funds — directly or indirectly invest in credit and real estate-related debt market sectors

第三方管理私募債權基金 — 直接或間接投資於信用及房地產相關債券市場

Majik Access USD Fund 2 LP

有魚錦鯉美元基金2號

Third-party managed distressed assets funds — specialising in different distressed credit strategies

第三方管理不良資產基金 — 從事不同的不良信貸策略

Majik Access USD Fund 3 LP

有魚錦鯉美元基金3號

Third-party managed collateralised loan obligations — investing in senior secured first lien bank loans, second lien loans, unsecured loans, and other debt obligations

第三方管理信貸掛鉤產品 — 投資優先擔保第一留置權銀行貸款，第二留置權貸款，無擔保貸款和其他債務

企業融資諮詢服務

本集團的企業融資業務主要為香港上市公司提供財務顧問服務。年內，本集團已完成27個財務顧問項目。年內，該業務板塊的收入約為1,300萬港元，較上年上升18%。

員工持股計劃管理

於二零一八年，有魚員工持股計劃管理「有魚員工持股計劃」作為一項重要的戰略業務，主要服務於香港上市公司，為本集團帶來了新的客戶資產流入以及本集團管理的客戶資產淨值增長。有魚員工持股計劃通過與客戶建立更強的聯繫，特別是與有魚股票業務產生協同效應，同時提高本集團的創收能力。憑藉上市公司監管改革帶來的機遇，有魚員工持股計劃團隊通過與不同受託實體的合作，開展各種推廣和銷售活動，積極與潛在客戶聯絡。

資產管理

於二零一八年，我們的資產和財富管理業務吸引了機構和高淨值專業投資者，並完成了三個線下基金產品的最終結算。

Management Discussion and Analysis

管理層討論及分析

ASSET MANAGEMENT (Continued)

During the Year, we have successfully secured a handful of rare investment targets including credit linked note and distressed fund investment opportunities managed by top tier managers to facilitate further growth in the offline asset management operation. As of 31 December 2018, the total capital commitment of the three offline products amounted to approximately US\$208 million. On the other hand, we have also launched a new fund product which invests in equity type financial investments to satisfy investors with different investment needs.

We have cooperated with banks and co-launched series of “Youyu Note” which are secured debt instruments with bank loans being the underlying asset, which demonstrates our ability in offering financial products tailored for different institutional investors. For the year 2018, the accumulated issue size of this series of products amounted to US\$290 million.

PROSPECTS

With the publication of the Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area by the Central Committee of the Communist Party of China and the State Council on 18 February 2019, Hong Kong fully leveraged the advantages of the global offshore Renminbi business hub and the international asset management center, and “Shanghai-Hong Kong Stock Connect” and “Shenzhen-Hong Kong Stock Connect” actively strengthened the interconnection mechanism with the mainland financial market, which further promoted the activities of the financial markets and insurance businesses in Guangdong, Hong Kong and Macau. Looking forward to the future, the Company’s position is based on Hong Kong, grasping the opportunities in the Greater Bay Area, connecting China and foreign countries, and using technology to enable financial institutions, to create an one-stop professional financial platform.

資產管理(續)

年內我們已成功獲取少數珍貴投資目標，包括由頂級經理人管理的信貸連結式票據及不良基金投資機會，以促進線下資產管理業務的進一步增長。於二零一八年十二月三十一日，三個線下基金產品合計資本承諾金額為2.08億美元；另一方面，我們還推出了一項新基金產品，投資於股權型金融投資，以滿足不同具備投資需求的投資者。

我們與銀行合作共同發行了一系列「有魚票據」，這些票據是擔保債務工具，銀行貸款作為基本資產，這體現了我們為不同機構投資者提供量身定制金融產品的能力。於二零一八年，該系列產品的累計發行規模達到2.9億美元。

展望

隨著中共中央、國務院於2019年2月18日公佈《粵港澳大灣區發展規劃綱要》，香港充分發揮全球離岸人民幣業務樞紐和國際資產管理中心的優勢，而「滬港通」、「深港通」積極加強與內地金融市場的互聯互通機制，進一步推動粵港澳三地金融市場和保險業務的活動。展望未來，公司的定位秉持立足香港，把握大灣區機遇，連接中外，利用科技賦能金融機構，打造一站式專業金融平台。

Management Discussion and Analysis

管理層討論及分析

PROSPECTS (Continued)

As far as financial technology development is concerned, the difference in the user experience of financial technology platforms between China and overseas, or the gap in relation to technology platforms between the traditional large financial institutions and internet brokers, has prompted financial institutions to embrace technology to bridge the gap. In line with the ardent demands of the market, the “Fintech Business Department” was established by the Group to improve the Group’s independent innovation capability on the one hand, and enhance the independence of technology solutions on the other hand. In addition to directly reaching To-C customers, it expands To-B cooperation and directly provides financial technology solutions. Other existing business lines will explore new business opportunities, and leverage its own technological advantages to provide better financial services to the investors.

In summary, the total population of the Guangdong-Hong Kong-Macao Greater Bay Area is approximately 70 million, with an economic aggregate of RMB10 trillion. It is the most economically powerful region in China. The Company is ready to grasp the opportunities brought by the development of the Greater Bay Area and welcome the opportunity of the opening of the capital market. Looking forward to the future, the Company will continue to forge itself as the best overseas investment platform, develop To-B cooperation as a supplement to the existing To-C business, and create synergistic effect. The Company and YF Life jointly cooperate online and offline to establish a stronger sales network and business, and offer a greater variety of products and more convenient businesses.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had fixed bank deposits with original maturity over 3 months and cash and cash equivalents amounting to HK\$5,443.5 million (31 December 2017: HK\$3,762.7 million). As at 31 December 2018, the Group has HK\$1,198.2 million bank borrowing outstanding. The Group’s gearing ratio as at 31 December 2018 is 7.25% (31 December 2017: minimal), which was measured as total debt excluding those operation related liabilities to total debt excluding those operation related liabilities plus equity.

展望(續)

就金融科技發展而言，不論是國內及海外的金融科技平台使用體驗上的差異，還是傳統大型金融機構與互聯網券商的科技平台的差距，都促使金融機構擁抱科技以彌補差距。順應市場殷切的需求，公司單獨設立「金融科技部」，一方面提高公司自主創新能力；另一方面增強科技解決方案的獨立性，除了直接觸達C端(對個人)客戶，更拓展B端(對公司)合作，直接輸出金融科技解決方案。其他現有業務綫也將進一步開拓新的商機，利用本身的技術優勢為投資者提供更為優質的金融服務。

總結而言，縱觀粵港澳大灣區的總人口約七千萬人，經濟總量約十萬億元，是中國最具經濟實力的區域。公司已準備就緒，把握大灣區發展帶來的契機，迎接資本市場開放的風口，展望未來，公司繼續打造國際投資首選平台，以發展B端(對公司)合作，與現有的C端(對個人)業務相輔相成，產生協同效應。公司及萬通保險分別在線上和線下的共同合作，建立更強大的銷售網路，更豐富的產品和更便捷的業務。

流動資金及財務資源

於二零一八年十二月三十一日，本集團之原定期限多於三個月的銀行存款和現金及現金等值項目合共為54.43億港元(二零一七年十二月三十一日：37.63億港元)。於二零一八年十二月三十一日，本集團的未償還銀行借貸為11.98億港元。本集團於二零一八年十二月三十一日的資產負債比率為7.25%(二零一七年十二月三十一日：最低值)，以不含經營相關負債的債務總額與不含與經營相關的負債和權益總和相比計量。

Management Discussion and Analysis

管理層討論及分析

CAPITAL STRUCTURE

Details of movements in share capital of the Company during the year are set out in note 41(e) to the financial statements.

RISK FACTORS

In 2018, the Group carried out timely and complete identification and evaluation to manage the key risks. The identified risks are being monitored according to the risk appetite and also the related regulation by the board of directors and also the related committees assisting the board.

(i) Strategic Risk

Management recognised the importance of incorporating insurance business with the financial service ecosystem of the Group. On the other hand, management is keen on enhancing the business process and integration with financial technology to create values to all customers of the Group. The overall enhancement and integration process creates uncertainties and increase degree of difficulties on related risk management requirement. Management proactively devotes sufficient resources to support and enhance the ongoing process.

(ii) Insurance Risk

Management considers insurance risk mainly comprised

Product design risk — potential defects in the development of a particular insurance product. To mitigate the risk, each of the new products is required to go through pre-launch reviews by various departments, including product development, actuarial, legal and underwriting to ensure the risk being aligned with the Group's risk appetite.

Lapse Risk — the possibility of actual lapse experience that diverges from the anticipated experience assumed when products were priced as well as financial loss due to early termination of policies or contracts where the acquisition cost incurred may not be recoverable from future revenue. Management carries out regular studies of persistency experience which will be assimilated into new and in-force management and build in measures including surrender charges to manage the financial impact upon early termination by policyholders.

資本架構

本年度本公司股本變動詳情載於財務報表附註41(e)。

風險因素

於二零一八年，本集團及時、完整地進行了識別和評估，以管理主要風險。根據風險偏好監控已識別的風險，董事會以及協助董事會的相關委員會進行相關監管。

(i) 戰略風險

管理層意識到將保險業務納入本集團金融服務生態系統的重要性。另一方面，管理層致力於加強業務流程及與金融科技融合，為本集團所有客戶創造價值。整體提升和融合流程產生了不確定性，同時增加了相關風險管理要求的難度。管理層積極投入充分的資源來支持和強化正在進行的流程。

(ii) 保險風險

管理層認為保險風險主要包括：

產品設計風險 — 特定保險產品開發時存在的潛在缺陷。為降低風險，各類新產品都需要經過各部門(包括產品開發、精算、法務和核保)的發佈前審核，以確保風險與集團的風險偏好保持一致。

失效風險 — 實際失效經驗有別於產品定價時所假設的預期經驗的可能性，以及由於產生可能無法通過未來收入收回收購成本的保單或合同提前終止而導致的財務損失。管理層定期研究持續性經驗，將其納入新的有效管理，並制定相關措施(包括退保費用)，以管理保單持有人提前終止產生的財務影響。

Management Discussion and Analysis

管理層討論及分析

RISK FACTORS (Continued)

(ii) Insurance Risk (Continued)

Management considers insurance risk mainly comprised (Continued)

Pricing or underwriting risk — the possibility of product related income being inadequate to support future obligations arising from a product. Further details related to this risk and the related mitigation and monitoring measures is set out in Note 5 “Insurance, financial risk management” to the consolidated financial statements.

Claim risk — the possibility that the frequency or severity of claims arising from insurance products exceed the levels assumed when the product were priced. Further details related to this risk and the related mitigation and monitoring measures is set out in Note 5 “Insurance, financial risk management” to the consolidated financial statements.

(iii) Market Risk, Credit Risk, Foreign Exchange Risk and Liquidity Risk

The details of the market risk, credit risk, foreign exchange risk and liquidity risk identified and their related mitigation and monitoring measures are detailed in Note 5 “Insurance, financial risk management” to the consolidated financial statements.

(iv) Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, personnel and systems or from external events. The Group manages the risk primarily through risk and control self-assessment and reviews losses and fraud issues and provides guidance, training and assistance to relevant personnel for ongoing risk management purpose.

Risk and management control

Detailed risk and management control is set out in corporate governance report section in the annual report from page 54 to 70.

風險因素(續)

(ii) 保險風險(續)

管理層認為保險風險主要包括：(續)

定價或核保風險 — 產品相關收入不足以支持產品產生的未來義務的可能性。有關該風險及相關風險降低及監控措施的更多詳情載於合併財務報表附註5「保險、財務風險管理」。

賠款風險 — 保險產品賠款的頻率或嚴重程度超過產品定價時所假設的水平的可能性。有關該風險及相關風險降低及監控措施的更多詳情載於合併財務報表附註5「保險、財務風險管理」。

(iii) 市場風險、信用風險、外匯風險和流動資金風險

已識別的市場風險、信用風險、外匯風險和流動資金風險及其相關的風險降低及監控措施詳情載於合併財務報表附註5「保險、財務風險管理」。

(iv) 經營風險

經營風險是由於內部流程、人員和系統不足或失效或外部事件導致的直接或間接損失的風險。本集團主要通過風險和控制自我評估，並審核損失和舞弊事項來管理風險，並為相關人員提供指導、培訓和協助，以實現持續的風險管理目的。

風險和管理控制

詳細的風險和管理控制載於公告第54頁至70頁企業管治報告部分。

Management Discussion and Analysis

管理層討論及分析

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Except for those set out in note 21 and 22(d), the Group did not have any material acquisitions and disposals of subsidiaries and associates during the year ended 31 December 2018.

CHARGES ON ASSETS

At the year ended December 2018, the Group did not have any charges on assets, other than a security deposit of HK\$300,000 (2017: HK\$30 million) for banking facilities, no bank deposit (2017: HK\$78.1million) were deposited as collateral for performance linked note, a financial product, issued by the Group and HK\$3,760,043,000 of investment together with HK\$259,250,000 of fixed bank deposit in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

COMMITMENTS

Details of commitments are set out in note 44 to the financial statements.

SEGMENT INFORMATION

Details of segments are set out in note 17 to the financial statements.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2018.

STAFFING AND REMUNERATIONS

As at 31 December 2018, the Group employed 609 (2017: 240) full time employees, 441 (2017: 96) of which were located in Hong Kong, 18 (2017: Nil) in Macau and 150 (2017: 142) in the People's Republic of China. The remuneration of employees includes salary retention package and discretionary bonus. The Group also adopted share option and share award schemes to provide an incentive to the employees.

The remuneration policy and package, including the share option and share awards, of the Group's employees are maintained at market level and reviewed annually by the management.

附屬公司及聯營公司之重大收購及出售

除詳情載於財務報表附註21及22(d)外，本集團於截至二零一八年十二月三十一日止年度並無任何附屬公司及聯營公司之重大收購及出售。

資產抵押

截至二零一八年十二月三十一日止年度，除就銀行融資額度提供之保證金300,000萬港元(二零一七年：3,000萬港元)外，無任何銀行存款(二零一七年：7,810萬港元)被存放為本集團發行業績掛鈎票據(金融產品)的抵押品；根據《澳門保險條例》規定，為數3,760,043,000港元的投資以及為數259,250,000港元的固定銀行存款已抵押於澳門金融管理局，作為本集團技術準備金的擔保。

承擔

承擔詳情載於財務報表附註44。

分部信息

分部信息詳情載於財務報表附註17。

或然負債

本集團於二零一八年十二月三十一日並無任何重大或然負債。

員工及薪酬

於二零一八年十二月三十一日，本集團僱用609名(二零一七年：240名)全職僱員，當中441名(二零一七年：96名)位於香港，18名(二零一七年：零)名位於澳門及150名(二零一七年：142名)名位於中國。僱員薪酬包括留任薪金福利及酌情花紅。本集團亦採納購股權及股份獎勵計劃，向僱員提供獎勵。

本集團僱員之薪酬政策及待遇(包括購股權及股份獎勵)維持於市場水平，並每年由管理層進行檢討。

Management Discussion and Analysis

管理層討論及分析

USE OF NET PROCEEDS FROM SUBSCRIPTION SHARES

The proceeds from subscription shares have been utilised subsequent to the subscription as set out under the section “Use of Proceeds” of the Company’s circular dated 18 August 2015 (the “Circular”) and subsequent adjustment in use of proceeds as set out in the announcement of the Company dated 18 October 2016. The table below sets out the proposed application of net proceeds after adjustments and usage up to 31 December 2018:

股份認購所得款項用途

根據本公司於二零一五年八月十八日通函「所得款項用途」之擬定用途使用及本公司於日期為二零一六年十月十八日公告所載之「調整所得款項用途」使用。下表載列截至二零一八年十二月三十一日止的調整後所得款項淨額擬定用途及使用情況：

	Use of Proceeds after adjustments	Unutilised Proceeds up to 31 December 2017	Actual usage from 1 January 2017 to 31 December 2018	Unutilised Proceeds up to 31 December 2018
	調整後所得款項用途 HK\$ million 百萬港元	自二零一七年十二月三十一日 至二零一七年十二月三十一日 止尚未使用款項 HK\$ million 百萬港元	自二零一七年一月一日至 二零一八年十二月三十一日 止使用情況 HK\$ million 百萬港元	自二零一八年十二月三十一日 止尚未使用款項 HK\$ million 百萬港元
Setting up new branches and IT infrastructure	設立新分行及資訊科技基礎建設	333.2	210.7	96.6
Recruitment of professionals (note 1)	招聘專業人士(附註1)	59.9	4.8	—
Establishment of a private wealth management platform (note 2)	設立私人財富管理平台(附註2)	179.0	136.3	107.1
Development of a financial services ecosystem (note 3)	金融服務生態系統之發展(附註3)	135.0	108.8	84.5
General capital management (note 4)	自有資金管理(附註4)	2,970.9	2,141.5	—
Total:	總計：	3,678.0	2,602.1	288.2

Management Discussion and Analysis

管理層討論及分析

USE OF NET PROCEEDS FROM SUBSCRIPTION SHARES (Continued)

Notes:

1. mainly utilised on the recruitment and employment of internet products and technology development professionals to assist on the expansion of retail brokerage businesses.
2. mainly utilised on recruitment and employment of professionals specialising in asset and wealth management.
3. mainly utilised on marketing and setting up of online sales platform.
4. mainly utilised on seed capital provided for financial product launched by the Group, capital to support securities brokerage and financing business, investment holding for capital management purpose including for the acquisition of YF Life.

EVENT AFTER THE REPORTING PERIOD

Details of event after the reporting period are set out in note 52 to the financial statements.

股份認購所得款項用途(續)

附註：

1. 主要用於招聘及僱用互聯網產品、技術開發的技術人員，以支援零售經紀業務擴展。
2. 主要用於招聘及僱用擁有資產及財富管理專業知識之專業人士。
3. 主要用於市場推廣及網上銷售平臺建設。
4. 主要用於為集團推出的金融產品融資，支援證券經紀和融資業務，為資本管理目的之投資控股(含收購萬通保險)。

報告期後的事件

報告期後的事件詳情載於財務報表附註52。

Independent Actuaries Report on Review of Embedded Value information 內含價值信息審閱的獨立精算師報告

TO THE BOARD OF DIRECTORS OF YUNFENG FINANCIAL GROUP LIMITED

We have reviewed the Embedded Value of YF Life Insurance International Limited (“YF Life”) (“the YF Life EV”) set out on pages 36 to 44 of the Annual Report of Yunfeng Financial Group Limited (“the Company” or “Yunfeng Group”) for the year ended 31 December 2018 (“the EV information”).

The directors of the Company are responsible for the preparation and presentation of the EV information in accordance with the general principle and methodology of traditional embedded value and industry practice for publicly listed companies in Hong Kong. This responsibility includes designing, implementing and maintaining internal control relevant to the maintenance of underlying data and information on the in-force business and preparation of the EV information which is free from material misstatement, whether due to fraud or error; performing EV calculations; selecting and applying appropriate methodologies; and making assumptions that are consistent with market information and are reasonable in the circumstances.

Our responsibility, as independent actuaries, is to perform certain review procedures set out in our letter of engagement and, based on these procedures, conclude whether the EV methodologies and assumptions are consistent with industry practice for publicly listed companies in Hong Kong, the general principle and methodology of traditional embedded value and available market information.

We have reviewed the methodology and assumptions used in preparing the EV information, including the following:

- The YF Life EV as of 31 December 2018 and as of 31 December 2017;
- Value of one-year new business of YF Life issued during the year ended 31 December 2018 and 31 December 2017; and
- Movement analysis of the YF Life EV and sensitivity analysis of value in-force business and value of one-year new business of YF Life.

致雲鋒金融集團有限公司諸位董事

我們已經審閱了萬通保險國際有限公司(下稱「萬通保險」)截至二零一八年十二月三十一日內含價值(「萬通保險內含價值」)，該等信息在雲鋒金融集團有限公司(下稱「貴公司」或「雲鋒集團」)二零一八年年報第36頁至第44頁予以披露(統稱「內含價值信息」)。

貴公司的管理層有責任確保在準備和披露貴公司內含價值信息時符合傳統內含價值評估的一般原則和方法，並與香港上市公司的現行行業做法一致。這一責任不僅包括設計、實施並維護內部控制流程，確保有效業務的相關資料、信息，以及內含價值信息的準備工作不存在由於欺詐或錯誤而造成的重大錯報；還包括選擇並應用適當的方法，根據市場信息確定合理的假設，以及計算內含價值結果。

作為獨立的精算師，我們的責任是依據我們的業務約定書中確認的審閱流程進行審閱工作。根據我們的審閱工作，判斷內含價值的方法和假設是否與傳統內含價值評估的一般原則和方法與市場信息一致，是否與香港上市公司的現行行業做法一致。

我們審閱了貴公司準備內含價值信息時採用的方法和假設，包括：

- 審閱截至二零一八年十二月三十一日與截至二零一七年十二月三十一日的萬通保險內含價值；
- 審閱截至二零一八年十二月三十一日與截至二零一七年十二月三十一日的萬通保險一年新業務價值；及
- 審閱萬通保險內含價值的變動分析以及有效業務價值和一年新業務價值的敏感性分析。

Independent Actuaries Report on Review of Embedded Value information 內含價值信息審閱的獨立精算師報告

TO THE BOARD OF DIRECTORS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Our review procedures included, but were not limited to, discussing with management of Yunfeng Group the methodology and assumptions, inspecting documentation relating thereto, and considering whether the methodologies are consistent with the general principle and methodology of traditional embedded value and industry practice for publicly listed companies in Hong Kong and whether the assumptions are consistent with available market information.

The preparation of EV information requires assumptions and projections to be made about future uncertain events, many of which are outside the control of Yunfeng Group. Therefore, actual experience may differ from these assumptions and projections, and this will affect the value of in-force business and the value of one-year new business.

In forming our conclusion, we have relied on the integrity, accuracy and completeness of audited and unaudited data and information provided by Yunfeng Group. Our work did not involve reperforming the EV calculations, nor verifying the data and information underlying the EV information.

Based on our review procedures, we have concluded that the methodologies and assumptions used in preparing the EV information are consistent with industry practice for publicly listed companies in Hong Kong and with available market information.

This report has been prepared for and only for the Board of Directors of the Company in accordance with our letter of engagement and for no other purpose. We do not accept or assume responsibility for any other purpose or to any other person whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

For and on behalf of PricewaterhouseCoopers Ltd.

Xiaobin Yuan, FSA

Hong Kong, 28 March 2019

致雲鋒金融集團有限公司諸位董事(續)

我們的審閱工作包括但不僅限於：與雲鋒集團的管理層討論內含價值的評估方法與假設，檢查相關的文檔，以及評估內含價值計算方法與假設是否與傳統內含價值評估的一般原則和方法一致、是否與可獲得的市場資訊一致，以及是否與香港上市公司的現行行業做法一致。

準備內含價值信息時，需要預測很多雲鋒集團無法控制的不確定事件，並就此作出假設。因此，雲鋒集團實際經驗的結果很有可能跟預測的假設存在差異，而這種差異將對有效業務和一年新業務的價值的結果產生影響。

我們做出審閱意見時，我們依賴由雲鋒集團提供的各種經審計和未經審計的數據和資料的真實性、準確性和完整性。我們的工作範圍並不包括重新計算內含價值，也沒有檢驗內含價值信息所用到的數據和相關信息。

根據我們的審閱工作，我們認為雲鋒集團在準備內含價值信息時所用的方法和假設傳統內含價值評估的一般原則和方法一致、與可獲得的市場信息一致，並與香港上市公司的現行行業做法一致。

我們的審閱報告僅限於 貴公司董事會使用，使用目的僅限於業務約定書中的約定，不得用於其他目的。除經我們事先書面同意之外，對於業務約定書中約定以外的其他第三方使用本報告或作為其他目的使用本報告，我們將不承擔任何責任。

代表羅兵咸永道有限公司

袁曉斌 精算師

香港，二零一九年三月二十八日

Embedded Value

內含價值

1. BACKGROUND

The Group mainly consists of two major segments including life insurance business and financial services in the areas of investment holding, asset management, pensions, other businesses and corporate services. Life Insurance business is operated by YF Life, a 60% owned subsidiary, which is most significant part of the Group in terms of total asset and profitability. To provide additional information of the insurance business of the Group, The Group disclosed the Embedded Value (“EV”) of the segment.

2. DEFINITION

EV is a measure of value of shareholders’ interests in the earnings distributable (“distributable earnings”) from assets allocated to the in-force business after sufficient allowance for the aggregate risks in the business.

The EV equals to:

- Adjusted Net Worth (“ANW”), plus
- Value of the in-force business before cost of capital (“VIF before CoC”), minus
- Cost of Capital (“CoC”)

The ANW represents the net asset value on Hong Kong statutory basis, with marked-to-market adjustment to certain assets of our insurance business segment.

The VIF before CoC is the present value of future estimated after-tax statutory profits from in-force business, discounted at the risk discount rate as at 31 December 2018 and 31 December 2017 respectively. Cost of Capital is the difference between the amount of required capital as at 31 December 2018 and 31 December 2017 and the present value of future releases, allowing for future after-tax investment earnings on the capital.

Similarly, the new business value is calculated as the difference of new business value before CoC and CoC arising from new business sales in the period. The new business value before CoC is the present value, discounted at issue date, of future estimated after-tax statutory profits emerging from new business sales in the past 12 months, ie 1 January 2018 to 31 December 2018 and 1 January 2017 to 31 December 2017.

1. 背景

本集團主要有兩個分部：人壽保險業務和金融服務，涵蓋投資控股、資產管理、退休金、其他業務和企業服務等領域。人壽保險業務由擁有60%權益的附屬公司萬通保險經營，該公司在資產總額和盈利能力方面是本集團的最重要組成部分。為提供本集團保險業務的其他資料，本集團披露該分部的內含價值。

2. 定義

內含價值是對企業總體風險計提充分準備後分配至有效業務的資產的可分配收益中股東權益的一種計量標準。

內含價值等於：

- 經調整淨值，加上
- 有效業務扣除資本成本之前的價值，減去
- 資本成本

經調整淨值指香港法定基準之上的資產淨值，含有我們保險業務分部的若干資產進行按市值計價調整。

有效業務扣除資本成本之前的價值是指有效業務的未來估計稅後法定利潤的現值，分別以二零一八年十二月三十一日和二零一七年十二月三十一日的風險貼現率予以貼現。資本成本是二零一八年十二月三十一日和二零一七年十二月三十一日所需資本金額與未來發行現值之間的差額，並考慮未來資本的稅後投資收益。

同理，新業務價值乃根據期間內扣除資本成本前的新業務價值與新業務銷售產生的資本成本之間的差額計算。扣除資本成本前的新業務價值是過去12個月（即自二零一八年一月一日至二零一八年十二月三十一日及自二零一七年一月一日至二零一七年十二月三十一日）新業務銷售產生的未來估計稅後法定利潤的現值（於發行日期貼現）。

3. BASIS OF PREPARATION

We adopted a traditional deterministic discounted cash flow methodology to determine the components of Embedded Value and the New Business Value. This methodology makes implicit allowance for the time value of options and guarantees and other risks associated with the realisation of the expected future distributable earnings through the use of a risk adjusted discount rate and is consistent with the industry practice in the market.

In determining the value of in-force business, our insurance segment's in-force policy databases as at 31 December 2017 and 31 December 2018 were used. New business volumes and mix were based on the actual business written by our insurance segment in the 12-month period from 1 January 2018 to 31 December 2018 and 1 January 2017 to 31 December 2017.

It should be noted that, in assessing the total value of a life insurance company, the value attributed to future new business can be determined as the product of the one-year new business value and a multiple which reflects an allowance for future new business sales and the risks associated with it at the assumed profit margin.

The Group has appointed PricewaterhouseCoopers ("PwC"), an international firm of consulting actuaries, to examine whether the methodology and assumptions used by us in the preparation of the Embedded Value as at both 31 December 2018 and 31 December 2017 are consistent with standards generally adopted by insurance companies in Hong Kong.

3. 編制基準

我們採用傳統的確定性貼現現金流量法確定內含價值和新業務價值的組成部分。該方法通過使用風險調整貼現率，就期權和擔保的時間價值以及實現預計未來可分配收益相關的其他風險計提內含準備，並與市場行業慣例一致。

在確定有效業務的價值時，我們利用了於二零一八年十二月三十一日和二零一七年十二月三十一日的保險分部的有效投保人數數據庫。新業務量及組合乃根據我們的保險分部自二零一八年一月一日至二零一八年十二月三十一日及自二零一七年一月一日至二零一七年十二月三十一日的12個月期間所編制的實際業務表現計算。

應當指出的是，在評估人壽保險公司的總價值時，歸屬於未來新業務的價值可以根據一年內新業務價值與反映未來新業務銷售準備的倍數以及與假定利潤率相關的風險來確定。

本集團已委任國際諮詢精算師事務所一羅兵咸永道有限公司(「羅兵咸永道」)審核我們編制於二零一八年十二月三十一日和二零一七年十二月三十一日的內含價值時所採用的方法及假設是否與香港保險公司通常採用的標準一致。

Embedded Value

內含價值

4. CAUTIONARY STATEMENT

The calculations of Embedded Value and the New Business Value of insurance business segment are based on certain assumptions with respect to future experience. Thus, the actual results could differ significantly from what is envisioned when these calculations were made. In addition, the insurance business segment is held through a 60% owned subsidiary of the Group. With the Embedded Value and the New Business Value of the insurance business being presented on a 100% basis below, the related value assessment should be considered accordingly.

5. EMBEDDED VALUE OF YF LIFE

5.1 Embedded value

		31 December 2018	31 December 2017
		二零一八年 十二月 三十一日	二零一七年 十二月 三十一日
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Adjusted Net Worth	經調整淨值	5,825	3,208
Value of in-force business before cost of capital	有效業務扣除資本成本前的 價值	11,126	10,505
Cost of capital	資本成本	(1,820)	(1,642)
Embedded value	內含價值	15,131	12,071
Attributable to:	應佔權益：		
Owners of the Company	本公司權益股東	9,079	7,243
Non-controlling interests	非控股權益	6,052	4,828
Embedded value	內含價值	15,131	12,071

4. 提示聲明

保險業務分部的內含價值和新業務價值根據未來經驗的有關假設進行計算。因此，實際結果可能與進行這些計算時所作的設想有明顯差異。此外，保險業務分部由本集團擁有60%權益的附屬公司持有。保險業務的內含價值和新業務價值以100%基準呈報如下，因此應相應考慮相關的價值評估。

5. 萬通保險內含價值

5.1 內含價值

5. EMBEDDED VALUE OF YF LIFE
(Continued)

5.2 New Business value

		For the past 12 months as of 31 December 2018 截至 二零一八年 十二月 三十一日止 的12個月 HK\$ million 百萬港元	For the past 12 months as of 31 December 2017 截至 二零一七年 十二月 三十一日止 的12個月 HK\$ million 百萬港元
New Business Value before cost of capital	扣除資本成本前的新業務價值	618	614
Cost of capital	資本成本	(110)	(120)
New Business Value after cost of capital	扣除資本成本後的新業務價值	508	494

5.3 Movement analysis of embedded value

5. 萬通保險內含價值(續)

5.2 新業務價值

5.3 內含價值變動分析

		Notes 附註	2018 二零一八年 HK\$ million 百萬港元
Embedded Value as at 1 January	於一月一日的內含價值		12,071
New business value	新業務價值	a	508
Expected return on Embedded value	內含價值預期收益	b	1,096
Assumption and model changes	假設和模型變化	c	(349)
Investment return variance	投資回報差異	d	(195)
ANW change for other business and capital injection	其他業務和注資的經調整淨值變化	e	2,156
Other experience variance and exchange rate impact	其他經驗差異和匯率影響	f	(156)
Embedded Value as at 31 December	於十二月三十一日的內含價值		15,131

Embedded Value

內含價值

5. EMBEDDED VALUE OF YF LIFE (Continued)

5.3 Movement analysis of embedded value (Continued)

Note:

- a) New business contribution from sales of new business in the past one-year
- b) Return on value of in-force business plus expected interest on Adjusted Net Worth
- c) Impact of assumption and model changes on the future distributable earnings of the in-force business
- d) Differences between the actual investment returns and expected investment returns
- e) Impact of capital injection and increase of retirement business
- f) Differences between the actual experience and expected experience for mortality, morbidity, lapses, and expenses

5.4 Key assumptions

Our policies state that it adopts a best estimate approach in setting the assumptions which are used in the calculation of its Embedded Value and New Business Value. The assumptions were based on the actual experience of YF Life and certain industry experience.

The basis and assumptions used in the calculations are summarised below. These assumptions have been made on a “going concern” basis.

Risk discount rate

The risk discount rate represents the long-term post-tax cost of capital of the hypothetical investor for whom the valuation is made, together with an allowance for risk, taking into account factors such as the political and economic environment in Hong Kong.

Currently, we use a risk discount rate of 9% for 2018 and 2017 as the base scenario assumption for both in-force and new business.

5. 萬通保險內含價值(續)

5.3 內含價值變動分析(續)

附註：

- a) 過去一年內新業務銷售的貢獻
- b) 有效業務的回報加上經調整淨值的預期利益
- c) 假設和模型變化對有效業務未來可分配收益的影響
- d) 實際投資回報與預期投資回報之間的差異
- e) 注資以及退休金業務增加的影響
- f) 實際經驗與死亡率、發病率、退保率和費用的預期經驗之間的差異。

5.4 主要假設

我們的政策指明設定用於計算其內含價值和新業務價值的假設時乃採用最佳估計方法。該等假設基於萬通保險的實際經驗和相關行業經驗。

計算中使用的基準和假設匯總如下。該等假設是基於「持續經營」作出的。

風險貼現率

風險貼現率指就假設投資者作出估值的長期稅後資本成本，並考慮到香港政治及經濟環境等因素的風險撥備。

目前，我們使用9%的風險貼現率作為二零一八年和二零一七年的有效和新業務的基本假設。

5. EMBEDDED VALUE OF YF LIFE (Continued)

5.4 Key assumptions (Continued)

Investment returns

Future investment returns have been calculated as the weighted average of the investment returns on existing assets and new assets.

The investment returns on existing assets and new assets have been determined by book yield, the forward rate yields available on US government bonds and credit spreads that reflects the allowance for risk of default of underlying assets respectively.

Credit rate

The crediting rates for universal life business have been set to reflect regulatory and contractual requirements, policyholders' reasonable expectations and earn rate assumptions. The crediting rates were worked out as earn rate less crediting rate spread.

Mortality

The mortality assumption is based on both emerging experience and industry experience, reflecting its expectation of how experience will emerge.

The experience mortality rates have been set as a percentage of HKA93 mortality table with an adjustment of increased mortality at older ages ("Adj. HKA93"). There were also adjustment factor for non-smoker and smoker.

Morbidity

Morbidity rate assumptions have been set as a percentage of the reinsurance rates due to the lack of credible claims experience.

5. 萬通保險內含價值(續)

5.4 主要假設(續)

投資回報

未來投資回報按現有資產和新資產的投資回報的加權平均值計算。投資回報由未來年度的預計投資收益除以資產的預計價值確定。

現有資產和新資產的投資回報由賬面收益率、美國政府債券的遠期利率以及反映基礎資產違約風險準備金的信用利差決定。

結算利率

萬用壽險業務的結算利率的設定綜合考慮了監管和合同要求、投保人的合理預期和收益率假設等因素。結算利率按收益率減去利差計算。

死亡率

死亡率假設基於當前經驗和行業經驗，反映了其對死亡率經驗的預期。

死亡率假設設定為調增老年人口死亡率后的HKA93死亡率表(經調整HKA93)的百分比。非吸煙者和吸煙者也有相應的調整因子。

發病率

由於缺乏充分的經驗數據，發病率假設已設定為再保險假設的百分比。

Embedded Value 內含價值

5. EMBEDDED VALUE OF YF LIFE (Continued)

5.4 Key assumptions (Continued)

Lapse

The lapse assumptions were based on YF Life's experience and adjusted to reflect the results of its recent experience. The assumptions have been set with reference to pricing assumptions where credible experience data is not available.

The lapse assumptions vary by products and policy duration.

Operating expenses

Operating expenses have been projected based on unit expense assumption. Projected excess or saving of expense compared with unit expense assumption has not been included in VIF or new business value. The historical excess or saving of actual expense compared with unit expense assumption has been included in ANW component of EV.

Inflation rate

Future inflation rate was assumed to be 2% per annum for 2018 and 2017. This assumption is based on expectations of long-term consumer price and salary inflation.

Taxation

A tax rate of 0.825% of net premium income has been assumed for 2018 and 2017 respectively.

Required capital

The embedded value projections assume that it maintains required capital at 150% of minimum solvency margin.

Statutory valuation

The distributable earnings are based on statutory reserve in accordance with the Hong Kong reserving regulations.

5. 萬通保險內含價值(續)

5.4 主要假設(續)

退保率

退保假設基於萬通保險的經驗，並經調整以反映其近期經驗的結果。當沒有可靠經驗情況下，該等假設基於精算定價假設來確定。

退保假設因產品和保單期限而異。

經營費用

經營費用根據單位費用假設進行預測。未來費用超支或盈餘尚未納入有效業務價值或新業務價值。歷史實際費用超支或盈餘已納入內含價值的經調整淨值部分。

通貨膨脹率

於二零一八年和二零一七年，未來通脹率假設為2%。這一假設基於對長期消費者價格和工資通脹的預期。

稅項

於二零一八年和二零一七年，稅率分別假設為保費收入淨額之0.825%。

資本要求

資本要求是按在最低償付能力的150%計算。

法定評估

根據香港相關規定計提的法定準備金計算可分配盈餘和評估最低償付能力。

5. EMBEDDED VALUE OF YF LIFE (Continued)

5.4 Key assumptions (Continued)

Reinsurance

The cost of the financial reinsurance is modelled based on reinsurance contract terms. The cost of surplus reinsurance contract is not material and has not been explicitly modelled, but reflected in the margins added to the mortality and morbidity rates.

5.5 Sensitivity testing

We performed sensitivity analysis on the value of in-force business and the new business value as at 31 December 2018, by independently varying certain assumptions regarding future experience. Specifically, the following changes in assumptions have been considered.

- New money yields increased by 100 basis points per annum
- New money yields decreased by 100 basis points per annum
- Risk discount rate increased by 50 basis points
- Risk discount rate decreased by 50 basis points
- 10% increase in lapse rate and skip premium rates (i.e. 110% of the central assumptions)
- 10% decrease in lapse rate and skip premium rates (i.e. 90% of the central assumptions)
- 10% increase in mortality and morbidity rates and loss ratios (i.e. 110% of the central assumptions)
- 10% decrease in mortality and morbidity rates and loss ratios (i.e. 90% of the central assumptions)

5. 萬通保險內含價值(續)

5.4 主要假設(續)

再保險

基於合同規定對財務再保險的成本進行建模計算。由於溢額再保險合同的影響並不重大，並未直接建模評估，而是通過增加死亡率和發病率的邊際簡化評估。

5.5 敏感性測試

於二零一八年十二月三十一日，我們通過單獨改變有關未來經驗的某些假設，對有效業務價值和新業務價值進行了敏感性分析。具體而言，我們已考慮下列假設的變化。

- 新增資產收益每年增加100個點子
- 新增資產收益每年減少100個點子
- 風險貼現率增加50個點子
- 風險貼現率減少50個點子
- 退保率和失效保費率增加10% (即基準假設的110%)
- 退保率和失效保費率減少10% (即基準假設的90%)
- 死亡率和發病率以及損失率增加10% (即基準假設的110%)
- 死亡率和發病率以及損失率減少10% (即基準假設的90%)

Embedded Value

內含價值

5. EMBEDDED VALUE OF YF LIFE (Continued)

5.5 Sensitivity testing (Continued)

- 10% increase in acquisition and maintenance expenses (i.e. 110% of the central assumptions)
- 10% decrease in acquisition and maintenance expenses (i.e. 90% of the central assumptions)

For the year 2018

二零一八年

Assumptions

假設

		Value of in-force business after cost of capital 扣除資本 成本後的 有效業務價值 HK\$ million 百萬港元	New business value after cost of capital 扣除資本 成本後的 新業務價值 HK\$ million 百萬港元
Base scenario	基本假設	9,306	508
New money yields increased by 100 basis points per annum	新增資產收益每年增加100個點子	10,181	592
New money yields decreased by 100 basis points per annum	新增資產收益每年減少100個點子	7,609	428
Risk discount rate increased by 50 basis points	風險貼現率增加50個點子	8,639	457
Risk discount rate decreased by 50 basis points	風險貼現率減少50個點子	10,049	566
10% increase in lapse rate and skip premium rates	退保率和失效保費率增加10%	9,213	504
10% decrease in lapse rate and skip premium rates	退保率和失效保費率減少10%	9,409	512
10% increase in mortality and morbidity rates and loss ratios	死亡率和發病率以及損失率增加10%	8,400	452
10% decrease in mortality and morbidity rates and loss ratios	死亡率和發病率以及損失率減少10%	10,223	565
10% increase in acquisition and maintenance expenses	獲取和維持費用增加10%	9,175	476
10% decrease in acquisition and maintenance expenses	獲取和維持費用減少10%	9,437	541

5. 萬通保險內含價值(續)

5.5 敏感性測試(續)

- 獲取和維護費用增加10%(即基準假設的110%)
- 獲取和維護費用減少10%(即基準假設的90%)

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

CHAIRMAN

Mr. Yu Feng, aged 55, was appointed as the Chairman and a non-executive Director and the chairman of the Nomination Committee in November 2015. Mr. Yu is the co-founder and chairman of Yunfeng Capital, a private equity firm founded by Mr. Yu together with other entrepreneurs in 2010.

Mr. Yu is a director of YFHL, Key Imagination and Jade Passion. YFHL, Key Imagination and Jade Passion are substantial shareholders of the Company.

Mr. Yu obtained an EMBA degree from China Europe International Business School, the PRC in March 2001 and a master of arts degree in philosophy from Fudan University, the PRC in July 1991.

EXECUTIVE DIRECTORS

Ms. Li Ting, aged 46, was appointed as an executive Director in November 2015. Ms. Li is currently the Chief Executive Officer of the Company. Ms. Li has over 20 years of experience in the financial industry, including fixed income and derivatives analytics, risk management, portfolio management, sales and market developments, and strategic planning and execution, in the U.S.A., the PRC and Hong Kong. Prior to joining the Group, Ms. Li was a senior managing director and head of Asia ex-Japan of State Street Global Advisors.

Ms. Li holds a bachelor's degree in finance from Nankai University, the PRC, and a master's degree in finance from Boston College, the U.S.A..

Mr. Huang Xin, aged 43, was appointed as an executive Director and a member of the Remuneration Committee in November 2015. Mr. Huang is a partner and a member of the investment committee of Yunfeng Capital. Mr. Huang served as vice president of Shanghai Kaituo Capital Limited from 2006 to 2010, where he was in charge of various investments. Mr. Huang was vice president of finance at Target Media Holdings Limited from 2005 to 2006, where Mr. Huang managed its daily financial operations and led its equity financing and merger and integration with Focus Media Holding Limited. Mr. Huang worked at General Electric Company from 1997 to 2005.

主席

虞鋒先生，55歲，於二零一五年十一月獲委任為本公司主席兼非執行董事，以及提名委員會主席。虞先生為雲鋒基金聯合創辦人及主席，該私募基金由虞先生與其他企業家於二零一零年成立。

虞先生為雲鋒金融控股，Key Imagination及Jade Passion之董事。雲鋒金融控股，Key Imagination及Jade Passion為本公司之主要股東。

虞先生於二零零一年三月獲授中國中歐國際工商學院高級管理人員工商管理碩士學位，並於一九九一年七月獲授中國復旦大學哲學碩士學位。

執行董事

李婷女士，46歲，於二零一五年十一月獲委任為本公司執行董事。李女士為本公司現任行政總裁。李女士於美國、中國及香港金融行業擁有超過二十年經驗，當中包括定息收入及衍生工具分析、風險管理、投資組合管理、銷售及市場發展以及戰略規劃及執行。加入本集團前，李女士曾任道富環球投資管理之高級董事總經理及亞洲區(日本除外)主管。

李女士持有中國南開大學金融學學士學位及美國波士頓學院金融學碩士學位。

黃鑫先生，43歲，於二零一五年十一月獲委任為本公司執行董事，以及薪酬委員會成員。黃先生為雲鋒基金合夥人及其投資委員會成員。黃先生於二零零六年至二零一零年擔任上海開拓投資有限公司副總裁，負責多個投資項目。黃先生於二零零五年至二零零六年出任聚眾傳媒控股有限公司財務副總裁，負責其日常財務運作事宜並主導其股權融資及與分眾傳媒控股有限公司的併購與整合。黃先生曾在一九九七年至二零零五年任職通用電氣公司。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

EXECUTIVE DIRECTORS (Continued)

Mr. Huang is a director of Jade Passion, the substantial shareholder of the Company.

Mr. Huang obtained a master of business administration degree from China Europe International Business School, the PRC in October 2011 and a bachelor's degree in accounting from Fudan University, the PRC in July 1997.

NON-EXECUTIVE DIRECTORS

Mr. Adnan Omar Ahmed, aged 51, was appointed as a non-executive Director on 16 November 2018. Mr. Ahmed is also a director of YF Life. Mr. Ahmed is the chairman, president and chief executive officer of MMI. Mr. Ahmed joined MassMutual in October 2015 as executive vice president and chief human resources officer. Mr. Ahmed brings with him an impressive history of more than 20 years of global financial services and leadership experience, ranging from operating to human resources roles. He joined MassMutual from Citigroup, Inc. in London where he was managing director and head of human resources for Europe, Middle East and Africa as well as the global head of recruitment for the firm. Previously, he led global shared services in the operations and technology division for all of Citigroup employees.

Prior to joining Citigroup in 2010, Mr. Ahmed began his career at Mitsubishi UFJ Financial Group, rotating through various roles including corporate finance, operations, credit and human resources. He then spent 17 years at Morgan Stanley in New York, Tokyo, Sydney and Hong Kong, during which time he held a range of roles including chief administrative officer and head of human resources, Asia.

Mr. Ahmed is a non-executive director on the board of directors of Nippon Wealth in Japan, a subsidiary of Nippon Life. Additionally, he serves on the board of directors of the Human Capital Leadership Institute in Singapore. Prior to the current board directorships, Mr. Ahmed also served on the board of directors of Temasek Management Services, Singapore between 2010-2018, and Bank Handlowy, Poland and Citibank Turkey, both between 2012-2015.

Mr. Ahmed holds a bachelor of science degree in computer science, a bachelor of arts degree in international relations, and a master's degree in business administration, all from Tulane University. He is based in Hong Kong.

執行董事(續)

黃先生為Jade Passion之董事，該公司為本公司之主要股東。

黃先生於二零一一年十月自中國中歐國際工商學院取得工商管理碩士學位，並於一九九七年七月自中國復旦大學取得會計學學士學位。

非執行董事

Adnan Omar Ahmed先生，51歲，於二零一八年十一月十六日獲委任為本公司非執行董事。Ahmed先生亦為萬通保險董事。Ahmed先生為MMI之主席、總裁及首席執行官。Ahmed先生於二零一五年十月加入萬通集團，擔任常務副總裁及首席人力資源總監。Ahmed先生擁有超過20年環球金融服務及領導經驗，由營運至人力資源的職位均有所涉獵，履歷令人印象深刻。加入萬通集團前，彼於倫敦任職於花旗集團，期間曾擔任歐洲、中東及非洲區董事總經理及人力資源主管，以及環球招聘主管。彼過往曾領導營運及技術部門的環球共享服務，供花旗集團全體僱員使用。

二零一零年加入花旗集團之前，Ahmed先生於三菱日聯金融集團展開職業生涯，其職責包括企業融資、運營、信貸和人力資源。其後，彼於紐約、東京、悉尼及香港的摩根士丹利工作17年，在此期間，他曾擔任一系列職務，包括行政總監及亞洲人力資源主管。

Ahmed先生為日本Nippon Wealth(日本生命的附屬公司)董事會非執行董事。此外，彼亦任職於新加坡Human Capital Leadership Institute董事會。獲委任現時各董事職務前，Ahmed先生曾於二零一零年至二零一八年期間任職新加坡Temasek Management Services董事會，並於二零一二年至二零一五年期間任職波蘭Bank Handlowy及土耳其花旗銀行董事會。

Ahmed先生持有杜蘭大學電腦科學理學士學位、國際關係文學士學位以及工商管理碩士學位。彼長駐香港。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

NON-EXECUTIVE DIRECTORS (Continued)

Ms. Hai Olivia Ou, aged 39, was appointed as a non-executive Director in November 2015. Ms. Hai is a managing director of Yunfeng Capital and specialises in investments related to the financial services industry. Prior to joining Yunfeng Capital, Ms. Hai was an actuarial partner at Deloitte China from 2012, and was engaged in the provision of consulting services to overseas and domestic insurance companies. Ms. Hai has also worked at HSBC Insurance (Asia) Limited in Hong Kong from 2010 to 2012 and PricewaterhouseCoopers LLP in the United Kingdom from 2002 to 2010.

Ms. Hai is a qualified fellow member of the Institute and Faculty of Actuaries in the United Kingdom and is a board representative of both the Life Board and the Education Board of the Institute and Faculty of Actuaries in the United Kingdom. She is also a fellow member of the China Association of Actuaries.

Mr. Gareth Ross, aged 43, was appointed as a non-executive Director on 16 November 2018. Mr. Ross has been an executive team member, head of digital and customer experience and senior vice president of advanced analytics and target markets of MMLIC since May 2014. At MMLIC, he was previously vice president of sales and distribution strategy from January 2011 to May 2014, vice president of strategy from June 2009 to December 2010 and vice president of financial planning analysis from April 2008 to June 2009. In addition, he has been a director of each of Society of Grownups since October 2017, MMI since June 2016 and Coverpath Inc. (now known as Haven Life Insurance Agency, LLC) since March 2014. Prior to joining MMLIC, he worked at Capmark Financial Inc. from 2006 to 2008. He worked at General Motors Company from 2004 to 2006.

Mr. Ross received a master of business administration degree in finance and accounting and a masters degree in international studies from The Wharton School and The Joseph Lauder Institute of the University of Pennsylvania in the U.S.A. in May 2004. He obtained a bachelor of science degree in business administration from Washington University in St. Louis in the U.S.A. in December 1997.

非執行董事(續)

海歐女士，39歲，於二零一五年十一月獲委任為本公司非執行董事。海女士為雲鋒基金的董事總經理，並專注於金融服務行業的投資。在加入雲鋒基金之前，海女士自二零一二年起擔任德勤華永會計師事務所的精算合夥人，為中國內地及海外的保險公司提供諮詢服務。海女士亦曾於二零一零年至二零一二年於香港滙豐保險(亞洲)有限公司任職，及於二零零二年至二零一零年於英國普華永道會計師事務所任職。

海女士為英國精算師協會資深會員，且為英國精算師協會壽險委員會及教育委員會的理事會代表。海女士也是中國精算師協會的資深會員。

Gareth Ross先生，43歲，於二零一八年十一月十六日獲委任為本公司非執行董事。Ross先生自二零一四年五月起擔任MMLIC執行團隊成員、數碼及客戶體驗主管以及進階分析及目標市場高級副總裁。於MMLIC，彼過往於二零一一年一月至二零一四年五月任銷售及分銷策略副總裁、於二零零九年六月至二零一零年十二月任策略副總裁，並於二零零八年四月至二零零九年六月任財務策劃分析副總裁。此外，彼自二零一七年十月至今任Society of Grownups董事、自二零一六年六月至今任MMI董事及自二零一四年三月至今任Coverpath Inc. (現稱為Haven Life Insurance Agency, LLC)董事。於加入MMLIC前，彼於二零零六年至二零零八年於Capmark Financial Inc.任職。於二零零四年至二零零六年，彼於General Motors Company任職。

Ross先生於二零零四年五月分別取得美國賓夕凡尼亞州大學The Wharton School及The Joseph Lauder Institute財務及會計專業工商管理碩士學位及國際研究碩士學位。彼於一九九七年十二月於美國聖路易華盛頓大學取得工商管理學士學位。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lin Lijun, aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee and Nomination Committee and the chairman of the Remuneration Committee in November 2015. Mr. Lin was the founder of China Universal Asset Management Co., Ltd., an award-winning and diverse asset management company founded by Mr. Lin in April 2004 and at which he had served as chief executive officer until April 2015. Mr. Lin has extensive experience in investment management as well as risk management. Mr. Lin is currently founder and partner of Loyal Valley Capital, a leading PE fund in China.

Mr. Lin was appointed as a non-executive director of Shanghai Junshi Biosciences Co., Limited (Stock code: 01877) on 24 June 2018, a company listed on the Stock Exchange. Currently, Mr. Lin serves as a non-executive director of Wenzhou Kangning Hospital Co., Ltd (Stock code: 02120) and an independent non-executive director of TANSI Global Food Group Co., Ltd (Stock code: 03666), both companies are listed on the Stock Exchange.

Mr. Lin obtained a bachelor's degree and a master's degree in economics from Fudan University, the PRC, in 1994 and 1997 respectively, and a master of business administration degree from Harvard University, the U.S.A. in 2003.

Mr. Qi Daqing, aged 54, was appointed as an independent non-executive Director, and a member of the Audit Committee, Nomination Committee and Remuneration Committee in February 2016. Mr. Qi is currently a professor of Cheung Kong Graduate School of Business. He previously served as director and associate dean of the executive master of business administration department. Mr. Qi's research interests primarily focus on financial accounting, financial reporting and their impact on corporate business strategy. Mr. Qi has published many articles in accounting and finance journals. Mr. Qi worked at The Chinese University of Hong Kong and the Feature Syndicate of the Department of Home News for Overseas, Xinhua News Agency prior to joining Cheung Kong Graduate School of Business in 2002.

獨立非執行董事

林利軍先生，45歲，於二零一五年十一月獲委任為本公司獨立非執行董事，以及審核委員會及提名委員會成員兼薪酬委員會主席。林先生是匯添富基金管理有限公司的創辦人，並一直擔任其首席執行官直至二零一五年四月。匯添富基金管理有限公司是林先生於二零零四年四月創立的一家屢獲殊榮的多元化資產管理公司。林先生於投資管理及風險管理方面具備豐富經驗。林先生現為正心谷創新資本創始人和合夥人，其為中國領先的股權投資機構。

林先生於二零一八年六月二十四日獲委任為上海君實生物醫藥科技股份有限公司(股份代號：01877)之非執行董事，該公司於聯交所上市。林先生現任溫州康寧醫院股份有限公司(股份代號：02120)之非執行董事及國際天食集團有限公司(股份代號：03666)之獨立非執行董事，該等公司於聯交所上市。

林先生於一九九四年及一九九七年分別自中國復旦大學取得經濟學學士及碩士學位，並於二零零三年自美國哈佛大學取得工商管理碩士。

齊大慶先生，54歲，於二零一六年二月獲委任為本公司獨立非執行董事，以及審核委員會、提名委員會及薪酬委員會成員。齊先生現為長江商學院教授，曾任該學院高級管理人員工商管理碩士主任及副院長，齊先生的主要研究領域為財務會計、財務報告及其對企業業務戰略的影響。齊先生曾在財務及會計刊物上發表過多篇論文。齊先生於二零零二年加入長江商學院前曾任職於香港中文大學及新華社對外部特稿社。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Qi was appointed as an independent non-executive director of Haidilao International Holdings Limited (stock code: 06862) on 2 May 2018, a company listed on the Stock Exchange. Currently Mr. Qi serves as independent director of Sohu.com Inc. (NASDAQ: SOHU) and Momo Inc. (NASDAQ: MOMO), all of which are listed on NASDAQ; and independent non-executive director of Bison Finance Group Limited (Stock code: 00888), SinoMedia Holding Limited (stock code: 00623) and Jutal Offshore Oil Services Limited (stock code: 03303), all of which are listed on the Stock Exchange. Mr. Qi served as an independent non-executive director of Honghua Group Limited (stock code: 00196) from 18 January 2008 to 1 January 2018, a company listed on the Stock Exchange, and an independent non-executive director of Dalian Wanda Commercial Properties Co., Ltd. (stock code: 03699) from 29 January 2016 to 20 September 2016, a company delisted from the Stock Exchange on 20 September 2016. Mr. Qi had also been an independent director of Focus Media Holding Limited (NASDAQ: FMCN) and AutoNavi Holdings Ltd. (NASDAQ: AMAP), all of which were listed on NASDAQ, an independent director of Bona Film Group Limited and iKang Healthcare Group, Inc. which were listed on NASDAQ and ceased to be public companies, and an independent director of China Vanke Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000002; and listed on the Stock Exchange, stock code: 02202).

Mr. Qi graduated with a doctoral degree in accounting from The Eli Broad Graduate School of Management of Michigan State University in the U.S.A. in 1996. He also obtained a master's degree in management from University of Hawaii in the U.S.A in 1992 and dual bachelor's degrees (in biophysics and international news) from Fudan University in 1985 and 1987 respectively.

獨立非執行董事(續)

齊先生於二零一八年五月二日獲委任為海底撈國際控股有限公司(股份代號：06862)之獨立非執行董事，該公司於聯交所上市。齊先生現任在美國納斯達克上市的搜狐網絡有限公司(股份代號：SOHU)及陌陌科技公司(股份代號：MOMO)的獨立董事；以及在聯交所上市的貝森金融集團有限公司(股份代號：00888)、中視金橋國際傳媒控股有限公司(股份代號：00623)及巨濤海洋石油服務有限公司(股份代號：03303)的獨立非執行董事。齊先生曾於二零零八年一月十八日至二零一八年一月一日擔任宏華集團有限公司(股份代號：00196)之獨立非執行董事，該公司於聯交所上市；及於二零一六年一月二十九日至二零一六年九月二十日擔任大連萬達商業地產股份有限公司(股份代號：03699)之獨立非執行董事，該公司於二零一六年九月二十日於聯交所除牌。齊先生亦曾任在美國納斯達克上市的分眾傳媒控股有限公司(股份代號：FMCN)和高德軟件有限公司(股份代號：AMAP)之獨立董事、博納影業集團有限公司及愛康國賓健康體檢管理集團有限公司(曾於美國納斯達克上市，現不再為上市公司)之獨立董事及在深圳證券交易所及在聯交所上市的萬科企業股份有限公司(深圳證券交易所股份代號：000002和聯交所股份代號：02202)之獨立董事。

齊先生於一九九六年取得美國密歇根州立大學艾利布羅管理研究院會計學博士學位，並於一九九二年取得美國夏威夷大學的管理碩士學位及於一九八五年及一九八七年取得復旦大學的雙學士學位(生物物理及國際新聞)。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Chu Chung Yue, Howard, aged 70, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee in August 2011.

Mr. Chu was the vice president, Asia and chief representative, China of Teck Resources Limited. Mr. Chu was responsible for the development of an Asian strategy for the company, monitoring China's economic performance and promoting business development opportunities in China. Mr. Chu held various positions including corporate controller for Teck Resources Limited from 1978 to 2007 and was the vice president, Asia and chief representative, China from 2007 to April 2011.

Mr. Chu was appointed as an independent non-executive director of Grandshores Technology Group Limited (stock code: 01647) on 30 June 2018, a company listed on the Stock Exchange.

Mr. Chu holds a bachelor degree in commerce from University of British Columbia and was a member of the Chartered Professional Accountants of Canada.

SENIOR MANAGEMENT

Mr. Cai Junyi, aged 35, joined the Group in December 2015, is the general manager of the Fintech Business of the Group. Mr. Cai is a Fintech product expert with over 10 years of experience in product design and team management. Mr. Cai took up employment with internet giants Sina and Tencent and was the chief technical editor of Sina Finance and deputy director of Tencent Financial Product Center. During his employment with Tencent, Mr. Cai served as a chief product manager and led the team to develop the Zixuangu” (“自選股”) APP.

獨立非執行董事(續)

朱宗宇先生，70歲，於二零一一年八月獲委任為本公司之獨立非執行董事、審核委員會主席，以及薪酬委員會及提名委員會成員。

朱先生為Teck Resources Limited之亞洲區副總裁兼中國區首席代表。朱先生負責發展該公司之亞洲策略、監察中國之經濟表現及促進中國之業務發展機會。朱先生自一九七八年至二零零七年間曾擔任Teck Resources Limited之多個職務(包括財務審計總監)，及自二零零七年至二零一一年四月間曾出任亞洲區副總裁及中國區首席代表。

朱先生於二零一八年六月三十日獲委任為雄岸科技集團有限公司(股份代號：01647)之獨立非執行董事，該公司於聯交所上市。

朱先生持有英屬哥倫比亞大學之商業學士學位，並曾為加拿大特許專業會計師公會之會員。

高級管理人員

蔡俊毅先生，35歲，於二零一五年十二月加入本集團，為本集團金融科技業務總經理。蔡先生擁有10年以上的產品設計和團隊管理經驗，是互聯網金融產品專家。蔡先生曾就職於新浪、騰訊兩大互聯網巨頭企業，並擔任新浪財經技術主編以及騰訊金融產品中心副總監。就職於騰訊期間，蔡先生以產品第一負責人身份帶領團隊設計開發自選股APP。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

SENIOR MANAGEMENT (Continued)

Mr. Chan Man Ko, aged 44, joined the Group in November 2015, is the Chief Financial Officer, Company Secretary and a Senior Managing Director of the Group, and the executive director and senior vice president of YF Life. Before joining the Group, Mr. Chan worked for China Taiping Insurance Holdings Company Limited (stock code: 00966) for over 11 years and had served several positions including deputy general manager of finance department, chief financial officer and company secretary. Prior to this, he worked for Deloitte Touche Tohmatsu for 7 years.

Mr. Chan is an associate member of Institute of Chartered Accountants in England and Wales, and associate member and practicing member of Hong Kong Institute of Certified Public Accountants.

Mr. He Shiqiang, aged 48, joined the Group in September 2015, is the Head of I.T. and Operations of the Group. Prior to joining the Group, Mr. He was the head of operations of Shanghai-based Pacific Asset Management Co. from 2013 to 2015. Before that, Mr. He worked, from 2009 to 2013, for Shanghai-based BNY Mellon Western Fund Management Co. as CTO, CRO and COO and served on the company supervisory board. Prior to moving to Shanghai, Mr. He worked in various technology and consulting roles in the U.S.A., including software architect for Maple Securities and senior consultant in PA Consulting Group.

Mr. He received a B.S. degree from Peking University and a master degree from Massachusetts Institute of Technology.

高級管理人員(續)

陳文告先生，44歲，於二零一五年十一月加入本集團，為本集團之首席財務總監、公司秘書及高級董事總經理，以及萬通保險執行董事及高級副總裁。加入本集團之前，陳先生於中國太平保險控股有限公司(股份代號：00966)工作超過11年，並曾擔任財務部副總經理、財務總監及公司秘書等職位。此前，彼曾於德勤·關黃陳方會計師行工作7年。

陳先生為英格蘭及威爾斯特許會計師協會會員、香港會計師公會會員及執業會計師。

何世強先生，48歲，於二零一五年九月加入本集團，為本集團信息科技及運營總監。加入本集團前，何先生於二零一三年至二零一五年在上海任職於太平洋保險集團資產管理公司，任營運部總經理。在此之前，何先生於二零零九年至二零一三年任職於紐銀梅隆西部基金，歷任首席技術官／首席風控官／首席運營官，並擔任公司監事。在遷居上海之前，何先生在美國多家機構擔任技術和諮詢職位，包括在紐約地區的楓葉證券公司任軟件架構師，和波士頓地區的博安諮詢高級諮詢師。

何先生持有北京大學學士學位以及美國麻省理工學院碩士學位。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

SENIOR MANAGEMENT (Continued)

Ms. Qin Li, aged 45, joined the Group in June 2017, is a Senior Managing Director of the Group. With nearly two decades of experience working in the PRC banking industry, Ms. Qin took up employment with China Investment Bank and China CITIC Bank respectively and took part in foreign government loans, custody, retailing, private banking and bank financial management businesses in their chronological order, thereby enjoying a wealth of experience in wealth management and asset management. Prior to joining the Group, Ms. Qin was an assistant to the general manager of the department of financial management business at the headquarter of China CITIC Bank, tasked with product development and investment management for the bank's financial management business and leading a team with a portfolio of assets in excess of RMB 600 billion with the scope of investments covering debentures, stocks, derivatives, and alternative assets.

Ms. Qin graduated from Nankai University in the PRC with a bachelor's degree in finance and received her master's degree in business administration from the University of Wyoming in the U.S.A..

Mr. Tang Hui, aged 48, joined the Group in March 2016, is the Chief Risk Officer of the Group. Mr. Tang has near two decades experience in financial industry with exposures to both overseas and domestic Chinese markets.

Previously, Mr. Tang worked with financial institutions such as Bank of America, Merrill Lynch and a large multi strategy hedge fund as well as a Chinese securities firm among others in various risk management positions.

Mr. Tang holds a bachelor degree from Beijing Institute of Technology, master's degree in business administration from International University of Japan and master degree in Computational Finance from Carnegie Mellon University.

高級管理人員(續)

秦莉女士，45歲，於二零一七年六月加入本集團，為本集團高級董事總經理。秦女士擁有中國銀行業近20年工作經驗，分別在中國投資銀行和中信銀行任職，先後從事外國政府貸款、託管、零售、私人銀行和銀行理財業務，在財富管理和資產管理方面擁有豐富的經驗。加入本集團前，秦女士任中信銀行總行理財業務管理部總經理助理，負責該行理財業務的產品開發和投資管理業務，其所帶領的團隊所管理的資產逾人民幣6000億元，投資領域覆蓋債券、股票、衍生品及另類資產。

秦女士持有中國南開大學金融學學士學位及美國懷俄明大學工商管理碩士學位。

湯暉先生，48歲，於二零一六年三月加入本集團，為本集團之首席風險官。湯先生擁有近二十年國內外金融經驗。

湯先生先後在美銀、美林及大型多策略對沖基金和國內證券公司等擔任風險管理職務。

湯先生持有北京理工大學工學士、日本國際大學工商管理碩士學位和卡內基梅隆大學計算金融碩士學位。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

SENIOR MANAGEMENT (Continued)

Mr. Tay Keng Puang, aged 62, joined the Group in November 2018, is the Vice President of the Group, and managing director and the chief executive officer of YF Life. He is a member of various committees, including the investment committee, the reinsurance committee and the risk management committee of YF Life. Mr. Tay has over 38 years of experience in the life insurance industry. He joined the YF Life Group in December 1996 and was appointed to his current position in June 2009. From December 1996 to October 2009, he was the president of MassMutual Trustee Company Limited, a subsidiary of YF Life operating the YF Life Group's MPF business. During this period, he also served as senior vice president of YF Life, with responsibility for Employee Benefits Administration and Management Information Systems.

Mr. Tay graduated from Newport University in the U.S.A. with a master's degree in business administration in December 1992. He received a postgraduate diploma in statistics and operational research from University of Essex in the United Kingdom in July 1980 and his bachelor's degree in economics from University of Portsmouth in the United Kingdom in July 1978. Mr. Tay was designated as a fellow member of the Life Management Institute (FLMI) by Life Office Management Association (LOMA) in September 1989.

高級管理人員(續)

鄭慶藩先生，62歲，於二零一八年十一月加入本集團，為集團副總裁，及萬通保險董事總經理兼行政總裁。彼為萬通保險多個委員會的成員，包括投資委員會、再保委員會及風險管理委員會成員。鄭先生於壽險行業積逾38年經驗。彼於一九九六年十二月加入萬通保險集團，並於二零零九年六月擔任現職。一九九六年十二月至二零零九年十月，彼為MassMutual Trustee Company Limited（經營萬通保險集團強積金業務的萬通保險附屬公司）總裁。於該段期間內，彼亦於萬通保險擔任高級副總裁，負責集團僱員福利行政部及資訊系統部的營運。

鄭先生於一九九二年十二月畢業於美國紐波特大學 (Newport University)，取得工商管理碩士學位。彼於一九八零年七月自英國埃塞克斯大學 (University of Essex) 取得統計和運籌學研究生文憑，並於一九七八年七月自英國樸茨茅斯大學 (University of Portsmouth) 取得經濟學學士學位。鄭先生於一九八九年九月獲壽險管理學會 (LOMA) 指定為壽險管理師 (FLMI)。

Corporate Governance Report

企業管治報告

The Board of Yunfeng Financial Group Limited is committed to maintaining high standards of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for attracting and retaining high calibre and talented management, promoting high standards of accountability and transparency and meeting the expectations of all the Shareholders.

The principles of corporate governance adopted by the Group stress the importance of a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

Throughout the Year, the Company has complied with the applicable code provisions of the CG Code, except for the following deviation which is summarised below:

Code Provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from this provision because the non-executive Directors and independent non-executive Directors do not currently have specific terms of appointment. However, the articles of association of the Company states that one-third of the Directors for the time being or, if the number is not a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Directors shall be subject to retirement by rotation at least once every three years at each annual general meeting, and offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure the Company's corporate governance practice in this aspect provides sufficient protection for the interests of Shareholders to a standard commensurate with that of the code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding director's securities transactions with terms no less exacting than the required standard set out in the Model Code. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards as stated in the Model Code throughout the Year.

雲鋒金融集團有限公司董事會致力維持高水準之企業管治，相信高水準之企業管治能提供有效架構及穩固根基，吸引及挽留能力出眾及富有才幹之管理層、促進高標準之問責及透明度及達致本公司全體股東之期望。

本集團採納之企業管治原則著重高質素之董事會、健全之內部監控以及對全體股東保持透明及問責。

於本年度內，本公司已遵守企管守則條文，惟下文所述之偏離除外：

守則條文第 A.4.1 條

根據守則條文第 A.4.1 條，非執行董事應以指定任期聘任並須接受重選。由於目前本公司之非執行董事及獨立非執行董事並無指定任期，故本公司偏離此條文。然而，根據本公司之組織章程細則，當時三分之一之在任董事（倘人數並非三之倍數，則最接近但不少於三分之一之人數）須輪值卸任。於每屆股東週年大會上，每位董事至少每三年須輪席退任一次，並膺選連任。因此，董事會認為此方面已採取足夠措施確保本公司之企業管治常規可充分保障股東之權益，並符合守則所規定的標準。

進行證券交易之行為守則

本公司已採納一套有關董事進行證券交易之行為守則，其條款不遜於標準守則所規定的標準。經本公司作出具體查詢後，本公司全體董事已確認，彼等於本年度內一直遵守標準守則規定的標準。

THE BOARD

The Board is responsible for the formulation of the Group's strategies, policies and business plans, regulating and reviewing risk management and internal control systems, formulating the Group's corporate governance policy, and supervising the management of the business operations of the Group to ensure that its business objectives are met. The Board also ensures adequacy of resources, qualifications and experience of the Board members. The senior management of the Group is responsible for the day-to-day operations of the Group and accountable to the Board.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Group. As at the date of this report, the Board comprises the following Directors:

Chairman

Mr. Yu Feng (*Non-executive Director*)

Executive Directors

Ms. Li Ting (*Chief Executive Officer*)

Mr. Huang Xin

Non-executive Directors

Mr. Adnan Omar Ahmed

Ms. Hai Olivia Ou

Mr. Gareth Ross

Independent non-executive Directors

Mr. Lin Lijun

Mr. Qi Daqing

Mr. Chu Chung Yue, Howard

The current Directors and their brief biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

There are no financial, business, family or other material/relevant relationships between Board members and between the Chairman and the CEO.

董事會

董事會負責制訂本集團之策略、政策及業務規劃、規範及檢討風險管理及內部監控體系、制訂本集團之企業管治政策，及監督本集團之業務營運管理，確保實現業務目標。董事會亦確保董事會成員具備充足的資源、資歷及經驗。本集團管理層負責本集團之日常營運，並對董事會負責。

董事會兼具本集團業務所需之適當技能和經驗。於報告日期，董事會由以下董事組成：

主席

虞鋒先生 (*非執行董事*)

執行董事

李婷女士 (*行政總裁*)

黃鑫先生

非執行董事

Adnan Omar Ahmed 先生

海歐女士

Gareth Ross 先生

獨立非執行董事

林利軍先生

齊大慶先生

朱宗宇先生

現任董事及其簡歷載於本年報「董事及高級管理人員履歷」一節。

董事之間及主席與行政總裁之間並無任何財務、業務、家屬或其他重大／相關關係。

Corporate Governance Report

企業管治報告

THE BOARD *(Continued)*

The Company has been maintaining the number of independent non-executive Directors at not less than one-third of the number of the Board members and has ensured that at least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. The participation of independent non-executive Directors in the Board brings independent judgement to ensure the interests of all Shareholders have been duly considered.

For a Director to be considered independent, that Director should not have any direct or indirect material interest in the Group. In determining the independence of Directors, the Board follows the requirement set out in the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the year ended 31 December 2018 and the Company considers that they are independent.

The roles of the Chairman and the CEO are complementary, but importantly they are distinct and separate with a clear and well established division of responsibilities.

The Chairman (assumed by Mr. Yu Feng) is responsible for setting strategic targets, providing leadership to the Board, monitoring Board effectiveness and fostering constructive relationship between Directors.

The CEO (assumed by Ms. Li Ting) is responsible for managing the business of the Group, attending to the formulation and implementation of Group's policies, and assuming full accountability for the Group's operations. Acting as the principal manager of the Group's business, the CEO develops a strategic operating plan that reflects the long-term objectives and priorities established by the Board, and is directly responsible for maintaining the operational performance of the Group. Working with the senior management and the Board, the CEO ensures that the funding requirements of the business are met and closely monitors the operating and financial results against the plans. The CEO also takes remedial actions when necessary and advises the Board of any significant developments and issues of the Group.

董事會(續)

本公司一直維持獨立非執行董事人數不少於董事人數三分之一，並確保至少有一名獨立非執行董事具備上市規則規定之適當專業資格或會計或相關財務管理專長。獨立非執行董事之參與賦予董事會獨立判斷，確保全體股東之利益得到妥善考慮。

就被視為獨立之董事而言，其不得於本集團擁有任何直接或間接重大權益。於釐定董事之獨立性時，董事會遵循上市規則之規定。本公司已收到各獨立非執行董事根據上市規則第3.13條發出的截至二零一八年十二月三十一日止年度的獨立性確認函，而本公司認為彼等均屬獨立。

主席與行政總裁兩個角色有互補作用，但重要的是兩者獨立分明、分工清晰妥當。

主席(由虞鋒先生擔任)負責制定戰略目標、領導董事會、確保董事會具成效及促進董事良好關係。

行政總裁(由李婷女士擔任)負責管理本集團業務，參與制訂及實行本集團政策，並全權負責本集團營運。身為本集團業務之主要管理人，行政總裁切合董事會所訂立的長期目標及發展重點制訂策略性經營規劃，並直接負責維持本集團之營運表現。行政總裁與高級管理人員及董事會合作，確保滿足業務之資金要求，並密切監督經營及財務業績是否符合規劃。行政總裁亦於有需要時採取補救措施，並就本集團之任何重大發展及事項向董事會提供建議。

THE BOARD (Continued)

The Board meets regularly and at least 4 times a year. Between scheduled meetings, senior management of the Group provides to the Directors the information on the activities and developments in the businesses of the Group on a timely basis and, when required, additional Board meetings are held. In addition, the Directors have full access to the information of the Group and to independent professional advice whenever should they consider necessary. During the Year, a total of 4 Board meetings and 2 general meetings, including the annual general meeting were held and the attendance of each Director is set out below:

董事會(續)

董事會定期召開會議，每年至少舉行4次。於已定會期的會議之間，本集團高級管理人員及時向董事提供有關本集團業務活動和發展之資料，並於有需要時舉行額外的董事會會議。此外，董事可於彼等認為有需要時全面獲得本集團資料及獨立的專業意見。於本年度，本公司合共舉行4次董事會會議及2次股東大會，包括股東週年大會，各董事之出席情況載列如下：

		Number of meetings attended in the year ended 31 December 2018/Number of meeting eligible to attend 截至二零一八年十二月三十一日出席會議次數/合資格參加的會議次數					
		Board 董事會	NC 提名 委員會	RC 薪酬 委員會	AC 審核 委員會	AGM 股東 週年大會	EGM 股東 特別大會
Chairman	主席						
Mr. Yu Feng	虞鋒先生	4/4	1/1	—	—	1/1	0/1
Executive Directors	執行董事						
Ms. Li Ting	李婷女士	4/4	—	—	—	1/1	1/1
Mr. Huang Xin	黃鑫先生	3/4	—	1/1	—	1/1	1/1
Non-executive Directors	非執行董事						
Mr. Ko Chun Shun, Johnson (resigned on 16 November 2018)	高振順先生(於二零一八年十一月十六日辭任)	3/3	—	—	—	1/1	1/1
Mr. Adnan Omar Ahmed (appointed on 16 November 2018)	Adnan Omar Ahmed 先生(於二零一八年十一月十六日獲委任)	—	—	—	—	—	—
Ms. Hai Olivia Ou	海歐女士	4/4	—	—	—	1/1	1/1
Mr. Huang Youlong (resigned on 11 January 2018)	黃有龍先生(於二零一八年一月十一日辭任)	—	—	—	—	—	0/1
Mr. Gareth Ross (appointed on 16 November 2018)	Gareth Ross 先生(於二零一八年十一月十六日獲委任)	—	—	—	—	—	—
Independent non-executive Directors	獨立非執行董事						
Mr. Lin Lijun	林利軍先生	0/4	0/1	0/1	0/2	0/1	0/1
Mr. Qi Daqing	齊大慶先生	4/4	1/1	1/1	2/2	1/1	0/1
Mr. Chu Chung Yue, Howard	朱宗宇先生	4/4	1/1	1/1	2/2	1/1	1/1

Note:

NC – Nomination Committee
RC – Remuneration Committee
AC – Audit Committee
AGM – annual general meeting held on 22 June 2018
EGM – extraordinary general meeting held on 10 January 2018

附註：

NC – 提名委員會
RC – 薪酬委員會
AC – 審核委員會
AGM – 於二零一八年六月二十二日舉行的股東週年大會
EGM – 於二零一八年一月十日舉行的股東特別大會

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PROFESSIONAL TRAINING FOR DIRECTORS

All Directors, including independent non-executive Directors, should always know their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company.

During the Year, all Directors have received the following trainings:

董事專業培訓

全體董事(包括獨立非執行董事)應清楚彼等身為董事之共同責任並了解本集團的業務及活動。每名新上任之董事將收到一套入職資料，涵蓋本集團業務及上市公司董事須承擔之法定及監管責任。

於本年度，全體董事已接受下列培訓：

Directors		Training on corporate governance, regulatory development and other relevant topics
董事		有關企業管治、監管發展及其他相關課題之培訓
Chairman	主席	
Mr. Yu Feng	虞鋒先生	✓
Executive Directors	執行董事	
Ms. Li Ting	李婷女士	✓
Mr. Huang Xin	黃鑫先生	✓
Non-executive Directors	非執行董事	
Mr. Ko Chun Shun, Johnson (resigned on 16 November 2018)	高振順先生(於二零一八年十一月十六日辭任)	✓
Mr. Adnan Omar Ahmed (appointed on 16 November 2018)	Adnan Omar Ahmed 先生(於二零一八年十一月十六日獲委任)	✓
Ms. Hai Olivia Ou	海歐女士	✓
Mr. Huang Youlong (resigned on 11 January 2018)	黃有龍先生(於二零一八年一月十一日辭任)	N/A
Mr. Gareth Ross (appointed on 16 November 2018)	Gareth Ross 先生(於二零一八年十一月十六日獲委任)	✓
Independent non-executive Directors	獨立非執行董事	
Mr. Lin Lijun	林利軍先生	✓
Mr. Qi Daqing	齊大慶先生	✓
Mr. Chu Chung Yue, Howard	朱宗宇先生	✓

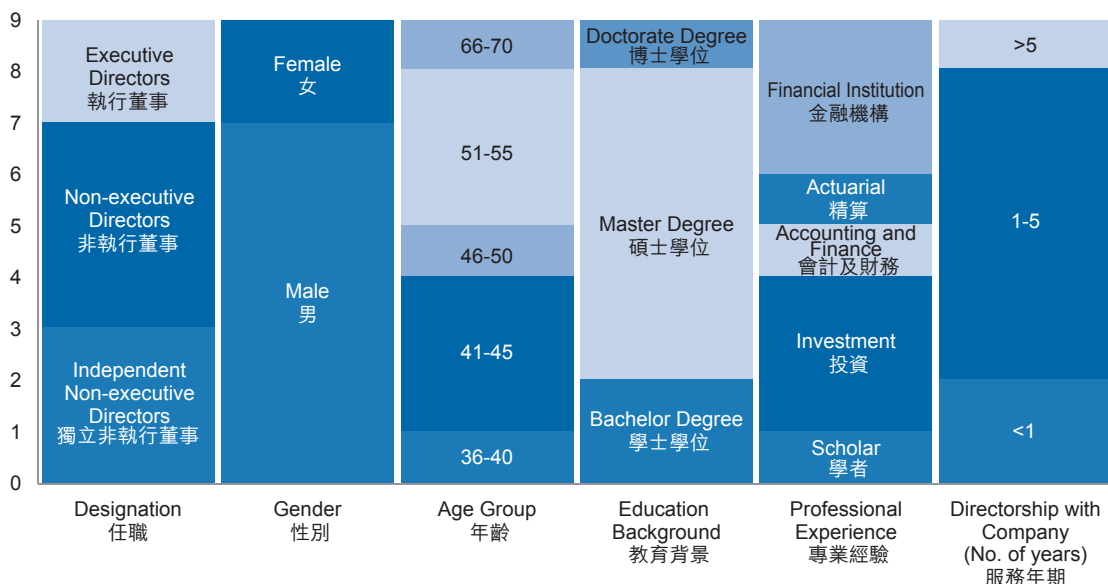
BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy in October 2013 which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of a Board that possesses an appropriate balance and levels of skills, experience, expertise and diversity of perspectives essential to support the execution of its corporate and business strategies and to enhance the quality and effectiveness of its performance. Board diversity will strengthen the Company's strategic objectives in driving business results; enhancing good corporate governance and reputation; and attracting and retaining talent for the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

As at the date of this report, the Board composition under major criteria for diversity was summarised as follows:



董事會成員多元化政策

公司於二零一三年十月採納董事會成員多元化政策，當中載列為達致及維持董事會成員多元化，提升董事會運作效率而採取之方針。

本公司了解，具備平衡之結構及適當水平之技能、經驗、專長及不同觀點，對支持董事會執行企業及業務策略及提升其運作質素及效率至關重要。董事會成員多元化將增強本公司提升經營業績、完善良好的企業管治及聲譽及為董事會吸引及挽留人才之策略目標。

本公司力求考慮多項因素(包括專業資格及經驗、文化及教育背景、種族、性別、年齡及服務時間)，貫徹董事會成員多元化。於釐定董事會之最優配置時，本公司亦會根據自身業務模式及不時之需考慮其他因素。

於報告日期，按主要的多元角度之董事會的組成概覽如下：

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BOARD DIVERSITY POLICY (Continued)

The Board considers that the current board composition is diverse and meets the criteria of the board diversity policy. Accordingly, no measurable objectives have been set for implementing the said policy. The Board will review the policy from time to time to ensure that the board diversity policy is complied with.

A copy of the board diversity policy is published on the Company's website for public information.

BOARD COMMITTEES

Regarding the corporate governance function, during the year ended 31 December 2018, the Board has reviewed and monitored the training and continuous professional development of Directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements, the code of conducts, corporate governance policies and practices and the disclosure in the Corporate Governance Report. Besides, the Company has set up three committees including, the Nomination Committee, the Remuneration Committee and the Audit Committee. Each committee has its specific terms of reference with reference to the CG Code.

REMUNERATION COMMITTEE

The Remuneration Committee was chaired by Mr. Lin Lijun with existing members of Mr. Huang Xin, Mr. Chu Chung Yue, Howard and Mr. Qi Daqing. The Remuneration Committee is responsible to make recommendation to the Board on the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee shall meet as and when required to consider remuneration related matters such as making recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management, and to assist the Group in the administration of the fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Group. The written terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange. Code provision B.1.2(c)(ii) was adopted by the Remuneration Committee.

董事會成員多元化政策(續)

董事會認為現行董事會的組成是多樣的，符合董事會多元化政策的標準。據此，概無制定可計量目標對該政策加以落實。董事會將不時檢討董事會的多樣性，以確保符合董事會的多元化政策。

董事會成員多元化政策之文本載於本公司網站，供公眾查閱。

董事委員會

就企業管治職能而言，於截至二零一八年十二月三十一日止年度，董事會已檢討及監察董事及高級管理人員之培訓及持續專業發展。董事會亦已檢討及確保遵守相關法律及監管規定、行為守則，企業管治政策及實務及企業管治報告之披露。此外，本公司已設立三個委員會，包括提名委員會、薪酬委員會及審核委員會。各委員會均已參考企管守則制定明確的職權範圍。

薪酬委員會

本公司之薪酬委員會由林利軍先生擔任主席，現有成員包括黃鑫先生、朱宗宇先生及齊大慶先生。薪酬委員會負責就本集團董事及高級管理人員之薪酬待遇向董事會提供建議。此外，薪酬委員會須於有需要時舉行會議，考慮薪酬相關事宜(如就本集團之董事及高級管理人員薪酬政策及架構向董事會提供建議)，及協助本集團於制訂董事及本集團高級管理人員之薪酬政策時落實公平透明之程序。薪酬委員會的書面職權範圍載於本公司及聯交所網站。薪酬委員會已採納守則條文B.1.2(c)(ii)。

REMUNERATION COMMITTEE (Continued)

During the Year, the Remuneration Committee held 1 meeting. The Remuneration Committee reviewed the remuneration packages for Directors and senior management of the Group by assessing their performance.

Details of the remuneration of the Directors during the Year are set out in note 13 to the financial statements. The remuneration of the senior management during the Year falls within the following bands:

		Number of Individual* 僱員人數
HK\$2,000,001-HK\$3,000,000	2,000,001 港元至 3,000,000 港元	3
HK\$7,000,001-HK\$8,000,000	7,000,001 港元至 8,000,000 港元	1
HK\$8,000,001-HK\$9,000,000	8,000,001 港元至 9,000,000 港元	1
HK\$9,000,001-HK\$10,000,000	9,000,001 港元至 10,000,000 港元	2

* One of the senior management resigned after the end of the Year.

NOMINATION COMMITTEE

The Nomination Committee was chaired by Mr. Yu Feng with existing members of Mr. Lin Lijun, Mr. Chu Chung Yue, Howard and Mr. Qi Daqing. The terms of reference of the Nomination Committee have been determined with reference to the CG Code and posted on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least once every year, making recommendations on any proposed changes to the Board to complement the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the CEO. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

薪酬委員會(續)

於本年度，薪酬委員會舉行1次會議。薪酬委員會已通過評估其表現，審閱了本集團董事及本集團高級管理人員之薪酬待遇。

於本年度，有關董事的薪酬披露載於財務報表附註13，高級管理人員的薪酬介乎下列範圍：

* 其中一位高級人員於本年度後辭任。

提名委員會

本公司之提名委員會由虞鋒先生擔任主席，現有成員包括林利軍先生、朱宗宇先生及齊大慶先生。提名委員會之職權範圍乃參考企管守則釐定，並載於本公司及聯交所網站。

提名委員會之角色及職能包括至少每年檢討董事會之架構、人數及組成一次，就擬對董事會作出調整以補充本集團之企業策略的事項提供建議，物色合資格擔任董事者及甄選獲提名擔任董事者(如需要)，評核獨立非執行董事之獨立性，及就董事之委任或重新委任以及董事(尤其是主席及行政總裁)繼任計劃向董事會提供建議。考慮提名新董事時，董事會將考慮候選人之資歷、能力、工作經驗、領導才能及職業操守。

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NOMINATION COMMITTEE (Continued)

The Nomination Committee is also responsible for the review of the board diversity policy (summary is disclosed above), considering factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of Board members, and review the measurable objectives that the Board has set for implementing the board diversity policy (if any), and monitor the progress on achieving the measurable objectives (if any).

The Company has adopted a nomination policy on 1 January 2019 (the "Nomination Policy"). The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Policy sets out formal procedures for selection, appointment and re-appointment of Directors. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall include but not limited to his or her integrity, accomplishment and experience, in particular, in the industry of the Group's businesses, commitment in respect of available time and ability to contribute to the diversity of the Board.

During the Year, the Nomination Committee held 1 meeting. The committee considered the re-election of the retiring Directors and reviewed the board's diversity policy.

Mr. Adnan Omar Ahmed and Mr. Gareth Ross were appointed during the Year. Their nomination for appointment were reviewed and recommended by the Nomination Committee in 2017. Such nomination had been disclosed in the corporate governance report included in the 2017 annual report.

Subsequent to the approval of this report by the Board, Mr. Xiao Feng was appointed as independent non-executive Director, effective after the conclusion of meeting of the Board held on 28 March 2019. In considering the said new appointment of director, the Nomination Committee assessed the candidate on criteria such as qualifications, cultural, educational background and professional experience as well as assessed his independence, etc. and made recommendation to the Board for approval.

提名委員會(續)

提名委員會亦負責檢討董事會成員多元化政策(摘要見上文), 所考慮因素包括(但不限於)董事之性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務時間, 並會檢討董事會為實施董事會成員多元化政策而制定之可計量目標(如有), 以及監督可計量目標(如有)之完成進度。

本公司已於二零一九年一月一日採納提名政策(「提名政策」)。提名政策旨在確保董事會在技能、經驗及適合本公司業務要求的多元化方面取得平衡。提名政策載列了甄選、委任及重新委任董事的正式程序。委任新董事(增加董事或填補臨時空缺)或任何重新委任董事, 均由董事會根據提名委員會推薦候選人的建議作出決定。

考慮候選人是否合資格所適用的準則, 包括但不限於其誠信、成就及經驗(尤其對本集團業務所在之行業)、可投入時間的承諾及為董事會多元化作出貢獻的能力。

於本年度, 提名委員會舉行1次會議。委員會已考慮重選退任董事及審閱董事會多樣性。

於本年度獲委任的Adnan Omar Ahmed及Gareth Ross先生, 彼等之任命提名已於二零一七年獲提名委會審閱及推薦。該提名已於二零一七年年報所載的企業管治報告中披露。

於董事會批准本報告後, 肖風先生獲委任為本公司董事, 於二零一九年三月二十八日舉行的董事會會議結束後生效。考慮該新委任董事時, 提名委員會以資歷、文化、教育背景、專業經驗等因素, 評估有關人選, 並已評估彼之獨立性, 並向董事會提出建議以供審批。

AUDIT COMMITTEE

The Audit Committee is chaired by Mr. Chu Chung Yue, Howard, with existing members of Mr. Lin Lijun and Mr. Qi Daqing.

Mr. Chu holds a bachelor's degree in commerce from University of British Columbia and was a member of the Chartered Professional Accountants of Canada. Mr. Chu has appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are in line with the CG Code and are posted on the websites of the Company and the Stock Exchange. The Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim results and annual results and to monitor the integrity of the financial statements of the Group, to review the scope, extent and effectiveness of the Company's financial controls, risk management and internal control systems, internal audit and to review the Group's financial and accounting policies.

The Audit Committee held 2 meetings during the Year. There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. The Audit Committee has reviewed, inter alia, the accounting principles and practices adopted by the Group and discussed internal controls, financial reporting and risk management matters of the Group. The Audit Committee has also reviewed, and had discussions with external auditors, on the interim and annual consolidated financial statements of the Group.

審核委員會

本公司之審核委員會由朱宗宇先生擔任主席，現有成員包括林利軍先生及齊大慶先生。

朱先生持有英屬哥倫比亞大學之商業學士學位，並曾為加拿大特許專業會計師公會會員。朱先生具備上市規則第3.10(2)及第3.21條規定之適當專業資格。

審核委員會之職權範圍符合企管守則，並載於本公司及聯交所網站。審核委員會須(其中包括)監督與外聘核數師之關係，審閱本集團之中期業績及年度業績，監察本集團財務報表之完整性，檢討本公司財務監控、風險管理及內部監控體系及內部審計之範圍、程度及成效，以及審閱本集團之財務及會計政策。

於本年度，審核委員會舉行2次會議。董事會與審核委員會對於挑選、委任、辭退或罷免外聘核數師並無分歧。審核委員會已審閱(其中包括)本集團採納之會計原則和實務，並已討論本集團之內部監控、財務報告及風險管理事宜。審核委員會亦已審閱並與外聘核數師討論本集團之中期及年度綜合財務報表。

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企業管治報告

AUDITOR'S REMUNERATION

A summary of fees for audit and non-audit services is as follows:

Nature of services	服務性質	31 December	31 December
		2018	2017
		於二零一八年	於二零一七年
		十二月三十一日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Audit services	審計服務	13,126	2,220
Non-audit services	非審計服務	4,229	6,340
Total	總計	17,355	8,560

RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibility for preparing financial statements which give a true and fair view.

The statement of the auditor of the Company on their responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

While the Group pursues growth in business, it also recognises the importance of effectively managing various risks associated with its operations. The Group aims to achieve a good balance between risks and growth by implementing appropriate risk management and internal control.

ORGANISATION

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets. To this end, management continues to allocate resources for a risk management and internal control systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

核數師酬金

審計與非審計服務之費用概列如下：

Nature of services	服務性質	31 December	31 December
		2018	2017
		於二零一八年	於二零一七年
		十二月三十一日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Audit services	審計服務	13,126	2,220
Non-audit services	非審計服務	4,229	6,340
Total	總計	17,355	8,560

編製財務報表的責任

董事確認編製真實與公平的財務報表是彼等的責任。

本公司的核數師就財務報表應承擔的責任聲明，詳列於本年報之獨立核數師報告內。

風險管理及內部監控

本集團在追求業務增長的同時，也認識到有效管理與經營相關的各種風險的重要性。本集團旨在通過實施適當風險管理及內部監控，在風險及增長間實現良好的平衡。

組織

董事會全面負責評估及釐定為達成本集團戰略目標所願承擔風險的性質及程度，以及維持穩健及有效的風險管理及內部監控系統(包括檢討有關成效)，以保障股東投資及本集團資產。為此，管理層繼續分配資源予風險管理及內部監控系統，為不會有重大的失實陳述或損失作出合理(而非絕對)的保證，並管理(而非消除)未能達到業務目標的風險。

ORGANISATION (Continued)

The corporate governance committee of the Group (the “Corporate Governance Committee”) is made up of the CEO and members who represent each of the key departments or business units, including finance, technology, risk management, operations, legal, compliance and project management with the responsibility to oversee the Group’s overall risk management and internal control systems and has the ultimate responsibility for the establishment and implementation of risk governance framework, appetite/tolerances, strategies, policies and procedures. The compliance manual sets out the guidelines on reporting and disseminating inside information, and the Corporate Governance Committee is delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. The Risk Oversight Committee (“ROC”) is a sub-committee under the Corporate Governance Committee, responsible for the risk management and internal control.

The ROC comprises business heads, head of legal, head of compliance and head of risk management and is chaired by the CEO. Authority is delegated from the Corporate Governance Committee and the function of the committee is risk governance for the Group.

The Chief Risk Officer is responsible for maintaining the effectiveness of the risk management framework and for supervision of daily operation of the risk management department.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Based on industry practice, the Group adopts the industry standard “Three Lines of Defense” for the management of risks, comprising the following elements:

- (1) 1st Line of Defence: The business which owns and manages its risks;
- (2) 2nd Line of Defence: The risk management and operation function, which defines and co-ordinates the operational risk strategy and framework; and
- (3) 3rd Line of Defence: Internal and external audit, who provide independent assurance.

組織(續)

本集團企業管治委員會(「企業管治委員會」)由行政總裁及各主要部門或業務單位(包括財務、技術、風險管理、營運、法律、合規及項目管理)之成員組成，負責監督本集團的整體風險管理及內部監控系統，並負有最終責任設立及實施風險管治框架、偏向／承受能力、戰略、政策及程序。合規手冊載列有關報告及發佈內幕消息的指引，而企業管治委員會獲授權持續負責監督貫徹執行及遵守所有重大法律及監管規定。風險監督委員會(「風險監督委員會」)為隸屬企業管治委員會的小組委員會，負責風險管理及內部監控。

風險監督委員會由業務主管、法務主管、合規主管及風險管理主管組成，由行政總裁擔任主席。授權由企業管治委員會授出，該委員會的職責為行使本集團風險管治職能。

首席風險官負責維持風險管理框架的有效性，並負責監督風險管理部門的日常營運。

風險管理及內部控制系統

根據行業慣例，本集團就管理風險採納「三道防線」的行業標準，其包括以下元素：

- (1) 第一道防線：業務部門擁有並管理其風險；
- (2) 第二道防線：風險管理及營運職能，定義並協調營運風險戰略及框架；及
- (3) 第三道防線：內部及外部審核，提供獨立保證。

Corporate Governance Report

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS *(Continued)*

Each of the Group's departments conducts risk management and internal control that responds to the risk profile and size of each business in accordance with basic policies. Risk management department, together with other concerned management functions, monitor and communicate the risk exposures and issues to the management. Critical issues will be escalated to different committees according to pre-set rules, discussions will be held and resolutions will be found by responsible committees. The process used to identify, evaluate and manage significant risks is set out in the Report of the Directors on pages 71 to 76 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW

Risk management department, led by the Chief Risk Officer, working under the guidance of risk management policies, has developed various procedures to manage, monitor and report identified risk factors that the Group's might encounter on a daily basis. Apart from periodic risk reports that are sent out to major management members and stakeholders, communications are also conducted through regular Corporate Governance Committee meetings. Ad hoc risk reports would also be produced, whenever there are risk issues that need to be addressed immediately.

2018 has been a successful year in terms of risk management under the current control framework built in the past years, focusing on identifying potential risks, risk reporting as well as improving and fixing procedures. The internal audit function was put in place during the Year. As of the time when the annual review is composed, there are no any risk incidents that have caused significant financial losses to the Group due to control failures.

風險管理及內部控制系統(續)

本集團各部門按照基本方針進行風險管理及內部監控，以對各業務的風險狀況及規模作出反應。風險管理部門連同其他相關管理職能監督並向管理層傳達風險敞口及問題。重要議題將根據預先設定的規則上呈不同的委員會，負責委員會將進行討論並作出決議。用於識別、評估和管理重大風險的過程載於本年度報告的董事會報告71至76頁。

風險管理及內部控制檢討

風險管理部門由首席風險官領導，該部門根據風險管理政策指引工作，並已制定各種程序管理、監察及報告本集團每天可能遇到的已識別風險因素。除發送予主要管理層成員及利益相關者的定期風險報告外，亦舉行定期企業管治委員會會議。每當出現需要即時處理的風險問題時，亦將編製特定風險報告。

就過去年間建立的現有內部控制框架下的風險管理而言，二零一八年實為成功的一年，集中於識別潛在風險，風險報告以及改進和確定程序。內部審計功能於本年度內就位。截至編製年度審閱報告時，概無因控制失當而對本集團造成重大財務損失的任何風險事件。

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW (Continued)

The review of the effectiveness of the Group's risk management and internal control systems has been conducted annually. During the Year, the Audit Committee, through the Corporate Governance Committee, has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems and considered that the risk management and internal control systems are effective and adequate. The Group's Risk Management and Internal Control Report for 2018 was compiled to cover (i) the key risks of the Group; (ii) developments in business and extent of the risks in 2018, and responses to changes in its business and the external environment; (iii) associated action plans and controls designated to mitigate the key risks, where applicable, at appropriate level; (iv) the adequacy of resources, qualifications and experience, training programs and budget of accounting, financial reporting and internal audit functions; and (v) the compliance with relevant laws and regulations that have a significant impact on the business and operation of the Group. The Risk Management and Internal Control Report was presented to the Audit Committee for review in March 2019.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently details disclosure of material information about the Group. With the guidelines of the Company regarding the disclosure of inside information, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is well aware of its obligations under the SFO, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the SFC

風險管理及內部控制檢討(續)

本集團每年檢討一次風險管理和內部控制系統的有效性。於本年度，審核委員會已通過企業管治委員會，檢討本集團風險管理及內部監控系統的充分性及有效性，並認為風險管理及內部監控系統屬有效及充分。本集團已編製二零一八年風險管理及內部監控報告，以匯報(i)本集團的主要風險；(ii)二零一八年的業務發展及風險幅度，以及應對其業務及外部環境變化的能力；(iii)在適當層面(如適用)用以減輕主要風險的相關行動計劃及監控措施；(iv)會計、財務報告及內部審計職能的資源、資歷及經驗、培訓計劃及預算的充足性；及(v)遵守對本集團業務及營運有重大影響的相關法律法規。風險管理及內部監控報告已於二零一九年三月提交審核委員會審閱。

發佈內幕消息

本公司致力貫徹執行及時、準確及充份詳細地披露本集團之重大消息。在本公司有關內幕消息披露指引之基礎下，本集團已設有管理監控，確保可即時識別、評估及提交潛在內幕消息以供董事會決定是否需要作出披露。

就有關處理及發佈內幕消息的程序及內部監控措施而言，本公司：

- 清楚了解根據證券及期貨條例以及上市規則所應履行的責任，及內幕消息須在決定時立即公佈的重大原則
- 於處理有關事務時恪守證監會頒佈的「內幕消息披露指引」

Corporate Governance Report

企業管治報告

DISSEMINATION OF INSIDE INFORMATION

(Continued)

- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the SFC and the Stock Exchange
- has developed procedures and mechanisms for the disclosure of inside information
- has included in its Compliance Manual a strict prohibition on the unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
- has established and implemented procedures for responding to external enquiries about the Company's affairs. Only directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Board, and is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and the management.

Mr. Chan Man Ko, the company secretary of the Company, has complied with the training requirement of the Listing Rules during the Year.

發佈內幕消息(續)

- 根據證監會及聯交所發出的函件或所刊發的公告，將最新的規則及規定知會所有董事、高級管理人員及有關員工
- 已建立內幕消息披露流程及機制
- 合規手冊已明確訂明嚴禁未經授權使用機密、敏感或內幕消息，並已將此項行為守則傳達予全體員工
- 就外界對本公司事務作出的查詢訂立及實施回應程序。僅本公司董事及指定管理人員能擔任本公司發言人，回應指定範疇內的查詢

公司秘書

所有董事均可以取得公司秘書的建議和享用其服務。公司秘書向董事會匯報，並負責確保董事會程序得到遵守、促進董事之間的信息流和相互溝通、以及股東與管理層之溝通。

於本年度，本公司之公司秘書，陳文告先生已遵守上市規則的培訓要求。

SHAREHOLDERS' RIGHT

How Shareholders Can Convene an Extraordinary General Meeting ("EGM")

An EGM may be convened by the Directors on requisition of Shareholders holding not less than one-twentieth (5%) of the total voting rights of all Shareholders or by such Shareholder(s) who made the requisition (as the case may be) pursuant to section 566 to 568 of the Companies Ordinance and the articles of association of the Company. The objects of the meeting must be stated in the requisition which must be signed by the requisitioner(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening an EGM.

Procedures for Putting Forward Proposals at a General Meeting

Pursuant to the Companies Ordinance, Shareholders representing not less than one-fortieth (2.5%) of the total voting rights of all Shareholders; or not less than 50 Shareholders on which there has been paid up an average sum, per Shareholder, of not less than HK\$2,000, may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in section 615 of the Companies Ordinance for putting forward a proposal at a general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Suites 3201-3204, One Exchange Square, 8
Connaught Place, Central, Hong Kong

Fax: (852) 2845 9036/(852) 3102 9022

Email: ir@yff.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

股東權利

股東召開股東特別大會(「股東特別大會」)之條件

股東特別大會可由董事因應持有不少於本公司所有股東總投票權二十分之一(5%)的本公司股東之要求召開，或由根據公司條例第566至568條及本公司組織章程細則提出要求(視情況而定)之股東召開。大會之目的必須於請求書中說明，並由請求人簽署後存放於本公司之註冊辦事處。股東必須遵守公司條例所載有關召開股東特別大會之規定及程序。

於股東大會上提出建議之程序

根據公司條例，持有不少於全體股東總投票權四十分之一(2.5%)之股東，或不少於50名本公司股東，且每人已繳足平均款項不少於2,000港元，可書面要求於下屆股東大會上提呈審議決議案或事項。股東於股東大會上提出建議須遵守公司條例第615條所載之規定及程序。

股東向董事會作出查詢之程序

股東可隨時以書面形式透過公司秘書向董事會提出查詢及問題，公司秘書之聯絡方式如下：

香港中環康樂廣場8號交易廣場一座3201至
3204室

傳真：(852)2845 9036/(852)3102 9022

電郵：ir@yff.com

股東亦可於本公司股東大會上向董事會作出查詢。

Corporate Governance Report

企業管治報告

INVESTOR RELATIONS AND DIVIDEND POLICY

The Board is committed to providing clear and full performance information of the Group to the Shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to the Shareholders, additional information of the Group is also available to the Shareholders on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors (including chairman/members of the Audit Committee, the Nomination Committee and the Remuneration Committee) as well as the representative of external auditor, should attend and answer questions on the Group's business at the meeting. All resolutions at the general meeting are decided by a poll which is conducted by the Group's share registrar.

The Group values feedback from the Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Further, the Company has adopted a dividend policy on 1 January 2019. The Company does not have any predetermined dividend payout ratio. Declaration, recommendation and payment of dividends of the Company is subject to the approval of the Board, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Board may consider relevant from time to time.

CONSTITUTIONAL DOCUMENTS

There are no changes in the constitutional documents of the Company during the Year. The latest version of the articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

Hong Kong, 28 March 2019

投資者關係及股息政策

董事會透過刊發中期及年度報告，致力向股東提供有關本集團表現的清晰及全面之資料。除向股東寄發的通函、通告及財務報告外，股東亦可登入本集團網站，查詢本集團之其他資料。

本集團鼓勵股東出席股東週年大會，並會至少提前20個完整營業日發出通告。主席與董事（包括審核委員會、提名委員會及薪酬委員會主席／成員）以及外聘核數師代表需要出席大會，解答有關本集團業務之問題。股東大會上提呈之所有決議案均以投票方式表決，票數由本集團之股份過戶登記處點算。

本集團致力提高透明度及鞏固投資者關係，十分重視股東之反饋意見。歡迎股東隨時提供寶貴的意見與建議。

此外，本公司已於二零一九年一月一日採納股息政策。本公司沒有任何既定的派息率。公司股息的宣派、建議及派付須經董事會批准，視乎業績、營運資金、財務狀況、未來前景及資本要求和董事會不時認為相關的其他因素而定。

憲章文件

於本年度，本公司之憲章文件並無變動。本公司之組織章程細則之最新版本刊載於本公司及聯交所網站。

香港，二零一九年三月二十八日

The Directors submit herewith their report together with the audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 22 to the financial statements. An analysis of the revenue and the results of the Group by business segments during the Year are set out in note 17 to the financial statements.

BUSINESS REVIEW

Detailed business review is set out in “Management Discussion and Analysis (“MD&A”)” section in this annual report from pages 10 to 27. Future development of the Company’s business is set out in the “CEO’s Statement” section and MD&A in this annual report from pages 4 to 9 and page 27 to 28 respectively. An analysis of the Group’s performance during the Year using financial key performance indicators is provided in MD&A in this annual report from pages 10 to 31. Discussions on the Group’s environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Group and key relationships with employees, customers, suppliers and other stakeholders are set out in the Environmental, Social and Governance Report (“ESG Report”) of this annual report. CEO’s Statement, MD&A and ESG Report also form part of this report.

KEY RISKS AND UNCERTAINTIES

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments.

The Group’s financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

本公司董事提呈彼等之報告連同截至二零一八年十二月三十一日止年度之經審核綜合財務報表。

主要業務

本公司之主要業務為投資控股。主要附屬公司之業務載於財務報表附註22。本集團於本年度之業務分部收入及業績分析載於財務報表附註17。

業務回顧

詳細業務回顧載於本年報「管理層討論及分析」一節第10至27頁。本公司業務之未來發展分別載於本年報「行政總裁報告」第4至9頁及「管理層討論及分析」一節第27頁至28。本年報「管理層討論及分析」第10至31頁提供了本集團採用財務主要表現指標衡量本年度之表現分析。關於本集團環境政策和表現，遵守對本集團有重大影響的相關法律法規以及與員工，客戶，供應商和其他利益相關者的主要關係，載於本年報的「環境，社會及管治報告」（「環境，社會與管治報告」）。「行政總裁報告」、「管理層討論及分析」及「環境，社會及管治報告」為本報告之組成部分。

主要風險與不確定因素

董事會最終負責保障本集團有充足的風險管理常規，能盡可能直接有效地減低業務及營運的風險。董事會將部分職責下放予各個經營部門。

本集團的財務狀況、經營、業務及前景會受以下已識別風險及不確定因素影響。本集團採用風險管理政策、措施及監控系統，防範及控制所面臨的相應已識別風險。

Report of the Directors

董事會報告

KEY RISKS AND UNCERTAINTIES (Continued)

Regulatory risk

Our businesses operate in highly-regulated markets and our success and operations can be impacted by changes to the regulatory environment and the structure of these markets. The Group pays close attention to financial regulatory and legislative developments of the markets it operates and actively monitors and consults with regulators of the markets on changes which could impact our business. Many of our key businesses are also subject to direct regulatory oversight and we are required to maintain the appropriate regulatory approvals and licenses to operate, and in some cases adhere to certain stringent financial and capital covenants.

Operational risk

This is the risk of loss resulting from inadequate or failed internal processes, people or system issues and from unforeseen external events. Operational risk usually includes the risks resulted from human error in internal operation, imperfection of internal process, information system fault or imperfection, trading failure and other reasons.

Our business and operations are at risk of disruption from technologies and processes. Information technology and systems is critical to the Group's operation and business development of securities trading, settlement and service, etc. The unreliability of system, imperfection of network technology and data error will inflict damage and economic losses to the Group.

The Group is responsible for managing client data and undertakes volumes of transactional processes via information technology and systems. There is a risk that failure to process these transactions correctly could result in loss and liabilities being incurred to third parties, and result in breach of certain regulations of the relevant regulatory authorities.

主要風險與不確定因素(續)

監管風險

我們在受到高度監管的市場經營業務，而我們的成功與營運會受監管環境及市場結構的變動影響。本集團密切關注經營所在市場的金融監管及立法發展，積極監測並向市場監管機構諮詢可能影響我們業務的變化。我們的許多核心業務亦受監管機構的直接監督，須取得經營所需的適當監管批文及牌照，且在一些情況下還須遵循一些嚴格的金融及資本契諾。

經營風險

該風險指因內部流程不足或無效、人員或系統問題及無法預見的外部事件引起損失的風險。經營風險通常包括由內部操作中的人為錯誤、內部流程存在缺陷、資訊系統故障或不完善、交易錯誤及其他原因造成的風險。

我們的業務及經營面臨技術及流程中斷的風險。資訊科技及系統對本集團證券交易、交收及服務等的經營及業務發展至關重要。系統不可靠、網絡技術有缺陷及數據錯誤將導致本集團蒙受損害及經濟損失。

本集團負責管理客戶數據，並利用資訊科技及系統進行大量交易程序。無法正確處理該等交易有可能導致第三方產生損失及法律責任，並造成違反相關監管機構的特定規例。

KEY RISKS AND UNCERTAINTIES (Continued)

Operational risk (Continued)

In order to manage these risks, the Group invests significantly in technology, human resources and automated processes, business continuity plans to cope with events of operation and system failures and disaster recovery, and has also established, a dedicated I.T. team which is responsible for handling and responding rapidly to emergencies in a systematic manner to eliminate disruptions and disasters, and to ensure business continuity. The I.T. team also plays an important role in assessing the technological requirements and their viability of new business ideas and initiatives of the Group.

The Group remains proactive in its monitoring and improving the internal control mechanisms, limits on authority and reporting of operational processes, strengthening the inspection and audit, intensifying the compliance and accountability system, to reduce the possibility of operational risks and actively and properly dealing with the adverse effects. The responsibility for managing operational risks rests with each and every employee, functions, divisions and departments of the Group. The responsibility is continuous and we adapt our response accordingly to the changing operating environment.

The Group recognises that operational risks cannot be eliminated completely, but will strive to persist in its strengthening and implementation of robust compliance and risk management measures, improve business processes, strengthen the professional integrity and ethics of staff through education and training to avoid, detect and identify risks, prevent money-laundering, insider dealing, conflict of interest and other possible violations, to pre-empt, manage and reduce these operational risks exposure.

Credit Risk

Credit risks will arise when a client/counterparty fails to perform its financial and contractual obligations. To minimise and control this risk, the Group has established and enforced stringent due diligence assessment and credit control procedures to evaluate the creditworthiness of its clients and counterparties. Preventatively and clearly defined risk control measures have been deployed to screen, evaluate potential clients and determine and assess the relevant creditworthiness and credit ratings which are used to determine appropriate trading and credit limits for all clients/counterparties, including existing clients/counterparties.

主要風險與不確定因素(續)

經營風險(續)

為管理該等風險，本集團大力投資技術、人力資源及自動化流程、應對運作及系統故障的業務持續性計劃以及災難復原，並已建立專責資訊科技團隊，負責有條不紊地處理及及時應對突發狀況，排解干擾與災難及確保業務持續性。資訊科技團隊亦在評估本集團的新業務構思與計劃的技術要求及可行性中發揮重要角色。

本集團堅持積極監測及完善內部監控機制、權限及經營流程報告，加強監察與審核，強化合規及問責體系以降低發生經營風險的可能性，並積極妥善處理不利影響。管理經營風險之職責依賴本集團每位僱員及所有職能、機構及部門。這是一項持續性職責，我們會因應不斷變化的經營環境調整應對措施。

本集團深知經營風險無法完全消除，惟仍將竭盡全力，堅持鞏固與實施穩健的合規及風險管理措施、完善業務流程以及透過教育和培訓加強員工的職業誠信與道德，以避免、偵測及識別風險，防止洗錢、內幕交易、利益衝突及其他潛在的違規行為，以及防範、管理及減低所面臨的經營風險。

信用風險

倘客戶／對手方未能履行財務及合約責任將引致信用風險。為最大程度減低及控制該風險，本集團已制訂並執行嚴格的盡職審查評估及信用監控程序，評定客戶及對手方的信譽度；實施明確界定的防範性風險控制措施，篩選和評估潛在客戶，並釐定和評定相關信譽度及信用評級，用於為所有客戶／對手方(包括現有客戶／對手方)釐定適當的交易及信貸額度。

KEY RISKS AND UNCERTAINTIES (Continued)

Credit Risk (Continued)

The safeguard and risk control measures include performing pre-screening and assess the client's credit rating by reputable credit rating agencies; identify and review client's investment objectives, investment history, trading frequency and risk appetite; examine and review client's/counterparty's past payment records and history of defaults; identify and review the client's capital base and the existence and amount of guarantees and by whom such guarantees are given, if any; identify and review any known events which may have an adverse impact on the client's/counterparty's financial status, potential for default or accuracy of information stored regarding the client/counterparty. Trading and credit limits, subject to the enforced and pre-determined maximum, are set specifically for each client in accordance with our assessments and their respective credit rating and trading needs. The Group also attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors as well as purchasing credit default swaps to transfer some of the risk if necessary. The Group's exposure to the client's and counterparties' credit risks is continually monitored.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an ability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group continually monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of cash flow fluctuations.

Certain principal operating subsidiaries of the Group are regulated by the regulators including the SFC and the HKIA, and are subject to various liquidity and capital requirements. The Group has established procedures and monitoring systems, monitoring on a daily basis, to ensure that it maintains adequate and necessary liquid capital to facilitate its operating capability, to fund its business commitments as well as to comply with the relevant rules.

主要風險與不確定因素(續)

信用風險(續)

安全保障及風險控制措施包括預先篩選並由知名的信用評級機構評定客戶的信用評級；識別及審閱客戶的投資目標、投資歷史、交易頻率及風險偏好；檢查和審閱客戶／對手方的過往還款記錄及違約記錄；識別及審查客戶的資本基礎，是否有擔保，以及擔保金額與擔保人（如有）；識別及審查可能對客戶／對手方的財務狀況、違約可能性或已存置的客戶／對手方資料的準確性產生不利影響的任何已知事件。每名客戶的交易及信用額度（以已執行及預設的最大值為限）乃根據我們的評估結果與客戶的信用評級及交易需求具體設定。本集團亦嘗試管理其投資，透過在不同證券類型及行業領域多樣化其投資組合，以限制信貸風險，及購買信用違約互換產品於必要時轉移部分風險。本集團將持續監察所面臨其客戶及對手方的信貸風險。

流動資金風險

流動資金風險指本集團因未能獲得足夠資金或將資產變現而無法履行到期責任的風險。於管理流動資金風險時，本集團持續監察現金流量並維持水平充足的現金及信貸額度，以確保能夠撥支本集團之經營所需及降低現金流量波動之影響。

本集團多間主要營運附屬公司受監管機構規管，包括證監會及保監局，並須遵循多項流動資金及資本要求。本集團已制訂多項程序及監測機制進行日常監測，確保維持充足及必要的流動資本支持其經營能力，撥支業務承擔及遵循相關規則。

KEY RISKS AND UNCERTAINTIES (Continued)

Liquidity Risk (Continued)

The Group has maintained banking facilities and financing arrangement to meet cash flow contingencies in its operations. The Group will also consider the need to raise capital funding in order to meet the Group's expansion and growth in its business operations. The management believes that the Group's current level of working capital is adequate to meet its operational and financial obligations.

Market Risk

The operating performance of the Group highly relates to the changes in the economy, sentiments of the investors and securities market and has risks, volatility and uncertainties.

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in foreign exchange rates, interest rates and equity prices.

Price risks of the Group include equity price risk, interest rate and exchange rate and fluctuation risks involved in the brokerage business, financial advisory business, asset management business and other business.

The Group currently has minimal exposure to foreign currency risk, but continues to monitor the relative foreign exchange positions of the mix of its assets and liabilities. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management and relevant operation staff of the Group.

To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Group controls its exposure to this risk by, among other things, asset and liability matching techniques that account for the cash flow characteristics of the assets and liabilities.

主要風險與不確定因素(續)

流動資金風險(續)

本集團維持銀行授信及融資安排，應對營運過程中出現的現金流量突然不足。本集團亦將考慮籌措股本融資之需要，以配合本集團業務營運之擴張及增長。管理層認為，本集團目前的營運資金水平足以應付其營運及財務責任。

市場風險

本集團的營運表現與經濟、投資者情緒及證券市場的變動密切相關，並承受風險、波動及不確定因素。

市場風險指本集團的盈利和資本或其達致業務目標之能力受到匯率、利率及股價波動的不利影響之風險。

本集團的價格風險包括經紀業務、財務顧問業務、資產管理業務及其他業務涉及的股價風險、利率和匯率波動風險。

本集團目前已將外匯風險敞口降至最低，惟仍將繼續監察資產負債組合的相對外匯頭寸，並將於適當時採用對沖工具(包括遠期合約、掉期及貨幣貸款)管理匯兌風險。外匯風險由本集團高級管理層及相關營運人員持續管理及監察。

如果利率波動導致資產和負債的期間差異，則本集團通過資產和負債匹配技術(其中包括資產和負債的現金流量特徵)控制其風險敞口。

Report of the Directors

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KEY RISKS AND UNCERTAINTIES (Continued)

Market Risk (Continued)

Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Senior management regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is minimised and contained within an acceptable range.

Insurance Risk

The Group prices its products based on estimated benefit payments reflecting assumptions with respect to mortality, morbidity, longevity, persistency, interest rates and other factors. If actual policy experience emerges that is significantly and adversely different from assumptions used in product pricing, the effect could be material to the profitability of the Group.

The Group manages insurance risks through prudent pricing guidelines, reinsurance and underwriting management and monitoring internal and external emerging trends and issues.

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write in order to ensure appropriate risk selection within the portfolio. Adherence to the underwriting authorities is monitored through a scheduled underwriting audit. In addition, the adequacy of the Group's reserves for the settlement of claims, reviews significant claims or major events, and investigates any fraudulent claims are continually monitored.

The Group reinsures a portion of the risks it underwrites in order to control its exposure to losses to avoid the risk of concentration and to protect capital resources. Such transfers of risks do not relieve the Group of its primary liability and, as such, failure of reinsurers to honour their obligations could result in losses. The Group reduces this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk.

主要風險與不確定因素(續)

市場風險(續)

股權價格風險產生自本集團所投資金融資產的市場價格波動。高級管理人員定期按公平值審查及監察投資組合內的證券，確保將由投資組合市值變動產生的損失將至最低並控制在可接受範圍內。

保險風險

本集團根據反映有關死亡率、發病率、壽命長短、續保率、利率及其他因素的假設的估計利益付款，為其產品定價。倘實際保險情況與產品定價所用假設有重大且不利的相異之處，對本集團的盈利能力可能屬重大影響。

本集團透過審慎定價指引、再保險及承保管理以及監控內部及外部新興趨勢及事宜來管理其保險風險。

本集團的核保策略務求多樣性以確保均衡組合，並以多年來具備類似風險的大型組合為基礎，因此，目標集團認為此舉可降低結果的可變性。此策略透過詳細的承保權限(其列明任何一間核保公司可核保的限制)與個別核保公司相關聯，以確保組合內有適當的風險選擇。其將會透過預定核保審核監控對核保權限的遵守情況。此外，本集團用作理賠的儲備充足性，審閱重大索償或主要事件並調查潛在欺騙性索償等事宜均獲持續監察。

本集團將一部分承保的業務風險進行再保險藉以控制面對損失的風險，避免集中風險及保護資本資源。該風險轉移並不解除本集團的主要責任，故再保險公司未能履行彼等的責任將導致損失。為降低風險，本公司會評估再保險公司的財務狀況及監控可能的信用集中風險。

RESULTS AND DIVIDENDS

The results of the Group for the Year, and the statement of financial position of the Group as at 31 December 2018 are set out in the financial statements on pages 146 to 151.

The Directors do not recommend the payment of a final dividend for the Year (2017: nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 41(e) to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2018 are set out in note 41(c) to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 361 to 362.

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

During the Year, other than acting as an agent for clients of the Group and purchase of a total of 19,952,000 shares of the Company on the market as well as from independent third parties by trustee under the share award scheme of the Company adopted by the Board on 12 December 2016, neither the Company or any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

EQUITY LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the Year or subsisting at the end of the Year are set out below:

業績及股息

本集團於本年度之業績以及本集團於二零一八年十二月三十一日之財務狀況表載於財務報表第 146 至 151 頁。

董事不建議派付本年度末期股息(二零一七年：無)。

股本

本公司於本年度之股本變動詳情載於財務報表附註 41(e)。

可分派儲備

本公司於二零一八年十二月三十一日之可分派儲備詳情載於財務報表附註 41(c)。

五年財務概要

本集團於過去五個財政年度之業績及資產與負債概要載於第 361 至 362 頁。

購買、出售或贖回本公司上市證券

於本年度，除作為本集團客戶之代理及信託人根據董事會於二零一六年十二月十二日採納的本公司股份獎勵計劃於市場上及向獨立第三方購入合共 19,952,000 股本司股份外，本公司或其任何附屬公司並無購買、出售或贖回本公司任何上市證券。

股票掛鈎協議

於年內訂立或於年末續存之股票掛鈎協議詳情載列如下：

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SHARE OPTION SCHEME

The Company has adopted a share option scheme on 21 July 2011 (the “Share Option Scheme”) which has a life of 10 years from the date of adoption. The remaining life of the Share Option Scheme is approximately 3 years.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the participants (being any employee (whether full-time or part-time), Directors or consultants of each member of the Group, provided that the Board may have absolute discretion to determine whether or not one falls within the above category) and for such other purposes as the Board may approve from time to time.

Pursuant to the Share Option Scheme, the Company can grant options to participants for a consideration of HK\$1.00 for each grant payable by the participant.

No participant shall be granted an option, if the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant would exceed 1% of the shares in issue unless such further grant has been approved by the Shareholders in general meeting with the participant and his associates abstaining from voting.

Where the Board proposes to grant any option to a participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

購股權計劃

本公司於二零一一年七月二十一日採納一項購股權計劃(「購股權計劃」)，自採納日期起計有效期10年。購股權計劃的剩余年期約為3年。

購股權計劃旨在為本公司提供靈活之激勵方法，以獎賞、酬謝、補償及／或提供福利予參與者(即本集團各成員公司之任何僱員(不論全職或兼職)、董事或顧問，惟董事會可全權釐定有關人士是否屬於上述類別)，以及為董事會可不時批准之其他目的而設。

根據該購股權計劃，本公司可向參與者授出購股權，代價為參與者須就每次授出支付1.00港元。

倘於截至授出購股權當日止(包括該日)任何12個月期間，根據購股權計劃及本公司任何其他購股權計劃，已授予及將授予某參與者之所有購股權(包括已行使、已註銷及尚未行使之購股權)獲行使後所發行及將發行之股份總數超過已發行股份之1%，則不得向參與者授出購股權，除非該進一步授出已在參與者及其聯繫人士放棄投票之股東大會上獲本公司股東批准。

倘董事會建議向主要股東或獨立非執行董事或任何其相關聯繫人授予任何購股權，會令至有關人士根據購股權計劃及本公司任何其他購股權計劃獲授購股權當日止之12個月內所有已授予或將授予之購股權(包括已行使、已註銷及尚未行使之購股權)予以行使後所發行及將發行之股份：

- (i) 合共超過已發行股份總數之0.1%；及
- (ii) 根據各授出日期之股份收市價計算之總價值超過5,000,000港元，

SHARE OPTION SCHEME (Continued)

such proposed grant of options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The participant concerned and all connected persons of the Company must abstain from voting in favour of the resolution at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

Subscription price in respect of each share issued pursuant to the exercise of options granted hereunder shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange daily quotation sheet on the date on which the option is offered to a participant, which must be a trading day; (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; and (c) the nominal value of a share.

According to the Share Option Scheme, unless otherwise determined by the Board, there shall be no minimum holding period for the exercise of the options but the options are exercisable within the option period as determined by the Board and in any event such period shall not be longer than 10 years from the date upon which any particular option is granted.

The total number of share option that could be granted was 38,449,452, representing approximately 10% of the total issued shares of the Company on the date of passing the resolution to refresh the Share Option Scheme limit at the annual general meeting on 26 March 2012.

As at the date of this report, the total number of share option that can be granted was 27,954,040, representing approximately 0.87% of the total issued shares of the Company.

During the Year, no share options had been granted, exercised, cancelled, lapsed or outstanding.

購股權計劃(續)

則有關授予購股權之建議必須經股東於股東大會上批准，方可作實。在此情況下，本公司須向其股東發出一份載有所有上市規則規定該等條款之通函。於有關股東大會上，有關參與者及所有本公司關連人士須就決議案放棄投贊成票。任何於股東大會上就批准授出有關購股權進行的表決須以投票表決方式進行。

因行使根據購股權計劃授出之購股權而發行之每股股份之認購價由董事會全權決定及通知參與者，且至少為下列各項中的最高者：(a) 於向參與者提呈購股權要約之日(該日須為交易日)股份在聯交所日報表所載之收市價；(b) 於要約日期前5個交易日股份在聯交所日報表所載收市價之均價；及(c) 股份面值。

根據購股權計劃，除非由董事會另行釐定，概無行使購股權前須持有購股權之最短期限。購股權可在董事會釐定之購股權期限內行使，惟自授出任何特定購股權之日起的上述期限無論如何不得超過10年。

可授出之購股權總數為38,449,452，相當於本公司於二零一二年三月二十六日之股東週年大會上通過更新購股權計劃上限之決議案當日之已發行股份約10%。

於本報告日期，可予授出之購股權數目總數為27,954,040，佔本公司已發行股份約0.87%。

於本年度，概無購股權獲授出、行使、取消、失效或尚未行使。

Report of the Directors

董事會報告

SHARE AWARD SCHEMES

The Board had approved the adoption of two share award schemes respectively on 30 October 2014 (the “2014 Share Award Scheme”) and on 12 December 2016 (the “2016 Share Award Scheme”).

The purposes of the above share award schemes are to (i) encourage or facilitate the holding of Shares by the selected participants; (ii) encourage and retain such individual to work with the Group; and (iii) provide additional incentive for them to achieve performance goals.

The maximum number of shares can be issued or purchased under the 2016 Share Award Scheme and the 2014 Share Award Scheme is 10% of the Shares in issue from time to time (i.e. 322,332,639 Shares, representing 10% of total issued Shares as at the date of this report).

2014 Share Award Scheme

Since the date of adoption of 2014 Share Award Scheme (i.e. 30 October 2014) (the “2014 Adoption Date”) and up to the date of this report, a total of 9,330,239 Shares have been awarded under the 2014 Share Award Scheme, representing about 2.09% of the total number of Shares in issue as at the 2014 Adoption Date and about 0.29% of the total issued Shares as at the date of this report.

During the Year, no Shares had been awarded under the 2014 Share Award Scheme and as at 31 December 2018, 26,667 Shares were held by the trustee under the 2014 Share Award Scheme.

Further details of the 2014 Share Award Scheme are set out in Note 42 to the financial statements. Details and other principal terms of the 2014 Share Award Scheme are set out in the announcement of the Company dated 30 October 2014.

股份獎勵計劃

董事會分別於二零一四年十月三十日(「二零一四年股份獎勵計劃」)及二零一六年十二月十二日(「二零一六年股份獎勵計劃」)批准通過兩項股份獎勵計劃。

股份獎勵計劃旨在(i)鼓勵或促進獲選參與者持有本公司股份；(ii)鼓勵及挽留有關個人於本集團工作；及(iii)向彼等提供額外獎勵，激勵其達成表現目標。

根據二零一六年股份獎勵計劃及二零一四年股份獎勵計劃可發行或購買之最高股份數目為本公司不時發行股份數目的10%(即322,332,639股股份，相當於本報告日期已發行股份之10%)。

二零一四年股份獎勵計劃

自採納二零一四年股份獎勵計劃日期起(即二零一四年十月三十日)(「二零一四年採納日期」)及截至本報告日期，已根據二零一四年股份獎勵計劃授出合共9,330,239股股份，相當於二零一四年採納日期已發行股份數目總數約2.09%，及於報告日期已發行股份數目總數約0.29%。

於本年度，概無根據二零一四年股份獎勵計劃授出股份，且於二零一八年十二月三十一日，信託人根據二零一四年股份獎勵計劃持有26,667股股份。

二零一四年股份獎勵計劃之進一步詳情載於財務報表附註42。二零一四年股份獎勵計劃之詳情及其他主要條款載於本公司日期為二零一四年十月三十日之公告。

SHARE AWARD SCHEMES (Continued)

2016 Share Award Scheme

Since the date of adoption of 2016 Share Award Scheme (i.e. 12 December 2016) (the “2016 Adoption Date”) and up to the date of this report, 9,330,239 Shares have been awarded pursuant to the 2014 Share Award Scheme while 43,040,000 Shares have been awarded pursuant to the 2016 Share Award Scheme, representing in aggregate about 2.18% of the total number of Shares in issue as at the 2016 Adoption Date and about 1.62% of the total issued shares as at the date of this report.

TMF Trust (HK) Limited (“TMF Trustee”) and Bank of Communications Trustee Limited (“BoCom Trustee”) have been appointed as the trustees for the administration of the 2016 Share Award Scheme. TMF Trustee shall hold the Shares for the benefit of the selected participants who are not connected persons (as defined under the Listing Rules) of the Company. BoCom Trustee shall hold the Shares for the benefit of the selected participants who are connected persons of the Company. BoCom Trustee and/or TMF Trustee shall not be entitled to exercise any voting rights in respect of any Shares held under the trusts.

During the Year, 22,850,000 Shares had been awarded under the 2016 Share Award Scheme. Among these shares, a total of 18,550,000 Shares were awarded to Ms. Li Ting, being the executive Director and CEO, and the Shares had been fully vested as at 31 December 2018. As at 31 December 2018, 15,395,000 Shares were held by TMF Trustee under the 2016 Share Award Scheme.

Further details of the 2016 Share Award Scheme are set out in Note 42 to the financial statements. Details and other principal terms of the 2016 Share Award Scheme are set out in the announcements of the Company dated 12 December 2016, 11 January 2017 and 24 January 2017.

股份獎勵計劃(續)

二零一六年股份獎勵計劃

自採納二零一六年股份獎勵計劃日期起(即二零一六年十二月十二日)(「二零一六年採納日期」)及截至本報告日期,已根據二零一四年股份獎勵計劃授出9,330,239股股份及根據二零一六年股份獎勵計劃授出43,040,000股股份,相當於約二零一六年採納日期已發行股份數目總數約2.18%,及於報告日期已發行股份數目總數約1.62%。

達盟信託服務(香港)有限公司(「達盟信託人」)及交通銀行信託有限公司(「交通銀行信託人」)已獲委任為管理二零一六年股份獎勵計劃之信託人。達盟信託人將為非本公司關連人士(定義見上市規則)之獲選參與者持有股份。交通銀行信託人將為屬本公司關連人士之獲選參與者持有股份。交通銀行信託人及/或達盟信託人不得行使於信託項下持有之任何股份之任何投票權。

於本年度,根據二零一六年股份獎勵計劃授出22,850,000股股份。於該等股份當中,合共18,550,000股股份授予本公司執行董事兼行政總裁,李婷女士。於二零一八年十二月三十一日,該等股份已全部歸屬。於二零一八年十二月三十一日,15,395,000股股份由達盟信託人持有。

二零一六年股份獎勵計劃之進一步詳情載於財務報表附註42。二零一六年股份獎勵計劃之詳情及其他主要條款載於本公司日期為二零一六年十二月十二日、二零一七年一月十一日及二零一七年一月二十四日之公告。

Report of the Directors

董事會報告

DIRECTORS

The Directors during the Year and up to the date of this report are:

Chairman

Mr. Yu Feng (*Non-executive Director*)

Executive Directors

Ms. Li Ting (*CEO*)
Mr. Huang Xin

Non-executive Directors

Mr. Ko Chun Shun, Johnson
(resigned on 16 November 2018)
Mr. Adnan Omar Ahmed
(appointed on 16 November 2018)
Ms. Hai Olivia Ou
Mr. Huang Youlong
(resigned on 11 January 2018)
Mr. Gareth Ross
(appointed on 16 November 2018)

Independent non-executive Directors

Mr. Lin Lijun
Mr. Qi Daqing
Mr. Chu Chung Yue, Howard

In accordance with article 103(A) of the Company's articles of association, Mr. Yu Feng, Mr. Huang Xin and Mr. Lin Lijun shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. (see note below)

Note: Subsequent to the approval of this report by the Board, Mr. Lin Lijun resigned as independent non-executive Director and Mr. Xiao Feng was appointed as independent non-executive Director with effective after the conclusion of the Board meeting on 28 March 2019. In view of the aforesaid changes and in accordance with the Company's articles of association, Mr. Yu Feng, Mr. Huang Xin and Mr. Chu Chung Yue, Howard, being the Directors longest in office, retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company and Mr. Xiao Feng, being newly appointed Director also retire and being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the Year and the Company considers that they are independent.

董事

本公司於本年度內及截至本報告日期之董事包括：

主席

虞鋒先生(非執行董事)

執行董事

李婷女士(行政總裁)
黃鑫先生

非執行董事

高振順先生
(於二零一八年十一月十六日辭任)
Adnan Omar Ahmed 先生
(於二零一八年十一月十六日獲委任)
海歐女士
黃有龍先生
(於二零一八年一月十一日辭任)
Gareth Ross 先生
(於二零一八年十一月十六日獲委任)

獨立非執行董事

林利軍先生
齊大慶先生
朱宗宇先生

根據本公司組織章程細則第103(A)條，虞鋒先生、黃鑫先生及林利軍先生須於本公司應屆股東週年大會上輪值告退，並符合資格及願膺選連任。(參見以下附註)

附註：於董事會批准本報告後，林利軍先生辭任獨立非執行董事而肖風先生獲委任為獨立非執行董事，於二零一九年三月二十八日董事會會議結束後生效。鑑於上述變動及根據本公司組織章程細則，虞鋒先生、黃鑫先生及朱宗宇先生為任職最長的董事，將於本公司即將舉行的股東週年大會輪值告退及願膺選連任，而新獲委任董事肖風先生亦將於本公司即將舉行的股東週年大會輪值告退及願膺選連任。

本公司已接獲各獨立非執行董事根據上市規則第3.13條就其於本年度之獨立性提交之確認函，而本公司認為彼等均屬獨立。

CHANGES OF DIRECTORS' INFORMATION

The Change of directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Qi Daqing resigned as an independent non-executive director of Honghua Group Limited (stock code: 00196) on 1 January 2018, and was appointed as an independent non-executive director of Haidilao International Holdings Limited (stock code: 06862) on 2 May 2018, both companies are listed on the Stock Exchange.

Mr. Lin Lijun was appointed as a non-executive director of Shanghai Junshi Biosciences Co., Limited (Stock code: 01877) on 24 June 2018, a company listed on the Stock Exchange.

Mr. Chu Chung Yue, Howard was appointed as an independent non-executive director of Grandshores Technology Group Limited (stock code: 01647) on 30 June 2018, a company listed on the Stock Exchange.

DIRECTORS OF SUBSIDIARIES

The names of directors who have served on the boards of the subsidiaries of the Company during the Year and up to the date of this report included: Mr. Yu Feng, Mr. Huang Xin, Ms. Li Ting, Mr. John Maguire¹, Ms. Liao Yee Ching, Mr. Chan Man Ko, Mr. Cai Junyi², Ms. Chow Ming Chee Ada¹, Ms. Qin Li², Ms. Wen Jie¹, Mr. Leung Pui Hong, Ms. Ho Man Yee¹, Ms. Yen Sau Fan Charlotte¹, Ms. Jing Yun, Mr. Qi Daqing, Mr. Ng Yu Lam Kenneth, Ms. Liu Shu-Yen, Mr. Tay Keng Puang, Mr. Adnan Omar Ahmed, Mr. Chan Man Kit, Ms. Lai Angela Waiyin¹, Mr. Joshua Selvakumaran¹, Mr. Brian Eden², Mr. Neil Gray², Mr. Thomas Parsons JR², and Mr. Leon Rhule².

Notes:

1. No longer directors of the subsidiaries as at the date of this report
2. Companies in which they serve as directors are incorporated in places other than Hong Kong

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year, or to pay compensation or make other payments equivalent to more than one year's emolument.

董事資料之變動

根據上市規則第13.51B(1)條須予披露之董事資料變動載列如下：

齊大慶先生於二零一八年一月一日辭任宏華集團有限公司(股份代號：00196)之獨立非執行董事，及於二零一八年五月二日獲委任為海底撈國際控股有限公司(股份代號：06862)之獨立非執行董事，該等公司於聯交所上市。

林利軍先生於二零一八年六月二十四日獲委任為上海君實生物醫藥科技股份有限公司(股份代號：01877)之非執行董事，該公司於聯交所上市。

朱宗宇先生於二零一八年六月三十日獲委任為雄岸科技集團有限公司(股份代號：01647)之獨立非執行董事，該公司於聯交所上市。

附屬公司董事

於本年度及截至本報告日期，曾於本公司附屬公司服務之董事包括：虞鋒先生、黃鑫先生、李婷女士、John Maguire先生¹、廖義禎女士、陳文告先生、蔡俊毅先生²、周銘慈女士¹、秦莉女士²、文潔女士¹、梁沛康先生、何敏儀女士¹、任秀芬女士¹、井雲女士、齊大慶先生、吳俞霖先生、劉淑艷女士、鄭慶藩先生、Adnan Omar Ahmed先生、陳民傑先生、Angela Waiyin女士¹、Joshua Selvakumaran先生¹、Brain Eden先生²、Neil Gray先生²、Thomas Parsons JR先生²及Leon Rhule先生²。

附註：

1. 於本報告日期已不再擔任附屬公司董事
2. 彼等擔任董事之公司乃於香港以外地方註冊成立

董事之服務合約

概無董事與本公司訂有規定本公司須給予超過一年之通知期，或支付相等於超過一年酬金之報酬或其他付款之服務合約。

Report of the Directors

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of each director of the Company and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules, or known to the Company, were as follows:

Long positions in the ordinary shares of the Company and the underlying Shares:

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債券中擁有之權益及／或淡倉

於二零一八年十二月三十一日，本公司各董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有已記錄於本公司須根據證券及期貨條例第352條存置之登記冊內，或已根據證券及期貨條例第XV部或上市規則下的標準守則知會本公司及聯交所，或本公司已知悉之權益及淡倉如下：

於本公司普通股及相關股份之好倉：

Name of Director 董事姓名	Capacity/Nature of interests 身份／權益性質	Number of Shares held 所持股份數目	
		Long position 好倉	Percentage of shareholding 持股百分比
Mr. Yu Feng (note) 虞鋒先生(附註)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	1,342,976,000	41.66%
Ms. Li Ting 李婷女士	Beneficial owner/Beneficial interest 實益擁有人／實益權益	18,550,000	0.58%

Note:

Mr. Yu Feng, Chairman of the Group and non-executive Director, was interested in 1,342,976,000 Shares through Jade Passion, a company which is owned as to 73.21% of its issued share capital by Key Imagination. 91% of the issued share capital of Key Imagination is owned by YFHL, the issued share capital of which in turn, is owned as to 70.15% by Mr. Yu Feng.

附註：

本集團主席兼本公司非執行董事虞鋒先生透過 Jade Passion 於 1,342,976,000 股股份中擁有權益，Key Imagination 擁有 Jade Passion 已發行股本之 73.21%，雲鋒金融控股擁有 Key Imagination 已發行股本之 91%，而虞鋒先生擁有雲鋒金融控股已發行股本之 70.15%。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (Continued)

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債券中擁有之權益及／或淡倉(續)

Long positions in the shares and the underlying shares of associated corporations:

於相聯法團股份及相關股份之好倉：

Name of Associated Corporation 相聯法團名稱	Name of Director 董事姓名	Capacity/Nature of Interests 身份／權益性質	Number of Shares held in Associated Corporation 於相關法團所持股份數目	
			Long position 好倉	Percentage of shareholding 持股百分比
Yunfeng Financial Holdings Limited 雲鋒金融控股有限公司	Mr. Yu Feng 虞鋒先生	Beneficial owner/ Beneficial interest 實益擁有人／實益權益	94	70.15%
Key Imagination Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/ Corporate interest	9,100	91%
Key Imagination Limited	虞鋒先生(附註1)	由受控制法團持有／ 法團權益		
	Mr. Huang Xin (Note 2)	Held by controlled corporation/ Corporate interest	900	9%
	黃鑫先生(附註2)	由受控制法團持有／ 法團權益		
Jade Passion Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/ Corporate interest	7,321	73.21%
Jade Passion Limited	虞鋒先生(附註1)	由受控制法團持有／ 法團權益		

Notes:

附註：

- (1) Mr. Yu Feng, Chairman of the Group and non-executive Director, was interested in 9,100 shares, representing 91% of equity interest in Key Imagination through YFHL, the substantial shareholder of the Company. Mr. Yu Feng was also interested in 7,321 shares, representing 73.21% of equity interest in Jade Passion through Key Imagination. Both Key Imagination and Jade Passion are substantial shareholders of the Company.
- (2) Mr. Huang Xin, an executive Director, is the sole shareholder of Perfect Merit Limited which owns 900 shares, representing 9% of the equity interest in Key Imagination.

- (1) 本集團主席兼本公司非執行董事虞鋒先生透過本公司之主要股東雲鋒金融控股於Key Imagination擁有9,100股股份，佔Key Imagination之91%股權。虞鋒先生亦透過Key Imagination於Jade Passion擁有7,321股股份，佔Jade Passion之73.21%股權。Key Imagination及Jade Passion均為本公司之主要股東。
- (2) 本公司之執行董事黃鑫先生為Perfect Merit Limited之唯一股東，Perfect Merit Limited擁有Key Imagination 900股股份，佔Key Imagination之9%股權。

Report of the Directors

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/ or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed elsewhere in this report, at no time during the Year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any other body corporations.

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債券中擁有之權益及／或淡倉(續)

除上文所披露者外，於二零一八年十二月三十一日，概無本公司董事及主要行政人員及／或任何彼等各自之聯繫人士於本公司及／或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有任何已記錄於本公司須根據證券及期貨條例第352條存置之登記冊內，或已根據證券及期貨條例第XV部或本公司採納之標準守則已知會本公司及聯交所之權益或淡倉。

董事收購股份之權利

除本報告其他部分所披露者外，本公司或其任何附屬公司或相聯法團概無訂立任何安排，致令董事(包括彼等各自之配偶及18歲以下子女)可藉購入本公司或其他法團之股份或相關股份或債券而獲利。

**SUBSTANTIAL SHAREHOLDERS' AND
OTHER PERSONS' INTERESTS IN SHARES**

主要股東及其他人士於股份之權益

As at 31 December 2018, the Company was notified of the following substantial Shareholders' and other persons' interests, being 5% or more of issued Shares and recorded in the register kept under Section 336 of the SFO.

於二零一八年十二月三十一日，本公司獲知會下列主要股東及其他人士權益，即根據證券及期貨條例第336條存置之登記冊內本公司已發行股份中5%或以上之權益。

Name of Substantial Shareholder 主要股東姓名	Capacity/Nature of interests 身份／權益性質	Number of Shares held 所持股份數目	
		Long position 好倉	Percentage of shareholding 持股百分比
Mr. Yu Feng (Note 1) 虞鋒先生(附註1)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	1,342,976,000	41.66%
Yunfeng Financial Holdings Limited (Note 1) 雲鋒金融控股有限公司(附註1)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	1,342,976,000	41.66%
Key Imagination Limited (Note 1) Key Imagination Limited (附註1)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	1,342,976,000	41.66%
Jade Passion Limited (Note 1) Jade Passion Limited (附註1)	Beneficial owner/Beneficial interest 實益擁有人／實益權益	1,342,976,000	41.66%
Massachusetts Mutual Life Insurance Company (Note 2) Massachusetts Mutual Life Insurance Company (附註2)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	800,000,000	24.82%
MassMutual International LLC (Note 2) MassMutual International LLC (附註2)	Beneficial owner/Beneficial interest 實益擁有人／實益權益	800,000,000	24.82%
Ms. Lian Yi (Note 3) 連軼女士(附註3)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	167,872,000	5.21%
Clear Expert Limited (Note 3) Clear Expert Limited (附註3)	Held by controlled corporation/ Corporate interest 由受控制法團持有／法團權益	167,872,000	5.21%
Violet Passion Holdings Limited (Note 3) Violet Passion Holdings Limited (附註3)	Beneficial owner/Beneficial interest 實益擁有人／實益權益	167,872,000	5.21%

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES (Continued)

Notes:

1. Mr. Yu Feng, Chairman of the Group and a non-executive Director, was interested in 1,342,976,000 Shares through Jade Passion, a company which is owned as to 73.21% of its issued share capital by Key Imagination. 91% of the issued share capital of Key Imagination is owned by YFHL, the issued share capital of which in turn, is owned as to 70.15% by Mr. Yu Feng.
2. Massachusetts Mutual Life Insurance Company was interested in 800,000,000 Shares through its 100% controlled corporation "MassMutual International LLC".
3. Ms. Lian Yi was interested in 167,872,000 Shares through Violet Passion Holdings Limited, a wholly-owned subsidiary of Clear Expert Limited, which in turn is a company wholly-owned by Ms. Lian Yi.

Save as disclosed above, as at 31 December 2018, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under divisions 2 and 3 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed elsewhere in this report, no transactions, arrangements or contracts of significance (i) to which the Company, its holding company or any of their subsidiaries was a party, and in which a Director or his connected entities was materially interested, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year, nor (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

主要股東及其他人士於股份之權益(續)

附註：

1. 本集團主席兼本公司非執行董事虞鋒先生透過 Jade Passion 擁有 1,342,976,000 股股份之權益，Key Imagination 擁有 Jade Passion 已發行股本之 73.21%，雲鋒金融控股擁有 Key Imagination 已發行股本之 91%，而虞鋒先生擁有雲鋒金融控股已發行股本之 70.15%。
2. Massachusetts Mutual Life Insurance Company 透過其 100% 控股公司 MassMutual International LLC 擁有 800,000,000 股股份。
3. 連軼女士透過 Violet Passion Holdings Limited (Clear Expert Limited 之全資附屬公司) 於 167,872,000 股股份中擁有權益，而 Clear Expert Limited 則由連軼女士全資擁有。

除上文所披露者外，於二零一八年十二月三十一日，概無其他人士於本公司之股份或相關股份中擁有須根據證券及期貨條例第 2 及第 3 部向本公司披露，或根據證券及期貨條例第 336 條記錄於本公司存置之登記冊內之權益或淡倉。

董事於交易、安排或合約之權益

除本報告其他部分所披露者外，概無 (i) 由本公司、其控股公司或其任何附屬公司所訂立、董事直接或間接在其中擁有重大權益，且於本年度內任何時間或於本年度末仍然生效；或 (ii) 由本公司或其附屬公司與控股股東或其任何附屬公司訂立的重大合約。

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following persons, among others, are connected person of the Company:

- MMI, which holds approximately 24.82% of the issued Shares, and hence a substantial shareholder and a connected person of the Company under Rule 14A.07(1) of the Listing Rules;
- MMLIC, the sole member of MMI, and hence an associate of MMI and a connected person of the Company under Rule 14A.13(1) of the Listing Rules; and
- Barings LLC, a limited liability company organized in the State of Delaware, the U.S.A. and an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of MMI, and hence an associate of MMI and a connected person of the Company under Rule 14A.13(1) of the Listing Rules.

During the Year and up to the date of this report, the Group conducted the following transactions which constituted continuing connected transactions for the Company that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules, in respect of which circular dated 21 December 2017 was issued (the “2017 Circular”).

關連交易及持續關連交易

下列人士(其中包括)為本公司的關連人士:

- MMI, 持有本公司已發行股本約24.82%, 因此根據上市規則第14A.07(1)條為本公司的主要股東及關連人士;
- MMLIC, 為MMI的唯一成員公司, 因此根據上市規則第14A.13(1)條為MMI的聯繫人及本公司的關連人士; 及
- Barings LLC, 為一間於美國特拉華州組織的有限公司, 並為MMLIC的間接全資附屬公司, 因此根據上市規則第14A.13(1)條為MMI的聯繫人及本公司的關連人士。

於本年度及截至本報告日期, 本集團進行下列交易, 該等交易構成持續關連交易並無獲豁免遵守上市規則第14A章的年度報告規定, 並已就該等交易於二零一七年十二月二十一日發出通函(「二零一七年通函」)。

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

關連交易及持續關連交易(續)

1. Transitional Services Agreement

1. 過渡服務協議

Parties: MMI and YF Life
訂約方：MMI及萬通保險。

Date: 15 December 2017
日期：二零一七年十二月十五日

Principal terms: MMI will provide certain treasury and financial reporting services relating to investment or portfolio management and other information technology related services to YF Life.

The services will be provided for an initial term of one year from 16 November 2018, provided that the term of any service may be terminated earlier by YF Life in accordance with the Transitional Services Agreement. The services may be renewed for successive one-year terms by written agreement of the parties. It is intended that YF Life shall develop its own capability to provide to itself the services under the Transitional Services Agreement or find alternative service providers for such services during the initial term of the Transitional Services Agreement. Once YF Life is able to provide to itself, or find alternative service providers for, such services, YF Life will phase out the use of the services under the Transitional Services Agreement. The Company will re-comply with the applicable requirements under the Listing Rules as and when the Transitional Services Agreement is renewed after the initial term.

The Transitional Services Agreement was negotiated by the Company, YF Life and MMI on an arm's length basis and entered into on normal commercial terms.

主要條款：MMI將向萬通保險提供與投資或投資組合管理有關的財務管理及財務報告服務以及其他信息技術相關服務。

服務將自二零一八年十一月十六日起計初步為期一年內提供，惟任何服務的期限或會由萬通保險根據過渡服務協議提早終止。服務可由訂約方經書面協議續期連續一年。萬通保險有意發展其能力以為其本身提供過渡服務協議下的服務或於過渡服務協議初步年期內另覓有關服務的服務供應商。倘萬通保險能夠自行提供有關服務，或另覓服務供應商，則萬通保險將會淘汰使用過渡服務協議項下服務。本公司將於過渡服務協議在初期獲更新後重新遵守上市規則的適用規定。

過渡服務協議乃經本公司、萬通保險及MMI按公平基準磋商並按正常商業條款訂立。

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

1. Transitional Services Agreement (Continued)

1. 過渡服務協議(續)

Pricing terms: YF Life will pay to MMI an aggregate annual fee of HK\$11,625,000, to be paid monthly in 12 equal installments. In the event all of the services are terminated prior to the expiration of the initial one-year term, MMI will refund to YF Life any amount paid for any period following termination on a *pro rata* basis. In the event one or more (but not all) of the services are terminated prior to the expiration of the initial one-year term, the parties will negotiate a *pro rata* reduction of the fee.

The fee for the services was determined taking into account the costs and expenses that would be required if such services were to be performed or provided by YF Life itself and with reference to the prevailing market price of obtaining the same or similar services from independent third party providers in the ordinary course of business.

The Company has compared the fees payable by YF Life to MMI for the services under the Transitional Services Agreement with (i) the prevailing market price offered by two other competent independent third party providers which the Company considered to be fair and representative given that such independent third party service providers offer comparable services in Hong Kong; and (ii) the costs and expenses that YF Life would have to incur if YF Life were to provide the same services to itself. The Company considered that the fees payable by YF Life to MMI are no less favourable than the prevailing market price offered by other competent independent third party providers or the costs and expenses that YF Life would have to incur if YF Life is to provide the same services to itself. In view of the above and taking into account that the services under the Transitional Services Agreement are currently provided by MMI to YF Life, the Company considers it is beneficial to and in the interests of YF Life for YF Life to obtain the services under the Transitional Services Agreement from MMI in order to facilitate the transition and to minimize any business interruption on the YF Life Group.

定價條款：萬通保險將向MMI支付年費合共11,625,000港元，分12期每月等額支付。倘所有服務於初始一年期限屆滿之前終止，MMI將會向萬通保險按比例於終止後任何期間退回已付的任何金額。倘一項或多項(並非全部)服務於初始一年期限屆滿之前終止，訂約方將磋商按比例降低費用。

服務費乃計及倘相關服務由萬通保險實行或提供時所需的成本及開支並參考在一般業務過程中自獨立第三方供應商取得相同或類似服務的現行市價後釐定。

本公司已將萬通保險根據過渡服務協議項下服務向MMI應付之費用與(i)其他兩家稱職獨立第三方供應商提供之現行市價相比(由於該獨立第三方服務供應商在香港提供可比較服務，本公司認為比較屬公平及具代表性)；及(ii)與萬通保險可能產生之成本及開支(如萬通保險提供向其本身提供相同服務)相比。本公司認為萬通保險向MMI應付之費用不遜於其他稱職獨立第三方供應商提供之現行市價或萬通保險將須產生之成本及開支(如萬通保險提供向其本身提供相同服務)。鑒於上述理由及考慮到MMI目前根據過渡服務協議向萬通保險提供服務，本公司認為有利於及萬通保險根據過渡服務協議向MMI取得服務以促進及盡量降低對萬通保險集團任何業務中斷符合對萬通保險利益。

Report of the Directors

董事會報告

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

關連交易及持續關連交易(續)

1. Transitional Services Agreement (Continued)

1. 過渡服務協議(續)

Reasons for the transaction:

The services under the Transitional Services Agreement are currently provided by MMI to YF Life. The Company believes the continued provision of such services by MMI to YF Life for a period of one year from 16 November 2018 will facilitate the transition and minimize business interruption to YF Life.

交易理由：

MMI現時向萬通保險提供過渡服務協議項下的服務。本公司相信，MMI自交割起一年期間內向萬通保險持續提供該等服務將促進過渡並將對萬通保險的業務中斷降至最低。

Annual caps:

The fees payable by YF Life to MMI in any financial year during which the Transitional Services Agreement is effective will not exceed HK\$11,625,000.

年度上限：

過渡服務協議生效期間的任何財政年度，萬通保險應付MMI的費用將不會超過11,625,000 港元。

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

2. Policies Endorsement Fee Agreement

2. 保單附加擔保費用協議

Parties: MMLIC and YF Life.
訂約方： MMLIC 及萬通保險。

Date: 15 December 2017
日期： 二零一七年十二月十五日

Principal terms: Between 2004 and 2014, YF Life underwrote approximately 300 life insurance policies which included a claims payment endorsement by MMLIC, which would be triggered in the event of insolvency of YF Life. Pursuant to the Policies Endorsement Fee Agreement, MMLIC will continue to provide such endorsement to the outstanding policies until such policies mature.

Upon the occurrence a triggering event, namely the solvency ratio of YF Life ceasing to be at least 150% and such cessation not being remedied within a certain agreed period, a change of control of YF Life, or the independent Shareholders failing to approve the fee payable to MMLIC for maintaining its endorsement to the outstanding policies, MMLIC will have the right to require YF Life to cede to MMLIC the rights and obligations of YF Life under the life insurance policies which include the claims payment endorsement by MMLIC, and YF Life shall transfer assets (of a value equivalent to the obligations or liabilities of YF Life attributable to such life insurance policies) to MMLIC. The Company and YF Life consider that it is extremely unlikely that the aforementioned triggering events will occur. The value of the obligations to be assumed, and therefore the amount of assets and the selection of the assets to be transferred, will be determined by MMLIC and YF Life in good faith if any triggering event takes place.

The initial term of the Policies Endorsement Fee Agreement will be three years from 16 November 2018. The Policies Endorsement Fee Agreement will be automatically extended for successive three-year terms. The Company intends that the Policies Endorsement Fee Agreement shall continue until the expiry or lapse of the life insurance policies which included a claims payment endorsement by MMLIC. All such policies were underwritten by YF Life between 2004 and 2014 and no such policies which include such claims payment endorsement by MMLIC have been underwritten by YF Life since then. The Company intends that the Policies Endorsement Fee Agreement shall be renewed if there are any such policies subsisting upon the expiry of the initial term of the Policies Endorsement Fee Agreement. The Company will comply with the applicable requirements under the Listing Rules as and when the Policies Endorsement Fee Agreement is renewed after the expiry of the initial term.

The Policies Endorsement Fee Agreement was negotiated by the Company, YF Life and MMI on an arm's length basis and entered into on normal commercial terms.

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

2. Policies Endorsement Fee Agreement
(Continued)

2. 保單附加擔保費用協議(續)

主要條款：

二零零四年至二零一四年間，萬通保險已承保約300份壽險保單，該等保單包括由MMLIC提供索賠支付的附加擔保，這可能由發生萬通保險無償債能力事件時觸發。根據保單附加擔保費用協議，MMLIC將繼續向未到期保單提供該等附加擔保，直至保單到期。

在發生一項觸發事件時，即萬通保險的償債能力比率不再不低於150%且該終止未能在若干協定期間內糾正、萬通保險的控制權變動或本公司的獨立股東未能批准就維持其對未到期保單的附加擔保而向MMLIC支付的費用，MMLIC將有權要求萬通保險向其轉讓萬通保險在包括MMLIC索賠支付附加擔保的壽險保單項下的權利和義務，並且萬通保險應將資產(其價值相等於萬通保險因該等壽險保單引起的義務或責任)轉讓予MMLIC。本公司及萬通保險認為將會發生上述觸發事件的可能性極低。倘若任何觸發事件發生，待繼受的義務的價值，以及因而應轉讓資產的金額和選擇，將由MMLIC和萬通保險善意確定。

保單附加擔保費用協議的初步年期將自二零一八年十一月十六日起計為期三年。保單附加擔保費用協議將自動續訂連續三年。本公司認為保單附加擔保費用協議應繼續，直至人壽保險保單屆滿或失效，包括MMLIC之索償款項附加擔保。所有有關保單均於二零零四年至二零一四年間由萬通保險核保，而萬通保險自此概無核保由MMLIC提供索賠支付的保單。倘任何有關保單於保單附加擔保費用協議初步年期屆滿後存續，則本公司擬重續保單附加擔保費用協議。在保單附加擔保費用協議初步年期屆滿後獲續訂時，本公司將重新遵守上市規則項下的適用規定。

保單附加擔保費用協議乃經本公司、萬通保險及MMI按公平基準磋商並按正常商業條款訂立。

Pricing terms:

YF Life will pay to MMLIC an annual fee calculated and paid semi-annually at a rate of 0.18% of the average account value of the outstanding policies as consideration for maintaining the claims payment endorsement.

The fee rate was determined based on arm's length negotiation with reference to the average default rates of corporates with investment credit ratings ranging from A- to BBB- published by S&P Global.

The reason for YF Life entering into the Policies Endorsement Fee Agreement is that certain life insurance policies underwritten by YF Life included a claims payment endorsement by MMLIC which would be triggered in the event of insolvency of YF Life. Given that the claims payment endorsement by MMLIC is a term of the relevant life insurance policies and YF Life cannot unilaterally revise or cancel the claims payment endorsement term without the consent of each of the relevant policyholders, there are no comparable arrangements which YF Life may obtain from independent third parties to replace the claims payment endorsement by MMLIC under such life insurance policies.

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

2. Policies Endorsement Fee Agreement
(Continued)

2. 保單附加擔保費用協議(續)

定價條款： 萬通保險將向MMLIC支付按未到期保單賬面值0.18%費率計算的年費並每半年支付一次，作為維持索賠支付的附加擔保的對價。

費率乃基於公平磋商並參考標準普爾發佈的投資信用評級介乎A-至BBB-的公司平均違約率而釐定。

萬通保險訂立保單附加擔保費用協議的理由是萬通保險承保之若干人壽保單載有MMLIC索償款項附加擔保，倘萬通保險無償付能力，便會觸發附加擔保索償。鑒於MMLIC提供的索償款項附加擔保是相關人壽保單的條款之一，萬通保險不能未經各相關保單持有人同意前單方面修訂或取消索償款項附加擔保條款。概無萬通保險可向獨立第三方取得可比較協議以取代MMLIC根據有關人壽保單的索償款項附加擔保。

**Reasons for the
transaction:**

The Company believes it is important to assure policyholders that the acquisition of YF Life will not result in any change to the terms of their existing policies, including the claims payment endorsement by MMLIC.

交易理由：

本公司相信，向保單持有人保證收購萬通保險事項將不會對彼等現有保單(包括MMLIC作出的索賠支付的附加擔保)的條款造成任何變動十分重要。

Annual caps:

The maximum aggregate annual amount of fees payable by YF Life to MMLIC for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not exceed the caps set out below:

年度上限：

截至二零一八年十二月三十一日、二零一九年十二月三十一日及二零二零年十二月三十一日止年度，萬通保險應付MMLIC的最高年度費用總額不得超過下列上限：

Annual Cap for the Year Ending December 31, (HKD '000)				
截至十二月三十一日止年度的 年度上限(千港元)				
		2018	2019	2020
		二零一八年	二零一九年	二零二零年
Total fees	費用總額	5,611	5,835	6,068

Report of the Directors

董事會報告

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

關連交易及持續關連交易(續)

3. Barings Investment Advisory Agreement

3. 霸菱投資諮詢協議

Parties: Barings LLC and YF Life.
訂約方： Barings LLC 及萬通保險。

Date: 15 December 2017
日期：二零一七年十二月十五日

Principal terms: Barings LLC is an investment adviser and has provided investment management services to YF Life since 2000. Pursuant to the Barings Investment Advisory Agreement, YF Life will engage Barings LLC as its investment adviser to acquire, manage, service and dispose of investments for YF Life.

The assets and the type and amount of assets to be managed by Barings LLC pursuant to the Barings Investment Advisory Agreement will be determined by the investment committee of YF Life. Barings LLC will manage all fixed income portfolio investments for YF Life for a period of three years from 16 November 2018.

The initial term of the Barings Investment Advisory Agreement will be three years from the 16 November 2018. The Barings Investment Advisory Agreement will be automatically renewed for successive one-year terms. Either party may terminate the Barings Investment Advisory Agreement upon 30 days' written notice to the other party. Following the initial term of the Barings Investment Advisory Agreement, and subject to the satisfactory performance of Barings LLC, the relevant expertise and the pricing terms, Barings LLC shall continue to be the preferred manager of YF Life's fixed income investment portfolio. The Company shall re-assess the investment needs of YF Life closer to the expiry of the initial term of the Barings Investment Advisory Agreement and if the Company considers the continued provision of such services by Barings LLC to YF Life to be beneficial to YF Life, the term of the Barings Investment Advisory Agreement may be extended. The Company will re-comply with the applicable requirements under the Listing Rules as and when the Barings Investment Advisory Agreement is renewed after the expiry of the initial term.

The Barings Investment Advisory Agreement was negotiated by the Company, YF Life and MMI on an arm's length basis and entered into on normal commercial terms.

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

3. Barings Investment Advisory Agreement
(Continued)

3. 霸菱投資諮詢協議(續)

主要條款：

Barings LLC是一家投資顧問，自二零零零年起一直向萬通保險提供投資管理服務。根據霸菱投資諮詢協議，萬通保險將委聘Barings LLC為其投資顧問，為萬通保險收購、管理、服務和處置投資。

根據霸菱投資諮詢協議由Barings LLC管理的資產及該等資產的類型和金額，將由萬通保險投資委員會確定。Barings LLC將為萬通保險管理所有固定收益組合投資，自二零一八年十一月十六日起計為期三年。

霸菱投資諮詢協議的初步年期為自二零一八年十一月十六日起計為期三年。霸菱投資諮詢協議將自動續訂連續一年。任何一方可向其他方發出30天書面通知後終止霸菱投資諮詢協議。於霸菱投資諮詢協議初步年期後，及受限於Barings LLC滿意的表現、相關專門知識及定價條款，則Barings LLC應繼續為萬通保險固定收益投資組合的理想管理人。本公司將於接近霸菱投資諮詢協議初步年期屆滿時重新評估萬通保險之投資需要，且倘本公司認為Barings LLC向萬通保險持續提供有關服務將會對萬通保險有利，霸菱投資諮詢協議年期可延長。在霸菱投資諮詢協議初步年期屆滿後獲續訂時，本公司將重新遵守上市規則項下的適用規定。

霸菱投資諮詢協議乃經本公司、萬通保險及MMI按公平基準磋商並按正常商業條款訂立。

Pricing terms:

YF Life will pay to Barings LLC fees calculated at rates based on asset type. The fee rates range from 0.25 basis points to 100 basis points. Such fee rates were determined based on arm's length negotiations taking into account (i) the type of assets to be managed by Barings LLC and (ii) preferred partner status granted by the Company to MMI under the Strategic Cooperation Agreement.

The Company has assessed the business needs of YF Life for the services under the Barings Investment Advisory Agreement. The Company considered (i) the historical amounts of fees paid by YF Life to Barings LLC; (ii) the historical fee rates charged by Barings LLC; and (iii) the fee rates for comparable services offered by two other competent independent third party service providers which the Company considered to be fair and representative given that such independent third party service providers offer comparable investment advisory services to clients in Hong Kong. The Company considers that the fee rates offered by Barings LLC are in line with the market rates offered by other competent independent third party providers for comparable services as a whole.

定價條款：

萬通保險將向Barings LLC支付基於資產類型按費率計算的費用。費率介乎0.25個點子至100個點子。有關費率於考慮(i) Barings LLC管理的資產類型及(ii)本公司根據戰略合作協議向MMI授予的優先合作夥伴地位後經公平磋商釐定。

本公司已評估霸菱投資諮詢協議項下服務對萬通保險之業務需要。本公司考慮到(i) 萬通保險向Barings LLC支付之歷史費用金額；(ii) Barings LLC徵收之歷史費率；及(iii) 其他兩家稱職獨立第三方供應商提供之可比較服務費率(由於該獨立第三方服務供應商在香港為客戶提供可比較投資諮詢服務，本公司認為比較屬公平及具代表性)。本公司認為Barings LLC提供之費率整體與其他稱職獨立第三方供應商提供之市場費率一致。

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

關連交易及持續關連交易(續)

3. Barings Investment Advisory Agreement
(Continued)

3. 霸菱投資諮詢協議(續)

Reasons for the transaction:

In connection with underwriting insurance policies, YF Life invests policy premium, to generate sufficient return for satisfying future insurance claims and dividend obligations. Barings LLC has assisted YF Life in executing its long term investment asset allocation strategies since the year 2000. The continuation of Barings LLC's asset management services will not only avoid the operational risks resulting from contracting a new asset manager but will also avoid any material disruptions in the execution of YF Life's long term asset allocation strategies.

交易理由：

就核保保單而言，萬通保險投資於保單，以產生足以償付未來保險理賠以及分紅責任的回報。Barings LLC自二零零零年起一直協助萬通保險執行其長期投資資產配置策略。Barings LLC資產管理服務的持續將不僅可避免與新資產經理訂約造成的經營風險，亦可避免萬通保險長期資產配置策略執行方面的任何重大中斷。

Annual caps:

The maximum aggregate annual amount of fees payable by YF Life to Barings LLC for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not exceed the caps set out below:

年度上限：

截至二零一八年十二月三十一日、二零一九年十二月三十一日及二零二零年十二月三十一日止年度，萬通保險應付Barings LLC的最高年度費用總額不得超過下列上限：

	Annual Cap for the Year Ending December 31, (USD'000 and HKD'000)		
	截至十二月三十一日止年度的 年度上限(千美元及千港元)		
	2018 二零一八年	2019 二零一九年	2020 二零二零年
Total fees	US\$8,000 (equivalent to approximately HK\$62,590)	US\$10,500 (equivalent to approximately HK\$82,150)	US\$12,500 (equivalent to approximately HK\$97,798)
費用總額	費用總額 8,000美元 (相等於約 62,590港元)	10,500美元 (相等於約 82,150港元)	12,500美元 (相等於約 97,798港元)

**CONNECTED TRANSACTIONS AND
CONTINUING CONNECTED TRANSACTIONS**
(Continued)

The aggregate amount paid by the Group in respect of the Transitional Service Agreement, the Policies Endorsement Fee Agreement and the Barings Investment Advisory Agreement for the year ended 31 December 2018 is approximately HK\$1,465,000 (being 12.6% of the annual cap for 2018), HK\$888,000 (being 15.8% of the annual cap for 2018) and HK\$7,188,000 (being 11.5% of the annual cap for 2018) respectively.

All the independent non-executive Directors, having reviewed the transactions under the Transitional Service Agreement, the Policies Endorsement Fee Agreement and the Barings Investment Advisory Agreement (the “2018 CCTs”), confirmed that such transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the Shareholder as a whole.

The Company has engaged its external auditor to report on the 2018 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the external auditor of the Company has confirmed in its letter to the Board that nothing has come to its attention which caused it to believe that:

- (i) the 2018 CCTs have not been approved by the Board;
- (ii) the 2018 CCTs were not entered into, in all materials respects, in accordance with the relevant agreements governing such transactions;
- (iii) the aggregate amount paid by the Group in respect of the 2018 CCTs has exceeded the annual cap of 2018 as disclosed in the 2017 Circular.

關連交易及持續關連交易(續)

本集團就過渡服務協議、保單附加擔保費用協議及霸菱投資諮詢協議於截至二零一八年十二月三十一日支付之總額約分別為1,465,000港元(佔二零一八年度上限約12.6%)、888,000港元(佔二零一八年度上限約15.8%)、及7,188,000港元(佔二零一八年度上限約11.5%)。

本公司全體獨立非執行董事經審閱過渡服務協議、保單附加擔保費用協議及霸菱投資諮詢協議(「二零一八年持續關連交易」)後，確認該等交易是(a)在本集團之日常及一般業務中訂定；(b)按一般(或更佳)之商業條款進行；及(c)根據規管各自協議之條款進行，條款屬公平合理並且符合本公司股東之整體利益。

本公司已委聘其外聘核數師，根據香港會計師公會頒佈之香港鑒證業務準則第3000號(經修訂)下之《非審核或審閱過往財務資料之鑒證工作》規定，並參照實務說明第740號《關於香港上市規則所述持續關連交易的核數師函件》，就二零一八年持續關連交易作出匯報。根據已執行之工作，本公司之外聘核數師已在其致董事會之函件中確認並無發現任何事宜導致其認為：

- (i) 二零一八年持續關連交易並未獲董事會批准；
- (ii) 二零一八年持續關連交易在各重大方面無根據規管該等交易之有關協議進行；及
- (iii) 本集團就二零一八年持續關連交易支付之總額如二零一七年通函所披露已超逾二零一八年之年度上限。

Report of the Directors

董事會報告

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

During the Year, the Group did not have any connected transactions that were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A summary of all related parties transactions entered into by the Group during the Year is contained in Note 45 to the financial statements. All the related parties transactions described in the said note do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules, other than transactions under the Transitional Service Agreement, the Policies Endorsement Fee Agreement and the Barings Investment Advisory Agreement as described in Note 45 which falls under the definition of "continuing connected transaction" under the Listing Rules and was disclosed previously by the Company pursuant to the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the Year.

關連交易及持續關連交易(續)

於本年度，本集團並無任何須遵守上市規則第14A章有關申報，公告及獨立股東批准規定的關連交易。

有關本集團於本年度所訂立之所有關連人士交易之概要載於財務報表附註45內。除附註45所述，有關過渡服務協議、保單附加擔保費用協議及霸菱投資諮詢協議之交易屬於上市規則定義之「持續關連交易」并已於先前根據上市規則披露外，上述附註所述之所有關連人士交易並不屬於上市規則定義之「關連交易」或「持續關連交易」。

本公司已遵守上市規則第14A章規定有關本集團於本年度訂立之關連交易及持續關連交易之披露要求。

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

During the Year, revenue derived from the Group's 5 largest customers accounted for approximately 1.7% of the total revenue for the Year, with the single largest customer contributing approximately 0.5%.

The Group is a provider of financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

Save as disclosed elsewhere in this report, none of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors own more than 5% of the issued Shares, had an interest in the major customers.

CHARITABLE DONATIONS

During the Year, no charitable donations was made by the Group (2017: Nil).

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practice of the Company is set out in the Corporate Governance Report of this annual report.

INDEMNITY OF DIRECTORS

A permitted indemnity provision as set out in the articles of association of the Company that provides for indemnity against liability incurred by directors and executive officers of the Group is currently in force and was in force throughout the Year.

管理合約

於本年度內，並無訂立或存有有關本公司全部或任何重大業務之管理及行政的合約。

主要供應商及主要客戶

於本年度內，來自本集團五大客戶之收入佔本年度總收入約1.7%，其中單一最大客戶約佔0.5%。

本集團為金融服務供應商。因此，董事會認為披露本集團供應商之詳情並無意義。

除報告其他部分所披露者外，概無董事、彼等之聯繫人士或據董事所知擁有本公司5%以上已發行股份之任何股東於主要客戶中擁有權益。

慈善捐款

本集團於本年度內並無作出慈善捐款(二零一七年：無)。

企業管治

本公司致力維持高水平之企業管治常規。有關本公司所採納企業管治守則之資料載於本年報之企業管治報告內。

董事彌償

載有對本集團之董事及高級職員所產生的負債進行彌償之經批准彌償條文(如本公司組織章程細則所載)現仍有效，且於本年度內持續有效。

Report of the Directors

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient public float of the Company's securities as required under the Listing Rules.

INDEPENDENT AUDITORS

The consolidated financial statements have been audited by KPMG who will retire at the forthcoming annual general meeting of the Company. A resolution for reappointment of KPMG will be proposed for Shareholders' approval at the forthcoming annual general meeting.

REVIEW BY AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprised three independent non-executive Directors. The Audit Committee is chaired by Mr. Chu Chung Yue, Howard with Mr. Lin Lijun and Mr. Qi Daqing being the other members. The terms of reference of the Audit Committee are in line with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee.

By order of the Board
Yunfeng Financial Group Limited

Li Ting
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2019

足夠公眾持股量

按本公司可公開取得之資料及據董事所知，於本報告日期，本公司證券擁有上市規則所規定之足夠公眾持股量。

獨立核數師

綜合財務報表由畢馬威會計師事務所審核，彼將於本公司應屆股東週年大會上退任。續聘畢馬威會計師事務所之議案將於下屆股東週年大會上提呈供股東批准。

審核委員會審閱

於報告日期，審核委員會由三名獨立非執行董事組成。主席由朱宗宇先生擔任，成員包括林利軍先生及齊大慶先生。審核委員會之職權範圍符合上市規則附錄十四所載之企業管治守則。本集團截至本年度之綜合財務報表已由審核委員會審閱。

承董事會命
雲鋒金融集團有限公司

李婷
執行董事兼行政總裁

香港，二零一九年三月二十八日

Environmental, Social and Governance Report

環境、社會及管治報告

1 ABOUT THIS REPORT

Yunfeng Financial Group Limited (hereinafter ‘the Group’) is committed to maintaining a high standard of corporate social governance in order to constantly improve its environmental and social surroundings while providing sustainable returns to shareholders.

Reporting Reference

To communicate our efforts on environmental, social and governance (ESG) matters, this Environment Social and Governance (ESG) report has been prepared in accordance with ‘comply or explain’ provisions of the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Scope and Boundary of the ESG report

This report covers the ESG policies and procedures of the Group’s operation in all jurisdictions for the year ended 31 December 2018. The boundary of the report covers:

- Three Yunfeng offices in Hong Kong, Beijing and Shenzhen;
- Eleven YF Life head offices and agent offices, and one warehouse in Hong Kong; and
- Four YF Life branch offices in Macau.

Unless otherwise specified, the boundary of the reported ESG data covers all offices of the Group (including YF Life) in Hong Kong, Macau and the People’s Republic of China (PRC). Due to the major change in reporting scope, we will not include 2017 ESG data in this ESG report.

Contact

The view and opinion of our stakeholders are important for the continuous improvement of our business and ESG performance. Any constructive feedback regarding this ESG report are welcomed and may be sent to this email: ir@yff.com.

1 關於本報告

雲鋒金融集團有限公司(「本集團」)致力維持高水平之企業社會管治，以不斷改善本集團環保及社會環境方面之努力，並為股東創造可持續回報。

報告參考

為說明我們在環境、社會及管治方面的努力，本環境、社會及管治報告乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)之附錄27所載環境、社會及管治報告指引下「不遵守就解釋」條款編製。

環境、社會及管治報告之範圍及邊界

本報告涵蓋了截至二零一八年十二月三十一日止年度本集團在所有司法管轄區內經營的政策和程序。本報告邊界涵蓋：

- 雲鋒於香港、北京和深圳的三個辦事處；
- 於香港的11個萬通總部和代理辦事處以及一間倉庫；以及
- 萬通保險於澳門的四個分支機構。

除非另有指明，本環境、社會及管治報告數據邊界涵蓋本集團(含萬通保險)位於香港、澳門和中國大陸的所有辦事處。由於報告範圍發生重大變化，二零一七年環境、社會及管治報告數據未納入本報告。

聯繫方式

本集團利益相關者的觀點和意見對於持續改進我們的業務和環境、社會及管治報告績效非常重要。歡迎任何有關本環境、社會及管治報告的建設性反饋意見，並發送至此電郵：ir@yff.com。

2 ABOUT OUR BUSINESS

Our Business

Listed on the Hong Kong Stock Exchange Main Board, Yunfeng Financial Group Limited is comprised of two major business segment of financial services and insurance products. Yunfeng is a pioneer in financial technology providing brokerage, investment research, corporate finance, asset management, employee stock ownership plan administration services and fintech business. Front-office operations are conducted at our head office in Hong Kong, while the fintech development functions are located in our Shenzhen and Beijing offices.

We acquired 60% shareholding of YF Life in November 2018, which is authorized by the Insurance Authority to conduct long term insurance business in Hong Kong. Based in Hong Kong with branch offices in Macau, we provide a wide range of insurance products including life insurance, medical insurance, annuities, pension and mandatory provident fund schemes to customers. YF Life is one of the few first insurance companies to introduce annuity to the region.

Upon completion of the transaction, Yunfeng and YF Life are undergoing a transition period, where both entities are going through comprehensive processes especially in aligning the details of a number of policies and guidelines. The Group has also transitional service agreements (TSA) with various service providers during the interim to ensure proper service continuity. The alignment of our practices is essential to enable a more effective management and is expected to be on-going as we proceed into 2019.

2 關於我們的業務

我們的業務

雲鋒金融集團有限公司在香港聯合交易所主板上市，由金融服務和保險產品兩大業務板塊組成。雲鋒是金融技術的先驅，提供經紀、投資研究、企業融資、資產管理、員工持股計劃管理服務和金融科技業務。前臺運營在我們的香港總部進行，而金融科技開發職能則位於深圳和北京辦事處。

於二零一八年十一月，我們收購萬通保險60%股份，萬通保險由保險業監管局授權在香港開展長期保險業務。我們總部設在香港，在澳門設有分支機構，為客戶提供各種保險產品，包括人壽保險、醫療保險、年金保險、養老保險和強制性公積金計劃。萬通保險是第一家向該地區提供年金保險業務的保險公司。

交易完成後，雲鋒和萬通保險正處於過渡期，兩家實體正執行全面流程，尤其是關於多項政策和指引的詳細內容調整。本集團於過渡期間亦與各服務供應商訂立過渡服務協議，以確保適當的服務連續性。我們的調整活動對於實現更有效的管理至關重要，並且預計將繼續延伸至二零一九年。

2 ABOUT OUR BUSINESS (Continued)

Governance and Risk Management

The Corporate Governance Committee is in charge of the overall risk management and internal control systems of the Group, and is ultimately responsible for the establishment and implementation of risk governance framework, appetite/tolerances, strategies, policies and procedures. Under the Corporate Governance Committee are several subcommittees, including the Risk Oversight Committee which is delegated the authority of risk governance.

As we are primarily engaged in the financial and insurance service sector, we are required to comply with all related laws and regulations including the Securities and Futures Ordinances, Insurance Ordinance and Hong Kong Federation of Insurers (HKFI) requirements etc. The overall governance effort is led by the Corporate Governance Committee and implemented primarily through our legal, compliance and risk management teams.

Within the Group, we expect our staff to strictly adhere to applicable laws and regulations and to high standards of business integrity and ethical dealing. All new employees are provided internal guidelines regarding their professional obligations to transact business affairs in a legal and ethical manner. To assist individual employees across levels and divisions/departments to disclose at a high level information related to any misconduct or malpractice they are aware of, a formal whistleblowing procedure is in place to protect the whistle-blower from retaliation.

The Group is also committed to ensuring strict compliance with all applicable anti-money laundering (AML) laws and regulations to prevent the use of its products and services for money laundering and terrorist financing purposes. All Hong Kong Securities and Futures Commission ('SFC')-regulated entities and their branches and subsidiaries under Yunfeng Group are governed by the AML/Know-your-client (KYC) policy and are required to perform KYC procedures prior to entering into business relationship with proposed customers. A separate AML policy is available for our insurance operations at YF Life with reference to the Insurance Authority's Guideline on Anti-Money Laundering and Counter-Terrorist Financing. Under the policy, any identified suspicious client activities would be reported to relevant authorities immediately.

2 關於我們的業務(續)

管治和風險管理

企業管治委員會負責監督本集團的整體風險管理及內部控制系統，並對風險管治框架的設立及實施、偏向／承受能力、戰略、政策及程序負有最終責任。公司治理委員會下設若干小組委員會，其中包括被授予風險治理權的風險監督委員會。

由於我們主要從事金融及保險服務業，我們須遵守所有相關法律及法規，包括《證券及期貨條例》、《保險業條例》及香港保險業聯會(HKFI)要求等。整體管治工作由企業管治委員會領導，主要通過我們的法律、合規及風險管理團隊執行。

在集團內部，我們希望員工嚴格遵守適用的法律法規以及高標準的商業信譽和交易道德。我們為所有新員工提供了關於以合法和道德的方式處理商務事務的職業責任內部指引。為了幫助各級別和區域／部門的員工以高層次披露與其所知悉的任何不當行為或不法行為有關的資料，我們已制定正式的舉報程序，以保護舉報人免遭報復。

本集團亦致力確保嚴格遵守所有適用的反洗錢法律及法規，以防止使用其產品及服務用於洗錢和恐怖融資之目的。雲鋒集團旗下所有受香港證券及期貨事務監察委員會(「證監會」)監管的實體及其分支機構和附屬公司均受反洗錢／瞭解客戶政策規管，並須在與潛在客戶訂立業務關係前執行瞭解客戶程序。我們就萬通保險的保險業務提供了單獨的反洗錢政策，其中參考了保險管理部門的反洗錢和反恐融資指引。基於這些政策，我們會立即向有關部門報告發現的任何可疑客戶活動。

Environmental, Social and Governance Report

環境、社會及管治報告

2 ABOUT OUR BUSINESS (Continued)

Governance and Risk Management (Continued)

For details regarding corporate governance discussions, please refer to the Corporate Governance Report section of the annual report.

ESG Risk and Responsible Investment

While we understand how ESG impacts our working environment, we are also aware of the increasing importance of ESG's role in the financial sector. In June 2018, the Hong Kong Exchanges and Clearing Limited (HKEX) has become a partner of the United Nations Sustainable Stock Exchanges Initiative, to promote the sustainable development of capital markets and responsible investment. In November 2018, the Hong Kong Financial Services Development Council (FSDC) issued a paper highlighting the lack of ESG thematic products in the market. In the paper, the FSDC also recommended how ESG integration should be more readily adopted by, for instance, the Government on public funds, HKMA's requirements on external investments, and MPFA's consideration into its trustee approval and monitoring process etc. In November 2018, HKEX updated its guidance material and referenced to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) to identify and disclose the potential financial impacts of climate-related risks and opportunities on ESG reporting.

Without a formal framework in place at the Group level and with ESG being only indirectly addressed in our existing practices, we acknowledge that a full ESG integration will be a challenge particularly in changing the corporate behaviour at this stage. However, going forward, it will be a potential risk for us to ignore this trend. We will cautiously adopt the ESG consideration and make it part of our journey on ESG development.

2 關於我們的業務(續)

管治和風險管理(續)

關於企業管治討論詳情，請參閱年報的「企業管治報告」部分。

環境、社會及管治風險與責任投資

我們明白環境、社會及管治對工作環境影響，同時我們也意識到環境、社會及管治在金融領域扮演著愈來愈重要的角色。二零一八年六月，香港交易及結算有限公司(香港交易所)加入聯合國可持續證券交易所倡議，以推進資本市場的可持續發展和責任投資。二零一八年十一月，香港金融發展局發文，指出市場上欠缺環境、社會及管治的有關主題產品。文中還建議如何更便捷地進行環境、社會及管治整合，如政府對公共資金、金管局對外部投資的要求，以及積金局對其受託人批准和監管流程的考慮等。二零一八年十一月，香港交易所更新了其指引材料，並參考了氣候相關財務信息披露(TCFD)工作組的建議，以確定和披露氣候相關風險和機遇對環境、社會及管治報告的潛在財務影響。

在目前集團層面尚未有的正式框架以及當前實踐僅間接涉及環境、社會及管治的情況下，我們承認全面的環境、社會及管治整合將會是一個挑戰，尤其是在這個階段要改變公司行為更為艱難。但是展望未來，我們若忽視這一趨勢，它將變成一個潛在風險。我們將謹慎地採用環境、社會及管治因素，並視其為我們環境、社會及管治發展旅程的一部分。

Environmental, Social and Governance Report

環境、社會及管治報告

3 STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

As an integral part of our business, we engage with our identified stakeholder groups on an on-going basis throughout our daily operations. Through our interaction with different stakeholder groups, we have summarised and presented in the below table their key concerns:

Table 1 Summary of stakeholders' communication channels

Stakeholder groups 利益相關者團體	Communication and feedback channels 溝通及反饋渠道	Frequency 頻率	Topics of discussion 討論主題
Employees 員工	Meetings Performance reviews Internal email correspondences 會議 表現評估 內部電郵往來	Annually Monthly Event-driven basis 每年 每月 事件驅動基準	Talent attraction, development and retention 人才吸引、發展及挽留
Shareholders 股東	Annual general meetings ("AGM"), extraordinary general meetings ("EGM") Announcements, annual reports, interim reports, circulars 股東週年大會(「股東週年大會」)、股東特別大會(「股東特別大會」) 公告、年報、中期報告及通函	Annually for AGM Event-driven basis for other channels 每年召開股東週年大會 其他渠道之事件驅動基準	Business development Financial performance Corporate governance Major corporate actions and transactions 業務發展 財務表現 企業管治 主要公司行動及交易
Regulators 監管部門	Correspondence mails/ emails Phone calls Site visits 郵件/電郵往來 電話 實地視察	Event-driven basis 事件驅動基準	Compliance with regulations Business development 遵守法規 業務發展

3 利益相關者團體與重要性評估

作為我們業務必不可少的一部分，我們在日常運營中持續與我們確定的利益相關者團體進行溝通。通過與不同利益相關者團體進行溝通，我們在下表匯總並呈列了其重要關注點：

表 1 利益相關者團體溝通渠道之概述

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環境、社會及管治報告

3 STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (Continued)

3 利益相關者團體與重要性評估(續)

Stakeholder groups 利益相關者團體	Communication and feedback channels 溝通及反饋渠道	Frequency 頻率	Topics of discussion 討論主題
Clients 客戶	Know-your-client (KYC) onboarding process Face-to-face meetings with our business representatives Phone calls and emails with our client service representatives 瞭解客戶引導流程 與業務代表之面對面會議 與客戶服務代表之電話及電郵往來	Meeting/phone call, emails on event-driven basis Electronic trading platform on event-driven basis 按事件驅動基準之會議／電話、電郵 按事件驅動基準之電子交易平台	Product and trading system quality and development Fair and transparent dealing practice Enterprise branding 產品及交易系統質素及發展 公平透明之交易慣例 企業品牌
Business partners 商業夥伴	On-site visits Meetings Conference calls 實地視察 會議 電話會議	Event-driven basis 事件驅動基準	Business development Fair business practice and market reputation Sound financial strength and management 業務發展 公平商業慣例及市場聲譽 健全之財務管理
Media 媒體	Press releases Marketing campaigns Exhibitions 新聞稿 營銷活動 展覽 事件驅動基準	Event-driven basis 事件驅動基準	Business development and strategies Product and service promotion 業務發展及戰略 產品及服務推廣
Communities 社區	On-site visits Meetings 實地視察 會議	Event-driven basis 事件驅動基準	Policy and commitment to communities 對社區之政策及承諾

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環境、社會及管治報告

3 STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT *(Continued)*

With the addition of YF Life, we have engaged with a number of management representatives from both Yunfeng and YF Life through interviews and surveys with aim to better align the ESG focus of the two entities. This time, we reached out to senior management with hands-on knowledge of our operations as well as having close relationship with our business partners, engaging them particularly on key ESG matters from governance to product responsibility, not limited to matters from quality to cyber security.

Materiality assessment

According to the HKEX ESG guideline, we have identified the overall social aspects more material than that of environment. The most important matters being anti-corruption, customer privacy, and the health and safety of our employees. To the environment, we are concerned most with the resources consumption, particularly on the use of energy, water and packaging materials used for marketing and communication materials. Refer to section 6 on how we manage these environmental impacts in more details.

3 利益相關者團體與重要性評估(續)

隨著萬通保險的收購，我們通過訪談和調查與雲鋒和萬通保險的多名管理層代表，以便調整這兩家實體的環境、社會及管治工作重點。這一次，我們與高級管理層聯繫，利用我們關於經營的實用知識以及我們與業務合作夥伴的密切關係，協助其重點關注環境、社會及管治主要事項：從管治到產品責任(不限於質量與網路安全等事項)。

重要性評估

根據香港交易所《環境、社會及管治報告指引》，我們已認識到整體社會範疇的重要性要高於環境範疇。最重要的方面涉及反貪污、客戶私隱以及員工的健康和安全。環境方面，我們最關注的是資源消耗，尤其是用於營銷和溝通材料的能源、水和包裝材料的使用。有關我們如何管理這些環境影響的更多詳情，請參閱第6節。

Environmental, Social and Governance Report

環境、社會及管治報告

4 EMPLOYMENT AND LABOUR PRACTICE

To enable us to deliver value to our shareholders and serve our clients, we endeavour to attract and retain the best talents. We are committed to maintaining a non-discriminatory workplace where all employees are provided with opportunities to reach their full potential. We maintain a policy of equal employment opportunity, and all human resources decisions including recruitment, promotion, salary administration and training opportunities shall be based on bona fide occupational requirements, but not individual traits like race, colour, religion, age, gender or medical history.

At the Board level, we have in place a well-established board diversity policy aiming to enhance the quality of the Board's performance by promoting diversity in the composition of board members based on their experiences and background considered relevant to the Group's operation and strategies. For further details, please refer to the Corporate Governance Report.

To recruit and retain high-calibre talents, we provide competitive remuneration packages to attract and motivate our employees. We offer competitive remuneration, share option and share award schemes, retirement and medical benefits, insurance coverage and leave entitlement commensurate to market standards. The remuneration package of employees is reviewed regularly based on individual performance and market conditions. As part of the effort to retain talent, we offer internal mobility opportunities, which drive the overall efficiency of operations through better matching of required skills with talents. All of the above details are documented in the two Employee Handbooks of Yunfeng and YF Life, along with other provisions like employment terms, remuneration, benefits, training and regulations, and business conduct.

During the reporting period, the Group adhered to the Employment Ordinance and other relevant regulations, and was not aware of any material non-compliance regarding employment.

4 僱傭及勞工常規

為使我們能夠為股東創造價值並為客戶服務，我們努力吸引及挽留最優秀之人才。我們致力於維持一個無歧視的工作場所，讓所有員工都有機會充分發揮潛力。我們擁有平等就業機會的政策，所有人力資源決策，包括招聘、晉升、薪酬管理和培訓機會，均應基於真正的職業要求，而不是基於種族、膚色、宗教、年齡、性別或病史等個人特徵。

在董事會層面，我們已確立董事會成員多元化政策，旨在通過基於本集團營運及戰略相關之經驗及背景，促進董事會成員組成之多樣性，從而提高董事會績效之質量。有關進一步詳情，請參閱企業管治報告。

為了招聘和留住高素質人才，我們提供有競爭力的薪酬方案，以吸引和激勵我們的員工。我們提供相比市場標準具競爭性之薪酬、購股權及股份獎勵計劃、退休及醫療福利、保險範圍及休假權利。我們根據個人績效及市場條件定期檢討員工之薪酬計劃。作為挽留人才工作之一部分，我們提供內部流動機會，可通過更好地匹配所需之技能及人才，提高整體營運效率。所有上述詳情均記錄在雲鋒和萬通保險的兩份員工手冊中，同時包含其他條款，如僱傭條款、薪酬、福利、培訓和法規以及商業行為準則。

於報告期內，本集團遵守「僱傭條例」及其他有關規例，未發現任何僱傭違規事件。

4 EMPLOYMENT AND LABOUR PRACTICE
(Continued)

Our Workforce

As at 31 December 2018, the Group had 609 employees. This number included also staff members from YF Life. Among our total employment, female employees represent 22% of the senior management and 56% of the total workforce. Geographically, about 72% of our employees reside in Hong Kong, with the 25% residing in the PRC and the remaining 3% in Macau.

In 2018, the overall turnover rate of male employees was 33% and female employee was 23%, and the geographic breakdown was 21%, 18% and 49% for Hong Kong, Macau and PRC respectively. The turnover rate by age group is provided in Table 2.

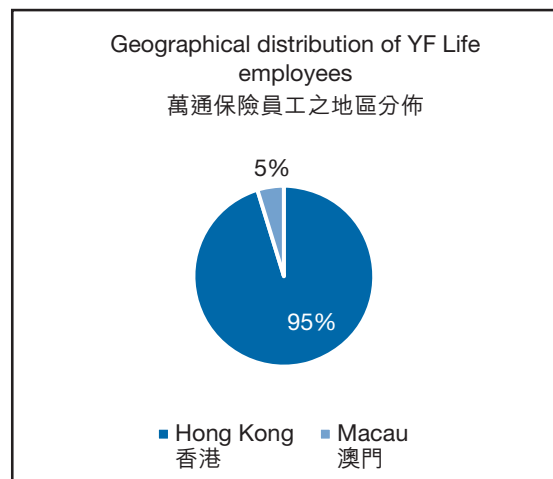
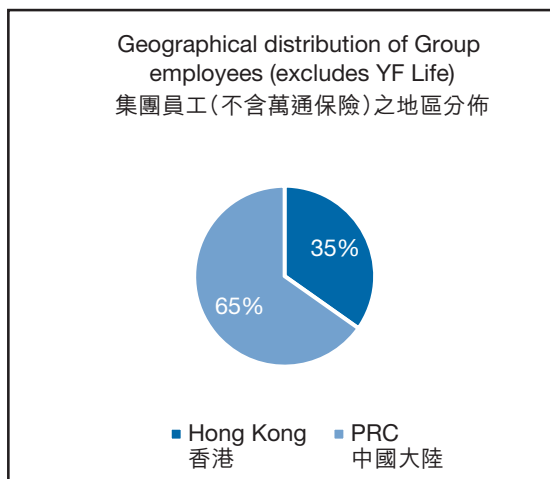


Table 2 Demographic information and turnover rate by age groups

Age Group
年齡組別

2018¹ (%)
二零一八年¹ (%)

		No. of Employees 僱員數量	Turnover Rate (%) 人員流失比率 (%)
Below 30	30 以下	205	37%
30-50	30-50	351	23%
Above 50	50 以上	53	20%
Total	總數	609	

1 Include employee of YF Life

4 僱傭及勞工常規(續)

我們的勞動力

於二零一八年十二月三十一日，本集團有609員工，該人數同時包含萬通保險之員工。在總員工人數中，女性員工佔高級管理層之22%及總勞動力之56%。地區方面，72%員工居住於香港，25%員工居住於中國大陸及餘下3%居住於澳門。

於2018年，男性員工的流失比率為33%，女性員工為23%。香港、澳門和中國大陸的按地區流失比率分別為21%、18%和49%。表2列出了按年齡組劃分的流失比率。

表2 人口統計信息及人員流失比率(按年齡組)

2018¹ (%)
二零一八年¹ (%)

		No. of Employees 僱員數量	Turnover Rate (%) 人員流失比率 (%)
Below 30	30 以下	205	37%
30-50	30-50	351	23%
Above 50	50 以上	53	20%
Total	總數	609	

1 包括萬通保險員工

4 EMPLOYMENT AND LABOUR PRACTICE (Continued)

Labour Standards

We strictly adhere to Employment of Children Regulations and other regulations under the Employment Ordinance or other relevant laws in other jurisdiction, which prohibit any illegal employment of children or forced labour. During our recruitment process, we perform checks on candidates' relevant information including personal identification and other documents to verify their age. Through the two Employee Handbooks of Yunfeng and YF Life, we communicate to employees the employment terms and conditions, to ensure that they clearly understand their employee rights and benefits. During the reporting year, we adhered to relevant laws and regulations and were not aware of any incidence of material non-compliance relating to child or forced labour.

4.1 Employee health and safety

The management place high importance on the health of employees and take measures to increase the awareness of all staff members regarding occupational health and safety issues within the Group. For instance, in the YF Life office, assessment and training of Display Screen Equipment (DSE) was done with aim to help office staff to minimise health risks associated to prolonged work with their workstations.

While there is no significant health and safety risk in the office environment, employees are also expected to take all practical measures to ensure a safe and healthy working environment, in keeping with their defined responsibilities and applicable laws. Employees are encouraged to participate in fire drills initiated by the office building management to prepare for any possible emergency.

We seek to promote the well-being of employees by providing medical insurance coverage to our employees, covering services like clinical visits, specialist visits and health check-ups. In addition, we promote work-life balance among our staff through different programmes, for example organising our employees to participate in charity runs to develop a healthy lifestyle while contributing to the community.

4 僱傭及勞工常規(續)

勞工標準

我們嚴格遵守《僱用兒童條例》及《僱傭條例》項下其他法規或其他司法管轄區之相關法例，這些法例禁止非法僱用兒童或強迫勞工。招聘過程中，我們核實應徵者的有關資料，包括個人身份以及核實年齡所需之其他文件。通過雲鋒和萬通保險的兩份員工手冊，我們告知員工僱傭條款及條件，確保其理解所擁有的員工權力和利益。於報告年度內，我們遵守相關法律法規，並未發現與僱用兒童或強迫勞工相關的重大非合規事項。

4.1 僱員健康及安全

管理層高度重視僱員健康，並採取措施提高所有員工對本集團職業健康和 safety 問題的認識。如在萬通保險辦事處，進行顯示屏幕設備 (DSE) 評估和培訓，以協助辦公室工作人員將與長時間工作相關的 health 風險降至最低。

雖然本集團的辦公環境不存在重大健康及安全風險，我們仍希望僱員應採取一切可行措施，確保安全健康之工作環境，以履行其界定責任及遵守適用之法律。我們鼓勵僱員參加辦公樓管理層發起的消防演習，以應對任何可能的緊急情況。

我們通過為員工提供醫療保險，包括臨床探訪、專家探訪和健康檢查等服務，以提升僱員福祉。另外，我們通過不同的計劃促進僱員的工作與生活平衡，例如組織僱員參與慈善活動，以發展健康的生活方式，同時為社區做出貢獻。

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4 EMPLOYMENT AND LABOUR PRACTICE (Continued)

4.1 Employee health and safety (Continued)

During the reporting year, we adhered to relevant laws and regulations and were not aware of any incidence of material non-compliance relating to health and safety.

4.2 Development and training

The Group emphasises the importance of the on-going professional development of our employees, and seeks to provide different training and development opportunities to assist their career progression. Through a relevant, systematic and organised training platform, we aim to align the knowledge and skill sets of our staff members with our business objectives and operation requirements, in order to enhance efficiency and productivity. We believe that upskilling our staff members can help reduce the overall operational risks in the long run.

At Yunfeng, we offer both internal and external training to staff. To promote and cultivate the ongoing professional development of our staff, we offer internal seminars including various team building training, FATCA² and CRS³ updates, SFC⁴ seminars with regulation updates, financial reporting updates which staff could join on a voluntarily basis. In the year, we have also provided trainings covering topics like legal contracting, cybersecurity and data breaching, and refresher training on compliance matter for our staff. We also support our employees to seek external education relevant to their job duties, and provide benefits including examination leave and fee reimbursement subject to approval of their department head and senior management.

- 2 Foreign Account Tax Compliance Act
- 3 Common Reporting Standard
- 4 Securities and Futures Commission

4 僱傭及勞工常規(續)

4.1 僱員健康及安全(續)

於報告年度內，我們遵守相關法律法規，並未發現與健康與安全相關的重大非合規事項。

4.2 發展及培訓

本集團強調僱員持續專業發展的重要性，並尋求提供不同的培訓及發展機會，以協助僱員職業發展。通過相關聯、系統和有組織的培訓平臺，我們的目標是使員工的知識和技能與業務目標和運營要求保持一致，以提升效率和生產力。我們認為，從長遠來看，提升員工技能可以幫助降低整體運營風險。

在雲鋒，我們為員工提供內部和外部培訓。為促進和培養我們員工的持續專業發展，我們提供內部研討會，包括員工可自願參加之各種團隊建設培訓、《海外賬戶稅收合規法案》及《共同匯報標準》以及證監會有關法規更新之研討會、財務報告更新等。年內，我們還提供了有關法律合同、網絡安全和數據泄露等主題的培訓，以及針對合規事項為員工開展更新培訓。我們還支持員工尋求與其工作職責相關的外部教育，並提供相關福利，包括考試假和費用報銷(須獲得其部門主管和高級管理層的批准)。

- 2 《海外賬戶稅收合規法案》
- 3 《共同匯報標準》
- 4 證監會

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4 EMPLOYMENT AND LABOUR PRACTICE (Continued)

4.2 Development and training (Continued)

While at YF Life, the staff training is broadly categorised into three main types for new, existing and management staff where each has key focus as follows:

- New staff: legal compliance, company product knowledge, service selling techniques and mentor training in person
- Existing staff: legal compliance and continuous professional development training (CPD)
- Management: leadership training

With the demand for insurance product from mainland clients increasing, we have established an Internal Compliance Guide for PRC Sales outlining the requirements for agents working on PRC sales. All our agents are also required to complete the annual e-refresher on compliance topics including anti-money laundering, direct marketing and data privacy. Failing to complete the training may result in termination of agent contract.

4 僱傭及勞工常規(續)

4.2 發展及培訓(續)

在萬通保險，員工培訓大致分為新員工、在職員工和管理人員三種主要類型，各類人員的主要重點如下：

- 新員工：法律合規、公司產品知識、服務銷售技巧和面對面導師培訓
- 在職員工：法律合規和持續專業發展培訓
- 管理人員：領導力培訓

隨著內地客戶對保險產品的需求不斷增加，我們制定了《中國銷售內部合規指引》，概述了代理從事中國銷售的相關要求。我們的所有代理還須完成關於合規主題的年度電子更新培訓，涵蓋反洗錢、直銷和數據私隱。未能完成培訓可能導致代理合同終止。

5 OPERATION PRACTICES

5.1 Product responsibility

The Group conducts business with a high level of integrity and treats customers in a fair manner. We emphasise the quality of both our financial and insurance products and services to our valued customers. Both industries are highly regulated by the governing bodies and regulators such as the Securities and Futures Commission, Insurance Authority and Hong Kong Federation of Insurers. We comply strictly with the local laws and regulations such as sales practice, KYC check, credit control, compliance, risk disclosure, information protection and data security as well as trademarks and intellectual property. We regularly provide our employees with refresher training on the requirements of regulators to ensure that they are capable of providing quality services to customers.

During the reporting year, there was no material non-compliance incidence against the relevant laws and regulations relating to our products and services.

Customer privacy

As a financial institution, we deal with sensitive information of our clients and it is important that we take the necessary steps to protect such information. We adhere strictly to the Personal Data (Privacy) Ordinance and any violation of data privacy obligations is subject to disciplinary actions. There are also internal compliance manuals to guide us on the proper handling of customer information.

5 經營規範

5.1 產品責任

本集團以高度誠信經營及公平對待客戶。我們向尊貴的客戶強調我們的金融和保險產品及服務品質。金融和保險產品行業均受到管理機構和監管機構的嚴格監管，例如證券及期貨事務監察委員會、保險業監管局及香港保險業聯會要求等。我們嚴格遵守當地法律法規，如銷售慣例、瞭解客戶檢查、信貸控制、合規、風險披露、信息保護和數據安全以及商標和知識產權。我們定期為僱員提供有關監管機構要求的更新培訓，以確保他們能夠為客戶提供優質服務。

於報告年度內，本集團不存在與產品和服務相關的法律法規重大不合規事項。

客戶私隱

作為一家金融機構，我們的工作涉及客戶的敏感信息，因此我們有必要採取必要措施保護此類信息。我們嚴格遵守《個人資料(私隱)條例》，任何違反資料私隱責任的行為均須受到紀律處分。相關內部合規手冊也涉及我們如何正確處理客戶信息。

5 OPERATION PRACTICES (Continued)

5.1 Product responsibility (Continued)

Cybersecurity and business continuity

The protection of information from external threats is also of critical importance when protecting customers' privacy. Our IT security efforts are guided by the Group Cybersecurity Policy which provides definitive information on this matter. From time to time, we also invite external service providers to provide cybersecurity training to update our staff on the latest cybersecurity risks.

We fully understand that significance of service stability to our clients. We have established the business continuity plan ("BCP") with comprehensive and systematic measures in place to deal with potential threats from major unexpected events and/or operational disruptions to ensure business continuity and services to our customers. We back-up our data servers regularly and in the unfortunate case of server breakdown, we can switch to the back-up server within a short period to ensure minimal disruption to our services.

Our staff

To serve all of our valued customers, we are committed to developing innovative solution and user-friendly technology to offer our clients with high-quality, affordable products and services tailored to their needs on a consistent basis. Please refer to the below sections for more information on the various measures we have taken to uphold high product and service quality.

Customer Feedback

We welcome customer feedback and collect their opinions through different channels, including our staff, website and customer service hotline. We also regularly seek inputs from our front-line business units to look for areas that require improvement. We promptly handle all complaints from our customers, and for YF Life, we are also obliged to meet the response pledge as prescribed by the regulatory requirements.

5 經營規範(續)

5.1 產品責任(續)

網絡安全及業務連續性

在保護客戶私隱時，保護信息免受外部威脅亦非常重要。我們的信息技術安全工作以《集團網路安全政策》為指引，該政策提供了有關此事項的明確信息。我們還不時邀請外部服務供應商提供網路安全培訓，向我們的員工介紹最新的網路安全風險。

我們完全理解服務穩定性對客戶的重要性。我們已制定業務連續性計劃，採取全面和系統的措施來應對重大突發事件和／或運營中斷帶來的潛在威脅，以確保業務連續性以及為客戶提供服務。我們還定期備份數據服務器，若不幸發生服務器故障，我們可以在短時間內切換到備份服務器，以確保對服務造成最小干擾。

我們的員工

為更好地服務我們尊貴之客戶，我們致力開發創新解決方案和開發高品質及方便使用的技術，為所有客戶的需求量身定制價格合理的產品。有關我們為維護高質產品和服務品質而採取的各種措施的更多詳情，請參閱以下部分。

客戶反饋

我們歡迎客戶反饋並通過不同渠道收集客戶意見，包括我們的員工、網站和客戶服務熱線。我們還定期從前綫業務部門獲取意見，以尋找需要作出改進的領域。我們及時處理客戶的所有投訴，對於萬通保險，我們同樣有義務滿足監管要求規定的回應承諾。

5 OPERATION PRACTICES (Continued)

5.1.1 Providing quality financial products and services

For our investment products, we have an investment committee which is chaired by the Chief Executive Officer of the Group and comprises committee members, oversees all investment decisions and financial product/service launching process. An internal approval process is used to govern the product launching process and mitigate relevant risks of new products. Under the approval process, the launch of new products requires approvals from all relevant middle and back office functions to ensure that relevant market practices and regulations are met.

It is also important that we empower our customers to make informed decisions with their wealth and investment opportunities. Our staff receives training on product sales best practices from time to time, and we ensure that throughout our promotion campaigns and press releases our communication materials convey clear, concise and transparent information. To effectively handle customer enquiries, we have a chatbot to provide automatic replies to frequently asked questions. When clients are not satisfied with the answer they receive, they will be directed to our customer representatives to further discuss their issues.

5 經營規範(續)

5.1.1 提供優質金融產品和服務

對於我們的投資產品，我們設有投資委員會，由集團行政總裁擔任主席，由委員會成員組成，負責監督所有投資決策和金融產品／服務發佈流程。我們使用內部審批流程管理產品發佈流程和降低新產品的相關風險。在審批過程中，新產品的發佈需要所有相關中臺及後臺部門職能的批准，以確保滿足相關的市場慣例和法規。

同樣重要的是，我們賦予客戶通過財富和投資機會作出明智決策的能力。我們的員工不時接受產品銷售最佳實務培訓，而且我們確保所有推廣活動和新聞稿中使用的傳播材料均傳達清晰、簡潔和透明的信息。為有效地處理客戶詢問，我們備有一個聊天機器人，可以自動回復常見問題。當客戶對其收到的答復不滿意時，客戶會被引導至我們的客戶代表，以進一步討論其問題。

5 OPERATION PRACTICES (Continued)

5.1.2 Providing quality insurance product and services

Our insurance products is developed to protect customers from unexpected events and support their long-term life planning. It is therefore vital that our insurance products are of high quality and meet relevant regulatory requirements. We collaborate with different institutions from time to time to conduct market researches to upkeep the latest market trends and to ensure our products meet the needs of our customers.

As the bridge of our products to the customers, we ensure our agents provide quality services. We make sure our agents are properly licensed according to the rules promulgated by HKFI and have satisfied the legal and YF Life standards before being permitted to solicit YF Life business. Our agents are required to strictly follow the HKFI Code of Conduct and the industry best practices, as well as the guidance in accordance with our “Agent Handbook”. We regularly communicate and educate our agents with respect to the company’s products and services to allow proper and accurate representations of product features to the customers.

In order to support the development of the PRC business, we have a “PRC Business Compliance Policy” in place to ensure our staff and agents are equipped with the Do’s and Don’ts when dealing with PRC clients. The policy covers daily practices from sales, mentoring to internal training and qualification requirements. We hold requirements on internal qualification strictly and no agents can handle PRC insurance business otherwise.

The monitoring of our service quality also extends to the post-sales stage. We follow industry practices as issued by the Insurance Authority, such as making audio-recorded calls to reaffirm client’s understanding of the insurance policy they have procured, including both investment-linked and life insurance products. In addition, we make use of third-party Mystery Shopper Programmes on an irregular basis to objectively review and assess the selling practice of our agents.

5 經營規範(續)

5.1.2 提供優質保險產品和服務

我們的保險產品旨在保護客戶免受意外事件的影響，並支持其長期生活規劃。因此，我們的保險產品必須具備高品質特點並符合相關監管要求。我們不時與不同的機構合作進行市場研究，以保持跟進最新的市場趨勢，並確保我們的產品能滿足客戶需求。

作為本集團產品與客戶的橋樑，我們確保代理能提供優質服務。我們確保代理根據香港保險業聯會頒佈的規則獲得適當許可，並且在獲准許開展萬通保險業務之前已滿足法律和萬通保險的標準要求。我們的代理必須嚴格遵守香港保險業聯會行為準則和行業最佳實務，以及基於我們的「代理手冊」指引。我們定期就公司的產品和服務向代理進行溝通和培訓，以便為客戶提供適當、準確的產品特點展示。

為支持中國業務的發展，我們制定了「中國業務合規政策」，以確保我們的員工和代理在面對中國客戶時具備應做與不應做的相關知識。該政策涵蓋銷售、內部培訓指導和鑒定要求等日常實務。我們嚴格遵守內部鑒定要求，否則代理不得開展中國保險業務。

我們對服務品質的監督也延伸至售後階段。我們遵循保險監管機構發佈的行業慣例，如製作電子錄音電話以再次確定客戶對其所購買保單(含投資連結式和壽險產品)的理解。此外，我們還會不定期地利用第三方神秘顧客評核，以客觀地審核以及評估代理商的銷售行為。

5 OPERATION PRACTICES (Continued)

5.2 Anti-corruption

We expect our staff to strictly adhere to applicable laws and regulations and to high standards of business integrity and ethical dealing. All new employees are provided internal guidelines regarding their professional obligations to transact business affairs in a legal and ethical manner. They include the Compliance Manual in Yunfeng and Compliance Guide at YF Life, which provides detail guidance anti-corruption topics including handling possible conflict of interests, receive of business courtesies and gifts, and other related scenarios.

Besides internal guidelines, we also provide employees with regular training to ensure clear understanding of the Group's compliance requirements. For example, Yunfeng employees receive annual refresher training and updates on important compliance guidelines, and at YF Life we invite Independent Commission Against Corruption to provide annual seminars to strengthen our employees' awareness towards possible misconduct.

In 2018, there was no reported non-compliance incidence relating to corruption or money laundering during the reporting period.

5.3 Supply chain and counterparties management

At YF Life, we appoint various service providers to support our operations, particularly on IT services. When selecting these service providers, we consider different factors including price, capability and credential of suppliers, availability of local support and the possible synergy from leveraging on other services of suppliers.

5 經營規範(續)

5.2 反貪污

我們希望員工嚴格遵守適用的法律法規以及高標準的商業信譽和交易道德。我們為所有新員工提供了關於以合法和道德的方式處理商務事務的職業責任內部指引。其中包括雲鋒的《合規手冊》和萬通保險的《合規指引》，這些文件提供了反貪污問題的詳細指引，包括處理可能的利益衝突、商務禮儀和禮品的接受以及其他相關情況。

除了內部指引外，我們還為員工提供定期培訓，以確保對集團合規要求的清晰理解。如雲鋒員工每年都會接受重要合規指引的鞏固培訓和更新培訓。在萬通保險，我們邀請廉政公署開展年度研討會，以強化員工對可能不當行為的認識。

於二零一八年，報告期間內不存在有關貪污或洗錢的非合規事件報告。

5.3 供應鏈及交易對手管理

在萬通保險，我們委任各類服務供應商來支持我們的運營，尤其是信息技術服務。在選擇這些服務供應商時，我們會考慮不同的因素，如供應商的價格、能力和資質、當地支援的可用性以及利用供應商其他服務的可能協同效應。

5 OPERATION PRACTICES *(Continued)*

5.3 Supply chain and counterparties management *(Continued)*

At Yunfeng, we recognise due diligence of counterparties and transactions as one of the crucial elements of operation risk management. The overall governance effort is led by the Corporate Governance Committee for the establishment and implementation of the operational risk governance framework, strategies, policies and procedure. The implementation is coordinated through the Risk Oversight Committee (“ROC”), which is a sub-committee under the Corporate Governance Committee. The ROC is chaired by the Chief Executive Officer and comprises business heads, legal counsel, head of compliance and head of risk management.

For our financial services, effective counterparty and transaction due diligence processes are the foundation of our approach to form long-term partnerships with our valued business partners. We promote an ownership system where service/business users within Yunfeng are responsible for selecting the counterparties and entering into transactions. The users are responsible for gathering sufficient information and using an appropriate mechanism to address different business, financial, and legal and compliance related concerns raised by relevant internal functions. Once all concerns are addressed and cleared by the relevant internal functions governed by the internal new business approval process, the proposed transactions are then recommended to senior management for final approval and execution. Significant concerns and issues identified will be escalated to the senior management and Risk Oversight Committee for thorough review and discussion to determine the next course of action to be taken.

5 經營規範 *(續)*

5.3 供應鏈及交易對手管理 *(續)*

在雲鋒，我們認識到經營風險管理之關鍵要素之一是交易對手及交易之盡職調查。整體管治工作由企業管治委員會牽頭，負責建立及實施經營風險管治框架、戰略、政策及程序。實施工作通過風險監督委員會（「風險監督委員會」）協調。風險監督委員會（「風險監督委員會」）由行政總裁擔任主席，由業務主管、總法務顧問、合規主管及風險管理主管組成。

對於我們的金融服務，有效的交易對手及交易盡職調查流程是與我們尊貴的商業夥伴建立長期合作關係之基礎。我們推行所有權制度，雲鋒的服務／業務用戶負責選擇交易對手及訂立交易。該用戶有責任收集足夠之信息並使用適當之機制來解決集團內部職能部門提出之不同業務、財務、法律及合規性相關問題。根據內部新業務審批流程，在內部職能部門確認解決所有關注事項後，建議交易屆時由高級管理層推薦以作最終批准及執行。經確定的重大關注事項及問題，建議將提交至本集團高級管理層及風險監督委員會進行徹底審查及討論，以確定下一步行動。

5 OPERATION PRACTICES (Continued)

5.3 Supply chain and counterparties management (Continued)

As part of the implementation of the counterparty management policy, our risk management, finance, and legal and compliance teams review the transaction terms and related documents and determine the need for, and depth of, additional due diligence of counterparties including counterparty risk and corresponding the extent of on boarding procedures required. We have outlined the activities and types of counterparties that Yunfeng does not associate with, such as those where there is evidence of forced or child labour and certain transactions involving market misconduct, mis-selling or those with negative publicity. For service quality maintenance purpose, we continue monitoring the market reputation and business practice of all existing counterparties.

In relation to the sourcing of professional service and financial data providers, Yunfeng has established proper tendering and quotation procedures to engage the most suitable service providers with criteria tailored for covering areas such as product/service quality together with internal control and risk management requirements to manage various operational risk including credit, reputational and concentration risks. Consequently, in addition to pricing evaluation, all relevant factors will be taken into account in the selection of counterparties/service providers.

For internal developed service provision process with the aim to maximise automation and segregation of duties to reduce human error, Yunfeng has set up a project management and quality control team to liaise with the different areas of operation including the development of different product initiatives, financial infrastructure and applications by developing a procedural manual and regular progress meetings. The teams ensure quality services and products as per the standard set by the senior management.

5 經營規範(續)

5.3 供應鏈及交易對手管理(續)

作為執行交易對手管理政策之一部分，我們的風險管理、財務、法律及合規團隊審查交易條款及相關文件，並確定交易對手之額外盡職調查之需要及深度，包括交易對手風險及相應引導程序之程度要求。我們概述與雲鋒無關聯之交易對手之活動及類型，例如有證據表明存在強迫或童工勞動及若干涉及市場失當、誤銷或負面宣傳之交易。為維持服務質素，我們繼續監控所有現有交易對手之市場聲譽及商業慣例。

關於專業服務及金融數據提供商之採購，雲鋒已經建立了適當之招標及報價程序，按為涵蓋如產品／服務質量連同內部控制及風險管理要求所制定之標準委聘最適合之服務提供商，以管理各種營運風險，包括信用、聲譽及集中風險。因此，除定價評估外，選擇交易對手／服務提供商將考慮所有相關因素。

就旨在最大限度地實現自動化及職責分離以減少人為錯誤之內部開發服務提供過程而言，雲鋒設立項目管理及質量控制團隊，於不同運營領域進行聯絡，包括通過制定程序手冊及定期舉行進度會議開發不同產品計劃、金融基礎設施及應用。團隊確保高質素服務及按照高級管理層設定之標準及時交付產品。

6 ENVIRONMENT & COMMUNITY

6.1 Environment

Use of resources

The Group strives to minimise resource consumption and adopts environmental best practices across its businesses. We regularly reviews its environmental practices and considers implementing additional eco-friendly measures, sustainability targets and practices to reinforce the principles of reduce, recycle and reuse, as well as further minimise our already low impact on the environment.

In our offices, we have adopted various green practices to reduce the consumption of resources including electricity, water and paper. Examples of such green practices are:

- Switching off lightings, air conditioning and electrical appliances when not in use to reduce energy consumption;
- Encouraging double-sided printing and the use of recycled paper for printing and copying;
- Setting up recycling bins in office areas

We have also been progressively digitalising our business operations. Besides the adoption of electronic communications within the offices, at YF Life, we have launched SMART to our agents and CONNECT to our customers since 2013 and 2017 respectively. Through SMART, our agents are able to conduct customers' profile analysis and prepare electronic proposals more efficiently. By launching CONNECT, our clients can now submit their supporting documentation through the electronic platform without printing and submitting paper copies. In the coming years, we will continue to have fintech development, from adopting electronic insurance policy to customer service for instance. We will further explore ways to enhance our customers experience as well as reducing our environmental impact while improving efficiency in our operations.

6 環境與社區

6.1 環境

使用資源

本集團致力最大限度減少資源消耗，並採納本集團業務過程中之環保最佳實踐。本集團定期檢討其環保實務，並考慮在本集團業務營運中實施進一步環保措施、可持續發展目標及實務，以強化減少、循環及再利用之原則，並進一步減少其對環境已經較低之影響。

在我們的辦公區域，我們已採用各種綠色實踐來減少資源的使用，包括電、水和紙。該等綠色實踐實例包括：

- 通過關閉閒置照明、空調及電器來減少能源消耗；
- 使用再生紙進行打印及複印、雙面打印及複印；
- 在辦公區域設置回收箱

我們也逐步將業務運營數碼化。除了在萬通保險辦事處採用電子通信外，我們分別於二零一三年和二零一七年向代理推出SMART，同時向客戶提供CONNECT。通過SMART，我們的代理能夠更有效地進行客戶資料分析以及編制電子建議書。通過發佈CONNECT，我們的客戶現在可以通過電子平臺提交其支持文檔，而無需打印和提交紙質副本。在未來幾年，我們將繼續發展金融科技，如就客戶服務推出電子保單。在提高運營效率的同時，我們將進一步探索提高客戶體驗以及減少環境影響的方法。

Environmental, Social and Governance Report

環境、社會及管治報告

6 ENVIRONMENT & COMMUNITY (Continued)

6.1 Environment (Continued)

Use of resources (Continued)

Among our equipment use within the office environment, the server units and data centres consume the most energy. While we do not have controls over the energy use in the rented data centres, we have long adopted in-rack cooling for server units at YF Life's data centre for better thermal management, thus reducing overall energy consumption.

Details of electricity, water and paper consumptions at our offices are summarised in the table below. Besides the full year consumption of Yunfeng offices, the scope of 2018 data disclosure includes also the consumptions of YF Life's offices in November and December 2018.

Table 3 Summary of resources consumptions

Use of resources 使用資源	Unit 單位	2018 二零一八年
Electricity 電	kWh 千瓦時	890,774
Water ⁵ 水	Tonnes 噸	1,035
Paper (A3) 紙(A3)	Sheets 張	20,383
Paper (A4) 紙(A4)	Sheets 張	3,208,906

⁵ Water consumption figure includes the full year consumption of our Shenzhen office and the Nov-Dec 2018 consumptions of the 2 YF Life offices with available data.

6 環境與社區(續)

6.1 環境(續)

使用資源(續)

在我們辦公環境中所使用的設備中，服務器和數據中心消耗了最多能量。雖然我們對租用數據中心的能源使用不具有控制權，但我們長期以來在萬通保險的數據中心採用內置機櫃冷卻服務器，以實現更好的熱管理，從而降低整體能耗。

我們辦事處的電、水和紙消耗詳情見下表。除了雲鋒辦事處的全年消費外，二零一八年數據披露的範圍還包括萬通保險辦事處於二零一八年十一月和十二月的能耗情況。

表3 資源消耗概況

⁵ 水消耗數據包括我們深圳辦事處的全年消耗，以及萬通保險辦事處(含可用數據)於二零一八年十一月和十二月的消耗。

6 ENVIRONMENT & COMMUNITY (Continued)

6.1 Environment (Continued)

Emissions

With the Group's major businesses focused on the development of financial technologies, insurance, financial advisory services and securities broking, majority of our operations are conducted in office environments with limited environmental impact. While we advocate the principle of environmental protection, we do not consider emissions including air, greenhouse gas (or carbon) and waste emissions to be material due to the nature of our business operations. We are aware that our impact on carbon emissions is mainly caused by the use of electricity, we strive to minimise the consumption from our offices to the servers and data centres.

The Group does not have direct environmental emissions such as air, discharges to water and land as well as generation of hazardous and non-hazardous waste, and we adhere to all relevant and applicable environmental laws and regulations in the jurisdictions where we operate. No material non-compliance regarding emissions was reported during the reporting year.

The environmental and natural resources

As a financial institution, the impact of our business extend beyond our own operations to the impact our investment strategies have on the environment. While we have not formulated specific policies or guidelines on the ESG considerations of our investment strategies, ESG considerations are indirectly addressed as described below.

During the selection of new mutual fund partners for our wealth management services, we mainly focus on new industries and exclude industries with obvious negative impact from the list. We seek to work with top-tier fund managers, which we believe would have incorporated fundamental ESG considerations into their investment decisions.

6 環境與社區(續)

6.1 環境(續)

排放

由於本集團的主要業務是金融科技、保險、財務顧問服務及證券經紀，大部分業務均在環境影響有限的辦公室環境中進行。我們提倡環保，但由於本集團業務運營性質，我們認為：廢氣、溫室氣體(或碳)和廢棄物排放均非重要。但我們確實意識到本集團對碳排放的影響主要是使用電力造成，我們力求最大限度地減少辦公室以及服務器和數據中心的消耗。

本集團沒有直接的環境排放，如廢氣、向水及土地的排污、有害及無害廢棄物的產生。我們遵守經營所在司法管轄區所有相關和適用的環境法律法規。報告年度內未報告有關排放的重大違規情況。

環境及自然資源

作為一家金融機構，本集團業務的影響已超出我們自身的運營範圍，我們的投資策略對環境產生影響。雖然我們尚未就投資策略的環境、社會及管治制定具體政策或指引，但環境、社會及管治考慮因素已如下方所述間接提及。

在為我們的財富管理服務選擇新的共同基金合作夥伴時，我們主要關注新行業，並排除名單中明顯負面影響的行業。我們尋求與頂級基金管理人合作，我們相信這些基金管理人會將基本的環境、社會及管治考慮因素納入其投資決策中。

Environmental, Social and Governance Report

環境、社會及管治報告

6 ENVIRONMENT & COMMUNITY (Continued)

6.1 Environment (Continued)

The environmental and natural resources (Continued)

As part of our due diligence procedure, we also conduct news search on funds to better understand their performance. Any negative news identified, including ESG-related ones, may trigger further investigation or clarification with the fund managers depending on the nature of the issue.

For our insurance division, while we do not have specific ESG guidelines or instructions to our investment manager. Majority of our portfolio belongs to fixed-income assets and we have appointed Barings to be the investment manager, who is a signatory of the Principle of Responsible Investment.

6.2 Community

The Group is committed to participating in community events. When approached by charitable organisations, we perform due diligence covering their background, mission and plan. If they matched with the Group's vision, we will provide financial and other assistance to maximum practicable extent for us on a case-by-case basis.

Set up in 1999, the 'Jr. Space Camp Program' is the flagship community event of YF Life, a new member of the Group. Every year, the programme appoints several Jr. Astronauts from thousands of young applicants and provide them with the opportunity to receive stimulated astronaut training together with their parents at the U.S. Space Camp organised by NASA's Visitor Information Centre. All expenses incurred, including the training-programme fee, round trip air tickets, accommodation, meals and travel insurance, will be fully sponsored by YF Life. The programme stimulates children's interest in space exploration, boosting their self-confidence and encouraging them to take on challenges.

6 環境與社區(續)

6.1 環境(續)

環境及自然資源(續)

作為我們盡職調查程序的一部分，我們還會對基金進行新聞搜索，以便更好地瞭解其績效。所發現的任何負面新聞，包括與環境、社會及管治相關的新聞，都可能引發對基金管理人進行進一步調查或澄清，具體取決於問題性質。

對於我們的保險分部，我們對於投資經理並沒有特定的環境、社會及管治指引或指示。我們的大部分投資組合屬於固定收益資產，我們已委任巴林銀行擔任投資經理，彼為責任投資原則的支持者。

6.2 社區

本集團致力於參與社區活動。當慈善組織聯絡我們時，我們將進行盡職調查，涵蓋組織背景、使命及計劃。倘彼等符合本集團之願景，我們將根據具體情況為相關慈善組織提供最大可行範圍內之財務及其他援助。

「萬通保險小太空人訓練計劃」於一九九九年創辦，是本集團新成員一萬通保險的旗艦社區活動。該計劃每年都會從數千名申請者中選拔幾名小宇航員，他們有機會參加美國太空總署的訪客中心組織的美國太空夏令營，與家長們一起接受激勵人心的宇航員訓練。所有費用，包括培訓計劃費、往返機票、住宿、膳食和旅遊保險，均由萬通保險全額贊助。該計劃能激發小朋友對太空探索的興趣，還能增強自信心以及鼓勵小朋友接受更多挑戰。

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環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX

A 附錄：香港交易所《環境、社會及管治報告指引》索引

Aspects 範疇		Section Remarks 章節 備註	
A	Environmental 環境		
A1	Emissions	6.1	
	a) Policies and		
	b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 排放物 有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的：		
	(a) 政策；及		
	(b) 遵守對發行人有重大影響的相關法律及規例		
A1.1	The Types of Emissions and respective emission data 排放物的種類及相關排放資料	—	Air emissions are not identified as material to the Group and data is not tracked. 廢氣排放未被識別為對本集團屬重要，因此未跟蹤相關數據。
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 溫室氣體總排放量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	—	Greenhouse gas emissions are not identified as material to the Group. We will continue to observe any regulatory changes to review our disclosure in the future. 溫室氣體排放未被識別為對本集團屬重要。我們將持續遵循監管變化，同時審核未來相關披露。
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生有害廢棄物總量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	—	Due to our business nature, no significant amount of hazardous waste is generated. 由於我們的業務性質特點，本集團不產生重大的有害廢棄物。

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX (Continued)

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

	Aspects 範疇	Section Remarks	
		章節	備註
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生無害廢棄物總量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	—	Non-hazardous wastes are not identified as material to the Group and no data is tracked. 無害廢棄物未被識別為對本集團屬重要，因此未跟蹤相關數據。
A1.5	Description of measures to mitigate emissions and result achieved 描述減低排放量的措施及所得成果。	6.1	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved 描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果。	6.1	
A2	Use of Resources Policies on the efficient use of resources, including energy, water and other raw materials. 資源使用 有關有效使用資源(包括能源、水及其他原材料)的政策。	6.1	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). 按類型劃分的直接及／或間接能源(如電、氣或油)總耗量(以千個千瓦時計算)及密度(如以每產量單位、每項設施計算)。	6.1	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). 總耗水量及密度(如以每產量單位、每項設施計算)。	6.1	
A2.3	Description of energy use efficiency initiatives and result achieved. 描述能源使用效益計劃及所得成果。	6.1	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果。	6.1	

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX *(Continued)*

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

	Aspects 範疇	Section 章節	Remarks 備註
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. 製成品所用包裝材料的總量(以噸計算)，及(如適用)每生產單位佔量。	6.1	
A3	The Environment and Natural Resources Policies on minimizing the issuer's significant impact on the environment and natural resources. 環境及天然資源 有關減低發行人對環境及天然資源造成重大影響的政策。	6.1	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them. 描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動。	6.1	
B	Social 社會		
B1	Employment Policies on employment and compliance with local laws and regulations that have a significant impact on the issuer on the following aspects: <ul style="list-style-type: none"> • Compensation and dismissal • Recruitment and promotion • Working hours and rest periods • Equal opportunity and anti-discrimination • Diversity • Other benefits and welfare 僱傭 有關僱傭的政策及遵守於以下方面對發行人有重大影響的本地法律及規例： <ul style="list-style-type: none"> • 薪酬及解僱 • 招聘及晉升 • 工作時數及假期 • 平等機會及反歧視 • 多元化 • 其他待遇及福利 	4	

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX (Continued)

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

	Aspects 範疇	Section Remarks	
		章節	備註
B1.1	Total workforce by gender, employment type, age group and geographical region. 按性別、僱傭類型、年齡組別及地區劃分的僱員總數。	4	
B1.2	Employee turnover rate by gender, age group and geographical region. 按性別、年齡組別及地區劃分的僱員流失比率。	4	
B2	Health and Safety	4.1	
	Policies and compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. 健康與安全 有關提供安全工作環境及保障僱員避免職業性危害的政策及遵守對發行人有重大影響的相關法律及規例。		
B2.1	Number and rate of work-related fatalities. 因工作關係而死亡的人數及比率。	—	
B2.2	Lost days due to work injury. 因工傷損失工作日數。	—	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored. 描述所採納的職業健康與安全措施，以及相關執行及監察方法。	—	
B3	Development and Training	4.2	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. 發展與培訓 有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動。		
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management). 按性別及僱員類別(如高級管理層、中級管理層等)劃分的受訓僱員百分比。	—	

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX (Continued)

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

	Aspects 範疇	Section Remarks	
		章節	備註
B3.2	The average training hours completed per employee by gender and employee category. 按性別及僱員類別劃分，每名僱員完成受訓的平均時數。	—	
B4	Labour Standard Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 勞工準則 有關防止童工或強制勞工及對發行人有重大影響的政策及遵守相關法律及規例。	4	
B4.1	Description of measures to review employment practices to avoid child and forced labour. 描述檢討招聘慣例的措施以避免童工及強制勞工。	—	
B4.2	Description of steps taken to eliminate such practices when discovered. 描述在發現違規情況時消除有關情況所採取的步驟。	—	
B5	Supply Chain Management Policies on managing environmental and social risks of the supply chain. 供應鏈管理 有關管理供應鏈的環境及社會風險的政策。	5.3	
B5.1	Number of suppliers by geographical region. 按地區劃分的供應商數目。	—	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. 描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法。	—	

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX *(Continued)*

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

Aspects 範疇	Section 章節	Remarks 備註
<p>B6 Product Responsibility</p> <p>Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>產品責任</p> <p>有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法及對發行人有重大影響的政策以及遵守相關法律及規例。</p>	5.1	
<p>B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>已售或已運送產品總數中因安全與健康理由而須回收的百分比。</p>	—	
<p>B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>接獲關於產品及服務的投訴數目以及應對方法。</p>	—	
<p>B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>描述與維護及保障智慧財產權有關的慣例。</p>	—	
<p>B6.4 Description of quality assurance process and recall procedures.</p> <p>描述品質檢定過程及產品回收程式。</p>	—	
<p>B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.</p> <p>描述消費者資料保障及私隱政策，以及相關執行及監察方法。</p>	—	

Environmental, Social and Governance Report

環境、社會及管治報告

A APPENDIX: HKEX ESG REPORTING GUIDE INDEX (Continued)

A 附錄：香港交易所《環境、社會及管治報告指引》索引(續)

	Aspects 範疇	Section 章節	Remarks 備註
B7	Anti-corruption Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 反貪污 有關防止賄賂、勒索、欺詐及洗黑錢及對發行人有重大影響的政策及遵守相關法律及規例。	2,5.2	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. 於匯報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果。	5.2	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. 描述防範措施及舉報程式，以及相關執行及監察方法。	2,5.2	
B8	Community Investment Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. 社區投資 有關以社區參與來瞭解發行人營運所在社區需要和確保其業務活動會考慮社區利益的政策。	6.2	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). 專注貢獻範疇(如教育、環境事宜、勞工需求、健康、文化、體育)。	—	
B8.2	Resources contributed (e.g. money or time) to the focus area. 在專注範疇所動用的資源(如金錢或時間)。	—	

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Yunfeng Financial Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 146 to 360, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, 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.

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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致雲鋒金融集團有限公司成員

(於香港註冊成立的有限公司)

意見

我們已審計列載於第146至第360頁雲鋒金融集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況表和截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

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.

Assessing the fair value of financial instruments

Refer to notes 25 and 38 to the consolidated financial statements and the accounting policies on pages 178 to 184.

The Key Audit Matter

How the matter was addressed in our audit

As at 31 December 2018, the fair value of the Group's financial assets carried at fair value totalled HK\$21.3 billion of which HK\$0.6 billion, HK\$14.9 billion and HK\$5.8 billion were classified under the fair value hierarchy as level 1, 2 and 3 financial instruments.

As at 31 December 2018, the fair value of the Group's financial liabilities carried at fair value totalled HK\$503.1 million all of which were classified under the fair value hierarchy as level 3 financial instruments.

The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require judgement.

Some of the inputs used in the valuation models are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement.

Our audit procedures to assess the fair value of financial instruments carried at fair value included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation and valuation model approval;
- assessing the fair values of material level 1 financial instruments by comparing the fair values applied by the Group with publicly available market data;
- with the assistance of our internal valuation specialists, evaluating the valuation models used by the Group to value certain level 2 and 3 financial instruments and to perform independent valuations of certain level 2 and 3 financial instruments and comparing these valuation with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations;

致雲鋒金融集團有限公司成員(續)

關鍵審計事項

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

評估金融工具的公允價值

請參閱綜合財務報表附註25和38和第178頁至184頁的會計政策。

關鍵審計事項

我們的審計如何處理該事項

於2018年12月31日，貴集團以公允價值計量的金融資產的公允價值總計213億港元，其中6億港元、149億港元和58億港元分別劃分為公允價值層級下的第一層級、第二層級和第三層級金融工具。

於2018年12月31日，貴集團以公允價值計量的金融負債的公允價值總計5.03億港元，全部歸類於公允價值層級下的第三層級金融工具。

貴集團金融工具的估值是基於市場資料及通常需要作出判斷的估值模型確定。

估值模型中使用的部分輸入值取自於流動市場即時可得的資料。如果無法即時取得這些可觀察資料，即屬第三層級金融工具的情況，管理層需要制定估算，當中涉及重大管理層判斷。

我們就金融工具公允價值評估的審計程式包括以下程式：

- 評估金融工具估值和批准估值模型方面的關鍵內部控制在設計、實施及運作上的成效；
- 通過比較貴集團運用的公允價值與公開可得的市場資料，評估重大第一層級金融工具的公允價值；
- 在我們的內部估值專家的協助下，我們評價貴集團在評估若干第二層級和第三層級金融工具時運用的估值模型，以及對第二層級和第三層級的金融工具執行獨立的估值，並將這些估值結果與貴集團的估值進行比較。這包括將貴集團的估值模型與我們所知悉的當前實踐進行比較，測試公允價值計算的輸入值及建立我們自身的估值模型來執行重估；

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

致雲鋒金融集團有限公司成員(續)

Key audit matters (Continued)

關鍵審計事項(續)

Assessing the fair value of financial instruments (Continued)

評估金融工具的公允價值(續)

The Key Audit Matter	How the matter was addressed in our audit	關鍵審計事項	我們的審計如何處理該事項
<p>We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.</p>	<ul style="list-style-type: none"> assessing the appropriateness of the use of the net asset value reports provided by external fund administrators or the quoted price provided by external calculation agent when these are the pricing source of the level 3 financial instrument at reporting date; and assessing whether the disclosures in the consolidated financial statements reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards. 	<p>我們把金融工具的公允價值評估列為關鍵審計事項，是因為某些金融工具估值所涉及的複雜程度，同時也因為管理層在確定估值模型所使用的輸入值時需要作出重大判斷。</p>	<ul style="list-style-type: none"> 評估使用由外部基金管理人提供的資產淨值報告，或外部計算代理機構提供的報價作為金融工具於報告日的第三層級公允價值的適當性；以及 根據現行會計準則的要求，評估綜合財務報表中的披露是否反映了貴集團對金融工具估值風險的敞口。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Key audit matters (Continued)

Assessing the classification and measurement of financial instruments in relation to the change of accounting standards

Refer to note 25 and 38 to the consolidated financial statements and the accounting policies on pages 178 to 184.

The Key Audit Matter

How the matter was addressed in our audit

The Group has applied Hong Kong Financial Reporting Standard 9 – Financial Instruments (“HKFRS 9”) which replaced Hong Kong Accounting Standard 39, Financial Instruments: recognition and measurement, since 1 January 2018.

The new financial instruments standard has amended the previous classification and measurement framework of financial instruments and introduced a more complex expected credit loss model to assess impairment for debt instruments held at amortised cost or at fair value through other comprehensive income. The Group is required to retrospectively apply the classification and measurement (including impairment) requirements and recognise any difference between the original carrying amount and new carrying amount at the date of initial application (i.e. 1 January 2018) in the opening retained earnings or other components of equity.

Our audit procedures to assess the classification and measurement of financial instruments in relation to the change of accounting standards included the following:

- understanding and assessing the key internal controls of the financial reporting process related to the change of financial instrument standards;
- evaluating the accuracy of the classification of financial instruments. We obtained information on how management applied the classification requirements of the new financial instruments standards and the classification results. On a sample basis we assessed the contractual cash flow characteristics of the financial assets and relevant documents in relation to the business model;

致雲鋒金融集團有限公司成員(續)

關鍵審計事項(續)

評估會計準則變更涉及的金融工具的分類和計量

請參閱綜合財務報表附註25和38和第178頁至184頁的會計政策。

關鍵審計事項

我們的審計如何處理該事項

本集團已應用《香港財務報告準則》第9號「金融工具」，該準則自2018年1月1日起替換了《香港會計準則》第39號「金融工具：確認和計量」。

我們就評估會計準則變更涉及的金融工具的分類和計量的審計程式包括以下程式：

- 瞭解和評估與金融工具準則變更相關的財務報告流程的關鍵內部控制；

新的金融工具準則修訂了之前的金融工具分類和計量框架，並引入了更加複雜的預期信用損失模型，以評估以攤銷成本或以公允計量且其變動計入其他綜合收益的債務工具的減值。本集團須追溯應用分類和計量(包括減值)規定，並於首次採用日(即2018年1月1日)在期初保留盈利或權益的其他組成部分中確認原賬面金額與新賬面金額之間的任何差額。

- 評估金融工具分類的準確性。我們已獲得有關管理層如何應用新金融工具準則的分類規定和分類結果的資料。我們抽樣評估了金融資產的合同現金流量特徵以及與業務模式相關的文檔；

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

致雲鋒金融集團有限公司成員(續)

Key audit matters (Continued)

關鍵審計事項(續)

Assessing the classification and measurement of financial instruments in relation to the change of accounting standards (Continued)

評估會計準則變更涉及的金融工具的分類和計量(續)

The Key Audit Matter

How the matter was addressed in our audit

關鍵審計事項

我們的審計如何處理該事項

We identified the assessment of the classification and measurement of financial instruments in relation to the change of accounting standards as a key audit matter, because of the complexity of the transition process which involved changes in internal controls of the financial reporting process, accounting treatment, application of new data and management judgment.

- for financial assets that are measured at fair value due to changes in classification, obtaining information on the valuation method and key parameters used, selecting samples to evaluate the validity of the valuation method and key parameters with the involvement of our internal valuation specialists and in light of industry practice;
- with the assistance of our internal specialists, assessing the reliability of the expected credit loss model used by management in determining loss allowances on transition and assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model;
- selecting samples to recalculate the new carrying amount of the financial instruments and assessing the accuracy of the opening balance at the date of initial application (i.e. 1 January 2018); and
- assessing whether the relevant disclosures in relation to the change in financial instruments standards are in compliance with the relevant Hong Kong Financial Reporting Standards.

我們把與會計準則變更相關的金融工具的分類和計量評估列為關鍵審計事項，是因為過渡流程的複雜性涉及財務報告流程內部控制的變化、會計處理、新數據和管理層判斷的應用。

- 對於因分類變化而以公允價值計量的金融資產，獲取使用的估值方法和主要參數的有關資料；安排我們的內部評估專家並參考行業慣例，抽樣評估估值方法和主要參數的有效性；

- 在我們內部專家的協助下，評估管理層在確定過渡損失準備時使用的預期信用損失模型的可靠性，並評估預期信用損失模型中主要參數所用數據的完整性和準確性；

- 抽樣重新計算金融工具的新賬面金額，並評估首次採用日(即2018年1月1日)期初餘額的準確性；以及

- 評估有關金融工具準則變更的披露是否符合相關的《香港財務報告準則》。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Key audit matters (Continued)

Acquisition accounting of YF Life Insurance International Limited (formerly known as MassMutual Asia Limited)

Refer to note 22 (d) to the consolidated financial statements and the accounting policies on pages 162 to 165.

The Key Audit Matter	How the matter was addressed in our audit
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In November 2018, the Group completed the acquisition of 60% of the issued outstanding share capital of YF Life Insurance International Limited (formerly known as MassMutual Asia Limited) ("YF Life") and its subsidiaries for a consideration of HK\$7,926 million. Management performed a purchase price allocation exercise to assess and determine the appropriate accounting treatment for the Group's consolidated financial statements. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date in accordance with the appropriate accounting standards.

The Group has made a provisional assessment of the fair value of the assets and liabilities as at the acquisition date. It has been determined that the fair value of YF Life's identifiable net assets amounted to HK\$9,432 million which included the Value of Business Acquired of HK\$8,512 million. A provisional goodwill of HK\$3,733 million, including goodwill attributable to the non-controlling interest has been recognised by the Group as a result of this transaction.

Our audit procedures to assess the acquisition accounting of YF Life Insurance International Limited included the following:

- inspecting the share purchase agreement and evaluating management's accounting treatment for the acquisition with reference to the terms set out in the sale and purchase agreement;
- assessing the determination of acquisition date and consideration in accordance with HKFRS 3, Business Combinations;
- reviewing the purchase price allocation report, assessing the valuation methodology and parameters used in relation to the assets acquired and liabilities assumed at the acquisition date;
- assessing the key assumptions used in the valuation of the Value of Business Acquired and challenging the reasonableness of those key assumptions based on our knowledge of the business and industry with the involvement of our internal valuation and actuarial experts; and

致雲鋒金融集團有限公司成員(續)

關鍵審計事項(續)

萬通保險國際有限公司(前稱美國萬通保險亞洲有限公司)的收購會計

請參閱綜合財務報表附註22(d)和第162至165頁的會計政策。

關鍵審計事項	我們的審計如何處理該事項
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於2018年11月，本公司已完成收購萬通保險國際有限公司(前稱美國萬通保險亞洲有限公司)(「萬通保險」)及其附屬公司已發行尚未行使的60%股本，代價為79.26億港元。管理層進行購買價格分攤，以評估及厘定適合本集團綜合財務報表的會計處理方法。已獲得可識別資產及已承擔負債按照適當的會計準則以收購日其公允價值計量。

集團已於收購日就資產和負債的公允價值作出暫時評估。已獲得萬通保險可識別資產及已承擔負債的公允價值為94.32億港元，其中包括收購業務的價值85.12億港元。本次交易產生的(包含非控股權益應佔)臨時商譽為37.33億港元。

我們就評估萬通保險國際有限公司的收購會計的審計程式包括以下程式：

- 參考買賣協議所載條款，檢查股份購買協議及評估管理層關於收購的會計處理；
- 根據《香港財務報告準則》第3號「業務合併」評估收購日及代價的厘定；
- 復核購買價格分攤報告，評估與收購日已獲得資產和已承擔負債相關的估值方法和參數；
- 評估收購業務的價值估值所用的主要假設，並根據我們對業務和行業的瞭解，在我們的內部評估和精算專家的協助下，對這些主要假設的合理性提出質詢；以及

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Key audit matters (Continued)

Acquisition accounting of YF Life Insurance International Limited (formerly known as MassMutual Asia Limited) (Continued)

The Key Audit Matter

We identified the acquisition of accounting of YF Life as a key audit matter because of the significant impact the acquisition has on the consolidated financial statements and because the identification and valuation of identifiable assets and liabilities of YF Life requires significant judgement and estimation.

How the matter was addressed in our audit

- assessing the appropriateness of the disclosures in the financial statements with reference to the relevant Hong Kong Financial Reporting Standards.

致雲鋒金融集團有限公司成員(續)

關鍵審計事項(續)

萬通保險國際有限公司(前稱美國萬通保險亞洲有限公司)的收購會計(續)

關鍵審計事項

我們把收購萬通保險列為關鍵審計事項，是因為收購對合併財務報表產生重大影響，並且因為萬通保險的可識別資產和負債的識別和估值涉及重大判斷和估計。

我們的審計如何處理該事項

- 參考有關的《香港財務報告準則》評估財務報表中披露的適當性。

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Key audit matters (Continued)

Valuation of insurance contract provisions

Refer to note 31 to the consolidated financial statements and the accounting policies on pages 169 to 177.

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group has significant insurance contract provisions comprised of policyholders' deposits, future policyholders' benefits and unearned revenue liability amounting to HK\$39.4 billion representing 82.5 per cent of the Group's total liabilities. The computation of future policyholders' benefits involve significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long term policyholder liabilities. Economic assumptions, including investment yields, credit risk and associated discount rates, and operating assumptions including mortality, morbidity, expenses and withdrawals are the key inputs used to estimate these long term liabilities.</p> <p>We identified valuation of insurance contract provisions as a key audit matter because of its significance and the degree of management judgement involved.</p>	<p>Our audit procedures to assess the valuation of insurance contract provisions with the involvement of the internal actuarial specialists included the following:</p> <ul style="list-style-type: none"> • assessing the Group's methodology for calculating the insurance contract provisions and their analysis of the movements in insurance contract provisions; • assessing the reasonableness of the key assumptions adopted over the calculation of insurance contract provisions based on the relevant experience studies and expectation of the future; • testing of the design, implementation and operating effectiveness of key controls over the valuation process including controls over the accuracy and completeness of policy data input into the actuarial models, assumptions setting and input and controls over the valuation model; • sample testing the future policyholders' benefits calculation of material product groups;

致雲鋒金融集團有限公司成員(續)

關鍵審計事項(續)

保險合同負債的估值

請參閱綜合財務報表附註31和第169至177頁的會計政策。

關鍵審計事項	我們的審計如何處理該事項
<p>本集團的重大保險合同準備金包括保單持有人的存款、未來保單持有人給付及未到期收入責任，總額為394億港元，佔本集團負債總額的82.5%。未來保單持有人給付的計算涉及對不確定未來收益的重大判斷，主要是長期保戶負債的最終結算價值總額。經濟假設包括投資收益、信用風險和相關折現率、以及經營假設，包括死亡率、發病率、費用和提取，均是用於估計這些長期負債的主要輸入值。</p> <p>我們把保險合同負債的估值列為關鍵審計事項，是因為其重要性和所涉及的管理層判斷程度。</p>	<p>我們就內部精算專家評估保險合同準備金的估值的審計程式包括以下程式：</p> <ul style="list-style-type: none"> • 評估本集團計算保險合同準備金的方法及其對保險合同準備金變動的分析； • 根據相關經驗研究和對未來的預期，評估在計算保險合同準備金時採用的主要假設的合理性； • 測試估值流程的主要控制的設計、實施及運作上的成效，其中包括精算模型中輸入的保單數據準確性和完整性的控制、估值模型中的假設設置、輸入值和控制； • 抽樣測試重大產品組合的未來保單持有人給付計算；

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

致雲鋒金融集團有限公司成員(續)

Key audit matters (Continued)

關鍵審計事項(續)

Valuation of insurance contract provisions (Continued)

保險合同準備金的估值(續)

The Key Audit Matter

How the matter was addressed in our audit

關鍵審計事項

我們的審計如何處理該事項

- performing analysis of the movements in insurance contract provisions during the year, including considering whether the movements are in line with the assumptions adopted by the Group, our understanding of developments in the business and our expectation derived from market experience; and
- assessing whether the disclosures in relation to the assumptions used in the valuation of insurance contract provisions are compliant with the relevant accounting requirements and appropriately represent the sensitivities of the liabilities to alternative scenarios and inputs.

- 分析年內保險合同準備金的變動，包括考慮變動是否符合本集團採納的假設、我們對業務發展的理解以及我們由市場經驗得出的預期；以及
- 評估與保險合同準備金估值中所使用假設相關的披露是否符合相關會計要求，並適當列示負債對替代方案和輸入值的敏感性。

Other matter

其他事項

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The reconciliation between HKFRSs and US generally accepted accounting principles included in note 49 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

我們的審計是為了對整體財務報表發表意見。附註49所載《香港財務報告準則》與美國公認會計準則之間的對賬乃為額外分析而呈列，並非財務報表的必要組成部分。該等資訊已執行財務報表審計所採用的審計程序，我們認為，該等資訊在所有重大方面均於整體財務報表中公允呈列。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

致雲鋒金融集團有限公司成員(續)

綜合財務報表及其核數師報告以外的信息

董事須對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

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

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

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

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審計委員會協助董事履行監督貴集團的財務報告過程的責任。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 scepticism throughout the audit. We also:

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

致雲鋒金融集團有限公司成員(續)

核數師就綜合財務報表審計承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- 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.

致雲鋒金融集團有限公司成員(續)

核數師就綜合財務報表審計承擔的責任(續)

- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報中的相關披露。假若有關的披露不足，則我們應當修改我們的意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

Independent Auditor's Report

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUNFENG FINANCIAL GROUP LIMITED (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Liu Yun Bonn.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2019

致雲鋒金融集團有限公司成員(續)

核數師就綜合財務報表審計承擔的責任(續)

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

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

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

出具本獨立核數師報告的審計項目合夥人是廖潤邦。

畢馬威會計師事務所
執業會計師

香港中環
遮打道10號
太子大廈8樓

二零一九年三月二十八日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港幣列示)

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Income	收入			
Premiums and fee income	保費及費用收入	6	761,673	—
Premiums ceded to reinsurer	分出保費		(99,149)	—
Net premium and fee income	保費及費用收入淨額		662,524	—
Change in unearned revenue liability	未到期收入責任變動		(85,468)	—
Net earned premium and fee income	滿期保費及費用收入淨額		577,056	—
Brokerage commission, interest and other service income	經紀佣金、利息收入和其他服務收入		7,118	6,163
Subscription, management and rebate fee income	認購、管理費及回扣收入		9,978	3,791
Consultancy and advisory income	顧問及諮詢費		13,092	11,110
Net investment income	投資收入淨額	7a	345,616	10,591
Overlay adjustment	覆蓋調整		(9,288)	—
Other income	其他收入	7b	68,229	4,374
Reinsurance commission and profit	再保險佣金和溢利		6,843	—
Total income	收入總額		1,018,644	36,029
Benefits, losses and expenses	收益、虧損和費用			
Net policyholders benefit	淨保戶給付	8	(287,010)	—
Commission and related expenses	佣金和相關費用	9	(256,201)	—
Deferral and amortisation of deferred acquisition costs	遞延保單獲得成本的遞延和攤銷		160,289	—
Management and other expenses	管理及其他開支		(547,613)	(404,724)
Change in future policyholder benefits	保單持有人收益變動	10	(256,307)	—
Total benefits, losses and expenses	收益、虧損和費用總額		(1,186,842)	(404,724)
Finance cost	融資成本	11(c)	(26,496)	(9,473)
Share of result in an associate	聯營公司業績份額		(1,241)	—
Loss before taxation	除稅前虧損	11	(195,935)	(378,168)
Tax credit/(expenses)	稅項抵免/(開支)	12	41,780	(1,138)
Loss after taxation	除稅後虧損		(154,155)	(379,306)

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
(Loss)/profit attributable to:	下列各方應佔(虧損)/溢利:		
Equity shareholders of the Company	本公司權益股東	(204,402)	(379,054)
Non-controlling interests	非控股權益	50,247	(252)
		(154,155)	(379,306)
Loss per share attributable to equity shareholders of the Company	本公司權益股東應佔每股虧損		
Basic (HK\$)	基本(港元)	16(a) (0.08)	(0.16)
Diluted (HK\$)	攤薄(港元)	16(b) (0.08)	(0.16)

The notes on pages 160 to 360 form part of these financial statements.

第160至第360頁附註為本綜合財務報表的組成部分。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Loss for the year after taxation	本年度稅後虧損	(154,155)	(379,306)
Other comprehensive income for the year	本年度其他綜合收益		
Item that will not be reclassified subsequently to profit or loss	其後不會重新分類為損益的項目：		
Equity investment at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)	以公允價值計量且其變動計入其他綜合收益的股權投資 — 公允價值儲備變動淨額(不可轉回)	(3,772)	—
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類為損益的項目：		
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	18 84,603	16,459
Financial asset at fair value through profit or loss under overlay adjustment	覆蓋調整下以公允價值計量且其變動計入損益的金融資產	18 9,288	—
Exchange differences arising on translation of results of foreign operations	換算外國業務業績產生之匯兌差額	(8,297)	2,321
Unrealised loss related to amortisation of deferred acquisition costs	遞延保單獲得成本攤銷相關的未變現虧損	24 (115,939)	—
Unrealised gain related to amortisation of unearned revenue liability — Insurance contract provisions	未到期收入責任攤銷相關的未變現收益 — 保險合同準備金	31(iii) 60,432	—
Unrealised gain related to amortisation of unearned revenue liability — Investment contract liabilities	未到期收入責任攤銷相關的未變現收益 — 投資合同負債	32(iii) 8,215	—
		34,530	18,780
Total comprehensive income for the year	本年度全面收益總額	(119,625)	(360,526)

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Total comprehensive income attributable to:			
Equity shareholders of the Company	本公司權益股東	(188,512)	(360,331)
non-controlling interests	非控股權益	68,887	(195)
		(119,625)	(360,526)

The notes on pages 160 to 360 form part of these financial statements.

第160至第360頁的附註屬本財務報表的一部分。

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transitions method chosen, comparative information is not restated. See note 3.

附註：本集團已於2018年1月1日初始採用《香港財務報告準則》第15號和《香港財務報告準則》第9號。根據所選擇的過渡方法，本集團並未對比較數據進行重述。請參閱附註3。

Consolidated statement of financial position

綜合財務狀況表

At 31 December 2018 於二零一八年十二月三十一日
(Expressed in Hong Kong dollars) (以港幣列示)

		Note	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
		附註		
Assets	資產			
Property and equipment	物業及設備	19	133,946	17,035
Statutory deposits	法定存款	20	3,285	978
Deferred tax asset	遞延稅項資產	37(b)	184	—
Investments in associates	於聯營公司的投資	21	64,846	—
Goodwill and intangible assets	商譽及無形資產	23	3,827,449	36,110
Deferred acquisition costs and value of business acquired	遞延保單獲得成本及收購業務的價值	24	8,556,181	—
Investments	投資	25	43,632,718	898,134
Advance reinsurance premiums	預付再保險保費	26	10,652	—
Reinsurers' share of outstanding claims	未決賠款之再保險公司份額	33	31,202	—
Insurance and reinsurance receivables	應收保費及再保險賬款	27	243,612	—
Other account receivable and accrued income	其他應收賬款及應計收入	28	95,870	74,238
Other receivables, deposit and prepayment	其他應收款、按金及預付款項	29	549,903	73,834
Bank balance – trust and segregated accounts	銀行餘額 — 信託及獨立賬戶	30	440,083	340,029
Fixed bank deposits with original maturity over 3 months	原定期限多於三個月的銀行定期存款	30	259,250	1,580,313
Cash and cash equivalents	現金及現金等值項目	30	5,184,229	2,182,374
			63,033,410	5,203,045
Liabilities	負債			
Insurance contract provisions	保險合同準備金	31	39,362,136	—
Investment contract liabilities	投資合同負債	32	4,131,951	—
Outstanding claims	未決賠款	33	123,823	—
Reinsurance premium payables	應付再保險保費	34	314,011	—
Other account payables	其他應付賬款	35	521,864	452,575
Other payables and accrued expense	其他應付款項和應計開支	36	824,592	101,890
Tax payable	應付稅項	37(a)	6,189	44,259
Financial liabilities at fair value through profit or loss	以公允價值計量且其變動計入損益之金融負債	38	503,130	441,740
Obligation under finance lease	融資租賃款項	39	15,254	23,072
Deferred tax liabilities	遞延稅項負債	37(b)	702,577	177
Bank borrowings	銀行借款	40	1,198,226	—
			47,703,753	1,063,713
NET ASSETS	資產淨值		15,329,657	4,139,332

Consolidated statement of financial position

綜合財務狀況表

At ended 31 December 2018 於二零一八年十二月三十一日
(Expressed in Hong Kong dollars) (以港幣列示)

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
CAPITAL AND RESERVES	資本和儲備			
Share capital	股本	41(e)	9,829,094	4,629,094
Reserves	儲備		(608,324)	(489,762)
			9,220,770	4,139,332
Non-controlling interests	非控股權益		6,108,887	—
TOTAL EQUITY	權益總額		15,329,657	4,139,332

Approved and authorised for issue by the board of directors on 28 March 2019

董事會於二零一九年三月二十八日核准並許可發出。

Li Ting

李婷

Executive Director and Chief Executive Officer
執行董事及行政總裁

The notes on pages 160 to 360 form part of these financial statements.

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transitions method chosen, comparative information is not restated. See note 3.

Huang Xin

黃鑫

Executive Director
執行董事

第160至第360頁的附註屬本財務報表的一部分。

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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
(Expressed in Hong Kong dollars) (以港幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Shares held by share award scheme	Share-based payment reserve	Asset revaluation reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Exchange reserve	Statutory and capital reserve	Accumulated loss	Sub-total	Non-controlling interests	Total
		股本	就股份獎勵計劃所持有之股份	以股份為基礎之付款儲備	資產重估儲備	公允價值(可轉回)儲備	公允價值(不可轉回)儲備	匯兌儲備	法定和資本儲備	累計虧損	小計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2017	於二零一七年十二月三十一日之結存	4,499,548	(97)	70	2,650	(2,141)	—	(648)	219	(56,585)	4,443,016	1,107	4,444,123
Changes in equity 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權益變動:												
Share issued under share award scheme	根據股份獎勵計劃發行之股份	129,546	(129,546)	—	—	—	—	—	—	—	—	—	—
Shares vested under share award scheme	根據股份獎勵計劃歸屬之股份	—	(260)	—	—	—	—	—	—	—	(260)	—	(260)
Equity settled share-based transactions	以權益結算的以股份為基礎的交易	—	—	56,712	—	—	—	—	—	—	56,712	—	56,712
Shares vested and cancelled under share award scheme	根據股份獎勵計劃歸屬及撤銷之股份	—	24,353	(26,039)	—	—	—	—	—	1,686	—	—	—
Loss for the year	本年度虧損	—	—	—	—	—	—	—	—	(379,054)	(379,054)	(232)	(379,306)
Other comprehensive income for the year	本年度其他綜合收益	—	—	—	—	16,459	—	2,264	—	—	18,723	57	18,780
Disposal of a subsidiary	出售附屬公司	—	—	—	—	—	—	195	—	—	195	(912)	(717)
Appropriation to statutory and capital reserve	劃撥至法定和資本儲備	—	—	—	—	—	—	—	1,227	(1,227)	—	—	—
Balance at 31 December 2017	於二零一七年十二月三十一日之餘額	4,629,094	(105,550)	30,743	2,650	14,318	—	1,811	1,446	(435,180)	4,139,332	—	4,139,332

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
(Expressed in Hong Kong dollars) (以港幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔										Total 總計 HK\$'000 千港元	
		Share capital 股本 HK\$'000 千港元	Shares held by share award scheme 就股份獎勵計劃所持有之股份 HK\$'000 千港元	Share-based payment reserve 以股份為基礎之付款儲備 HK\$'000 千港元	Asset revaluation reserve 資產重估儲備 HK\$'000 千港元	Fair value reserve (recycling) 公允價值儲備(可轉回) HK\$'000 千港元	Fair value reserve (non-recycling) 公允價值儲備(不可轉回) HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	Statutory and capital reserve 法定和資本儲備 HK\$'000 千港元	Accumulated loss 累計虧損 HK\$'000 千港元	Sub-total 小計 HK\$'000 千港元		Non-controlling interests 非控股權益 HK\$'000 千港元
Balance at 31 December 2017		4,629,084	(105,550)	30,743	2,650	14,318	—	1,811	1,446	(435,180)	4,139,332	—	4,139,332
First adoption of HKFRS 9 (附註3)	首次採用《香港財務報告準則》第9號 (附註3)	—	—	—	—	(14,318)	(684)	—	—	11,921	(3,081)	—	(3,081)
Adjusted balance at 1 January 2018		4,629,084	(105,550)	30,743	2,650	—	(684)	1,811	1,446	(423,259)	4,136,251	—	4,136,251
Changes in equity for the year ended 31 December 2018:	截至二零一八年十二月三十一日止年度 權益變動：												
Acquisition of subsidiaries 收購附屬公司	收購附屬公司	5,200,000	—	—	—	—	—	—	64,000	—	5,264,000	5,240,000	10,504,000
Capital contribution to a non-wholly owned subsidiary 向一家非全資附屬公司注資	向一家非全資附屬公司注資	—	—	—	—	—	—	—	—	—	—	800,000	800,000
Share repurchased under share award scheme 根據股份獎勵計劃回購之股份	根據股份獎勵計劃回購之股份	—	(110,209)	—	—	—	—	—	—	—	(110,209)	—	(110,209)
Equity settled share-based transactions 以權益結算的以股份為基礎的交易	以權益結算的以股份為基礎的交易	—	—	—	—	—	—	—	—	—	—	—	—
Shares vested and cancelled under share award scheme 根據股份獎勵計劃歸屬及撤銷之股份	根據股份獎勵計劃歸屬及撤銷之股份	—	—	119,240	—	—	—	—	—	—	119,240	—	119,240
Loss for the year 本年度虧損	本年度虧損	—	132,529	(121,950)	—	—	—	—	—	(10,579)	—	—	—
Other comprehensive income for the year 本年度其他綜合收益	本年度其他綜合收益	—	—	—	—	—	—	—	—	(204,402)	(204,402)	50,247	(154,155)
Appropriation to statutory and capital reserve 劃撥至法定和資本儲備	劃撥至法定和資本儲備	—	—	—	—	27,959	(3,772)	(8,297)	—	—	15,690	18,640	34,530
Balance at 31 December 2018		9,829,084	(83,230)	28,033	2,650	27,959	(4,456)	(6,466)	65,883	(633,677)	9,220,770	6,108,887	15,329,657

Consolidated statement of changes in equity

綜合權益變動表

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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
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Loss before taxation	除稅前虧損	(195,935)	(378,168)
Adjustments for:	調整：		
Net loss on financial assets and financial liabilities at fair value through profit and loss	以公允價值計量且其變動計入損益之金融資產及金融負債之虧損淨額	51,247	89,168
Net gain on financial assets at fair value through other comprehensive income	以公允價值計量且其變動計入其他綜合收益的金融資產淨收益	(3,409)	—
Net loss on disposal of financial assets measured at amortised cost	出售金融資產的淨虧損按攤銷成本計量	114	—
Dividend and distribution income from financial asset at fair value through profit and loss	從公允價值到損益的金融資產的股息和分配收入	(50,354)	—
Net realised gain, dividend and distribution income and impairment loss related to available-for-sales financial assets	可供出售金融資產相關的淨已實現收益，股息和分配收入以及減值損失	—	(27,329)
Impairment loss of debt instrument measured at amortised cost and fair value through other comprehensive income	按攤餘成本計量及其他綜合收益計入公允價值之債務工具減值損失	38,796	(463)
Net gain on disposal of subsidiaries	出售附屬公司的淨收益	(2,655)	(756)
Depreciation and amortisation	折舊及攤銷	23,132	18,531
Loss on disposal of property and equipment	出售物業及設備之虧損	—	67
Impairment loss of property and equipment	物業及設備之減值虧損	—	615
Finance costs	融資成本	26,496	9,473
Interest income	利息收入	(106,514)	(72,476)
Equity-settled share-based payment expenses	以權益結算並以股份支付之開支	119,240	56,712
Effect of shadow accounting on change in value of business acquired, deferred acquisition costs and unearned revenue liability	影子會計對新業務收購價值變動，遞延收購成本和未實現收入負債的影響	(47,293)	—
Share of result of associates	分享聯營公司的業績	1,241	—
Interest credited to policyholders' deposits	保單持有人的存款應計利息	205,858	—
Effective interest income of investments	投資的有效利息收入	(32,493)	—
		27,471	(304,626)

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
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Changes in working capital:	營運資金變動：		
Change in financial asset and financial liabilities at fair value through profit or loss	以公允價值計量且其變動計入損益之金融資產和金融負債的變化	(59,126)	349,986
Increase in accounts receivable	應收賬款增加	(21,317)	(50,164)
Decrease/(increase) in other receivables, deposits and prepayments	其他應收款項、存款及預付款項減少／(增加)	2,493	(52,867)
(Increase)/decrease in bank balances – trust and segregated accounts	銀行餘額 – 信託及獨立賬戶(增加)／減少	(100,088)	18,515
Increase in accounts payable	應付賬款增加	69,289	81,898
Increase in accrued expenses and other payables	應計費用及其他應付款項增加	122,693	39,589
Increase in deferred acquisition costs	遞延保單獲得成本增加		
Primary change	主要變化	(160,289)	—
Effect of shadow accounting	影子會計的影響	115,940	—
Increase in advance reinsurance premiums	預付再保險保費增加	(256)	—
Increase in reinsurer's share of outstanding claims	未決賠款之再保險公司份額增加	(1,873)	—
Decrease in insurance and investment receivable	應收保費和投資款減少	73,662	—
Decrease in policyholders' deposits	保單持有人的存款減少	(323,483)	—
Increase in future policyholders' benefits	未來保單持有人給付增加	256,307	—
Increase in unearned revenue liability	未到期收入責任增加		
Primary change	主要變化	85,468	—
Effect of shadow accounting	影子會計的影響	(68,647)	—
Decrease in outstanding claims	未決賠款減少	(4,237)	—
Increase in reinsurance premium payables	應付再保險保費增加	(119,518)	—
Others	其他	26,815	(129)
Net cash (used in)/generated from operation	經營業務(耗用)／產生之現金淨額	(78,696)	82,202

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
(Expressed in Hong Kong dollars) (以港幣列示)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
	Note 附註		
Operating activities	經營活動		
Cash (used in)/generated from operations	經營業務(耗用)/產生的現金	(78,696)	82,202
Interest received	已收利息	1,755	3,758
Interest paid	已付利息	(828)	(426)
Tax paid:	已付稅項：		
Hong Kong profit tax paid	已付香港利得稅	(10,967)	(9,130)
Overseas tax paid	已付海外稅	(2,157)	(1,615)
Net cash (used in)/generated from operating activities	經營業務(耗用)/產生之現金淨額	(90,893)	74,789
Investing activities	投資活動		
Payment for acquisition of subsidiaries, net of cash acquired	支付收購附屬公司淨額	(1,237,023)	—
Proceeds from disposal of subsidiaries	出售附屬公司所得款項	—	4,596
Payment for purchased of property and equipment	支付購買物業及設備	(16,248)	(4,985)
Proceeds from disposal of property and equipment	出售物業和設備所得款項	—	24
Payment for purchase of intangible asset	支付無形資產	—	(1,995)
Proceeds from dividend and distribution income from available-for-sale financial assets	可供出售金融資產的股息及分配所得款項	—	14,348
Proceeds from dividend and distribution income from financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產的股息和分配收益	32,118	—
Purchase of/payment for acquisition of financial assets at fair value through other comprehensive income	購買/支付以公允價值計量的金融資產的收購和出資的其他綜合收益	(25,373,825)	—
Proceeds from disposal of financial assets at fair value through other comprehensive income	出售以公允價值處置金融資產的其他綜合收益	25,636,455	—
Proceeds from disposal of financial assets at fair value through profit or loss (note)	出售以公允價值計量且其變動計入損益的金融資產處置所得款項(附註)	1,042,553	—
Purchase of/payment for acquisition of and contribution made to financial assets at fair value through profit or loss (note)	購買/支付以公允價值計量且其變動計入損益金融資產的收購和出資	(1,018,498)	—
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產所得款項	—	708,841

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
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Purchase of available-for-sale financial assets	購買可供出售金融資產	—	(1,468,617)
Decrease/(increase) in fixed bank deposits placed with original maturity over 3 months	原定期限超過3個月的固定銀行存款減少/(增加)	1,580,313	(1,056,126)
Interest received	已收利息	124,261	70,730
Interest paid	已付利息	(742)	—
Purchases of amortised cost investment	購買攤餘成本投資	(985,981)	—
Proceeds from sales, maturities and repayments of amortised cost investment	銷售，到期和償還攤餘成本投資所得款項	657,005	—
Purchases of policy loans	購買保單貸款	(471)	—
Proceeds from sales, maturities and repayments of policy loans	銷售，到期期限和償還保單貸款所得款項	308	—
Acquisition of associates	收購聯營公司	(70,252)	—
Net cash generated from/(used in) investing activities	投資活動產生/(耗用)之現金淨額	369,973	(1,733,184)
Financing activities	融資活動		
Payment made for finance lease obligation	支付融資租賃款項	(5,043)	(1,075)
Net proceeds from issuance of preference shares by a subsidiary	附屬公司發行優先股之所得款淨額	108,117	206,194
Share repurchase under share award scheme	根據股份獎勵計劃回購之股份	(110,209)	(260)
Drawdown of bank borrowings	提取銀行借款	1,220,000	—
Repayment of bank borrowings	償還銀行借款	(20,000)	—
Interest paid	已付利息	(10,542)	(5,303)
Capital injection from non-controlling interest to a subsidiary	非控股權益向一家附屬公司作出的注資	800,000	—
Policyholders' account deposits for insurance and investment contracts	保單持有人之保險和投資合同之賬戶儲金	995,219	—
Policyholders' account withdrawals for insurance and investment contracts	保單持有人之保險和投資合同之賬戶提取	(250,104)	—

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
(Expressed in Hong Kong dollars) (以港幣列示)

	Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註50)
Net cash generated from financing activities		2,727,438	199,556
Net increase/(decrease) in cash and cash equivalents		3,006,518	(1,458,839)
Cash and cash equivalents at 1 January		2,182,374	3,640,494
Effect of foreign exchange rate changes		(4,663)	719
Cash and cash equivalents at 31 December		5,184,229	2,182,374

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transitions method chosen, comparative information is not restated. See note 3.

附註：本集團已於2018年1月1日初始採用《香港財務報告準則》第15號和《香港財務報告準則》第9號。根據所選擇的過渡方法，本集團並未對比較數據進行重述。請參閱附註3。

The notes on pages 160 to 360 form part of these financial statements.

第160至第360頁的附註屬本財務報表的一部分。

Notes to the financial statements

財務報表附註

1 GENERAL INFORMATION

Yunfeng Financial Group Limited (the “Company”) is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Suites 3201-3204, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

The principal activities of the Group are the provision of securities brokerage, consultancy and advisory services and investment research, wealth management, employee stock ownership plan administration, principal investment together with the new principal activity of long term assurance business following the completion of the acquisition of YF Life Insurance International Limited (formerly known as MassMutual Asia Limited) (“YF Life”). The principal activities and other particulars of its principal subsidiaries are set out in note 22 to the financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“HKD”), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

1 一般資料

雲鋒金融集團有限公司(「本公司」)乃於香港註冊成立之有限公司，其股份在香港聯合交易所有限公司上市。本公司之註冊辦事處位於香港中環康樂廣場8號交易廣場1座3201-3204室。

本集團之主要業務為提供證券經紀、企業融資諮詢及投資研究、財富管理、員工持股計劃管理、主要投資以及收購萬通保險國際有限公司(前稱為美國萬通保險亞洲有限公司，「萬通保險」)後的新主要承保長期保險業務進行核保。其主要附屬公司之主要業務及其他詳情載於財務報表附註22。

合併財務報表以港元呈列，港元亦為本公司之功能貨幣，除另有指明者外，所有數值均以最接近之千位列值。

2 主要會計政策

(a) 合規聲明

本財務報表是按照香港會計師公會頒布的所有適用的《香港財務報告準則》(此統稱包含所有適用的個別《香港財務報告準則》、《香港會計準則》和詮釋)、香港公認會計原則和香港《公司條例》的規定編製。本財務報表同時符合《香港聯合交易所有限公司證券上市規則》(「上市規則」)披露規定。本集團採納之主要會計政策概要載列如下。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(a) Statement of compliance (Continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial information.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries including the consolidated structured entities (together referred to as “the Group”) and the Group’s interests in associates and joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in certain debt and equity securities and derivative financial instruments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 主要會計政策(續)

(a) 合規聲明(續)

香港會計師公會頒布了若干新訂和經修訂的《香港財務報告準則》。這些準則在本集團和本公司當前的會計期間開始生效或可供提早採用。在與本集團有關的範圍內初始應用這些新訂和經修訂的準則所引致當前和以往會計期間的任何會計政策變動，已於本財務報表內反映，有關資料載列於附註3。

(b) 財務報表之編製基準

截至二零一八年十二月三十一日止年度的合併財務報表涵蓋本公司和各附屬公司(統稱「本集團」)，以及本集團所持有聯營公司和合營企業的權益。

誠如以下所載之會計政策所解釋，除於若干債務和權益證券以及衍生金融工具的投資按其公允價值列賬外，編製財務報表所採用之計量基準為歷史成本基準。

管理層需在編製符合《香港財務報告準則》的財務報表時作出會對會計政策的應用，以及資產、負債、收入和支出的報告數額構成影響的判斷、估計和假設。這些估計和相關假設是根據以往經驗和管理層因應當時情況認為合理的多項其他因素作出的，其結果構成了管理層在無法依循其他途徑即時得知資產與負債的賬面值時所作出判斷的基礎。實際結果可能有別於估計數額。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of preparation of the financial statements (Continued)

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 主要會計政策(續)

(b) 財務報表之編製基準(續)

各項估計和相關假設會被不斷審閱。如果會計估計的修訂只是影響某一期間，其影響便會在該期間內確認；如果修訂對當前和未來期間均有影響，則在作出修訂的期間和未來期間確認。

有關管理層在應用《香港財務報告準則》時所作出對本財務報表有重大影響的判斷，以及下一年度重大調整涉及重大風險的估計載列於附註4。

(c) 附屬公司及非控股權益

附屬公司是指受本集團控制的實體。當本集團因參與實體業務而承擔可變動回報的風險或因此享有可變動回報，且有能力透過向實體施加權力而影響該等回報時，則本集團控制該實體。在評估本集團是否擁有上述權力時，僅考慮(本集團和其他方所持有的)實質權利。

於附屬公司的投資由控制開始當日至控制終止當日在合併財務報表中合併計算。集團內公司間之餘額、交易和現金流量，以及集團內部交易所產生的任何未變現溢利，會在編製合併財務報表時全數抵銷。集團內部交易所引致未變現虧損的抵銷方法與未變現收益相同，但抵銷額只限於沒有證據顯示已出現減值的部分。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(c) Subsidiaries and non-controlling interests
(Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, no gain or loss is recognised.

2 主要會計政策(續)

(c) 附屬公司及非控股權益(續)

非控股權益是指並非由本公司直接或間接擁有的附屬公司權益，而本集團並沒有與這些權益的持有人訂立任何可導致本集團整體就這些權益而承擔符合金融負債定義的合同義務的額外條款。就每項企業合併而言，本集團可選擇按附屬公司的可辨別資產淨值的公允價值或非控股權益所佔附屬公司可辨別資產淨值的比例計量任何非控股權益。

非控股權益在綜合財務狀況表內的權益項目中，與本公司權益股東應佔的權益分開列示。本集團業績之非控股權益乃於綜合收益表及綜合全面收益表列作本公司非控股權益及權益持有人之間本年度溢利或虧損總額及全面收益總額之分配結果。非控股權益持有人提供之貸款及向該等持有人承擔之其他合同責任乃視乎負債之性質於綜合財務狀況表列作金融負債。

倘本集團於附屬公司之權益變動不會導致喪失控制權，則作為股權交易入賬，據此，於綜合權益內之控股及非控股權益金額會作出調整，以反映相關權益轉變，惟不會確認盈虧。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(t)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

The Group serves as the manager of funds. The funds invest mainly in equities, debt securities and monetary market instruments. The Group's percentage ownership in these structured entities can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such funds, with control determined based on an analysis of the guidance in HKFRS 10 Consolidated financial statements, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units or return of capital in such funds for cash. These are presented as "Third-party interests in consolidated funds" within financial liabilities at fair value through profit or loss in the consolidated statement of financial position.

2 主要會計政策(續)

(c) 附屬公司及非控股權益(續)

當本集團喪失於附屬公司的控制權時，按出售有關附屬公司的全部權益列賬，由此產生的收益或虧損在損益中確認。任何在喪失控制權之日仍保留之該前附屬公司權益按公允價值確認，而此金額被視為初步確認金融資產之公允價值，或(如適用)初步確認於聯營公司或合營企業之投資之成本。

於本公司之財務狀況表中，於附屬公司之投資乃按成本扣除減值虧損(參閱附註2(t)(ii))列賬，除非該投資乃分類為持作出售(或計入分類為持作出售之出售組別)。

本集團擔任基金的管理人。此等基金主要投資於股票、債務證券和貨幣市場工具。本集團在此類結構化主體中的持股比例可能隨著本集團及第三方對該等主體的參股情況每日波動。此類集合資產管理計劃及基金若被視為由本集團控制(控制是基於對《香港財務報告準則》第10號「合併財務報表」中指引的分析加以確定)，其將被納入合併範圍；由於相關集團實體(作為發行人)具有以現金回購或贖回此類集合資產管理計劃及基金份额的合同義務，因此除本集團外的其他方的權益將歸類為負債。相關金額在綜合財務狀況表中以公允價值計量且其變動計入損益之金融負債下的「納入合併範圍的基金中的第三方權益」內列示。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(d) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(t)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2 主要會計政策(續)

(d) 商譽

商譽指以下

- (i) 所轉讓代價之公允價值、於被收購方之任何非控股權益金額，以及本集團先前持有被收購方權益之公允價值之總和；大於
- (ii) 被收購方之可識別資產及負債於收購當日之公平淨值。

當(ii)大過於(i)時，超出的數額即時在損益中確認為議價收購的收益。

商譽是按成本減去累計減值虧損後列賬。企業合併產生的商譽會分配至預期可透過合併的協同效益獲利的每個現金產出單元或現金產出單元組別，並且每年接受減值測試(參閱附註2(t))。

當年內處置的現金產出單元的任何應佔購入商譽均包括在處置項目的損益內。

(e) 合營企業

合營企業是一項共同安排，對該安排擁有共同控制的各方擁有共同安排的淨資產的權利。共同控制是指基於合同約定對安排的共同控制權，且僅在相關活動的決策需要擁有共同控制權的各方一致同意時才存在。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Joint venture (Continued)

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When an investment in a joint venture is held by, or is held indirectly through, a group entity that is a venture capital organisation and similar entities, the Group may elect to measure investments in those joint ventures at fair value through profit or loss in accordance with HKFRS 9 Financial Instruments.

(f) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(t)(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

2 主要會計政策(續)

(e) 合營企業(續)

當本集團不再對合營企業擁有共同控制時，按出售有關被投資公司的全部權益列賬，由此產生的收益或虧損在損益中確認。在喪失重大影響力日期所保留有關前被投資公司的權益，按公允價值確認，此筆金額在初始確認金融資產時當作公允價值。

當於合營企業的投資由作為合營資本組織及類似實體的集團實體持有或間接持有時，本集團可選擇按照《香港財務報告準則》第9號「金融工具」計量於該等合營企業的投資（以公允價值計量且其變動計入損益）。

(f) 聯營公司

聯營公司指本集團對該實體之管理層有重大影響力（而非控制或共同控制），包括參與其財務及經營決策。

於聯營公司或合營企業的投資是按權益法記入合併財務報表，但劃歸為持有待售（或已計入劃歸為持有待售的處置組合）的投資除外。按照權益法，有關投資以成本初始入賬，並就本集團於收購日所佔被投資公司可辨別資產淨值的公允價值超過投資成本的數額（如有）作出調整，然後就本集團所佔被投資公司資產淨值的收購後變動以及與這些投資有關的任何減值虧損作出調整（參閱附註2(t)(i)）。於收購日超過成本的任何數額、本集團年內所佔被投資公司的收購後稅後業績和任何減值虧損在綜合損益表中確認，而本集團所佔被投資公司的收購後稅後其他綜合收益項目則在綜合全面收益表中確認。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(f) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

2 主要會計政策(續)

(f) 聯營公司(續)

當本集團對聯營公司或合營企業承擔的虧損額超過其所佔權益時，本集團所佔權益便會減少至零，並且不再確認額外虧損；但如本集團須履行法定或推定義務，或代被投資公司作出付款則除外。就此而言，本集團所佔權益是以按照權益法計算投資的賬面金額，以及實質上構成本集團在聯營公司或合營企業投資淨額一部分的長期權益為準。

本集團與其聯營公司間之交易所產生之未變現損益乃以本集團於被投資公司之權益為限予以抵銷，除非未變現虧損提供已轉讓資產之減值證據，在此情況下，則該等未變現虧損會即時於損益中確認。

如果於聯營公司的投資變為於合營企業的投資，則毋須重新計量保留權益。反之，有關投資繼續以權益法核算。

當本集團喪失對聯營公司的重大影響時，按出售有關被投資公司的全部權益列賬，由此產生的收益或虧損在損益中確認。在喪失重大影響力日期所保留有關前被投資公司的權益，按公允價值確認，此筆金額在初始確認金融資產時當作公允價值。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Classification of insurance and investment contracts

Contracts under which the Group accepts significant insurance risk from another party (“the policyholder”) by agreeing to compensate the policyholder if a specified uncertain future event (“the insured event”) adversely affects the policyholder are classified as insurance contracts. Insurance risk is risk, other than financial risk, transferred from the holder of a contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

2 主要會計政策(續)

(g) 保險及投資合同的分類

如果指定的不確定未來事件(「受保事故」)對另一方(「保單持有人」)產生不利影響，則集團通過同意向保單持有人賠償來接受保單持有人的重大保險風險的合同被歸類為保險合同。保險風險是指從合同持有人轉移至發行人的風險(金融風險除外)。金融風險是指一個或多個特定利率、證券價格、商品價格、外匯匯率、價格或利率指數、信用評級或信用指數或其他變數可能出現未來變化的風險，惟非金融變數是指不特定於合同一方的變數。保險合同也可能轉移部分金融風險。

如果且僅當受保事故可能導致集團支付重大額外給付時，保險風險屬於重大。一旦合同被歸類為保險合同，在所有權利和義務廢除或屆滿前，它仍被歸類為保險合同。

保單持有人向集團轉移不重大保險風險的合同被分類為投資合同。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(g) Classification of insurance and investment contracts (Continued)

Contracts with a discretionary participation feature (“DPF”)

Certain insurance contracts issued by the Group contain a DPF. A DPF is a contractual right held by a policyholder to receive, as a supplement to guaranteed minimum benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, whose amount or timing is contractually at the Group’s discretion and is contractually based on:

- (i) the performance of a specified pool of contracts or a specified type of contract;
- (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; and
- (iii) the profit or loss of the Group.

(h) Insurance contracts

(i) Recognition and measurement

Revenue

Premiums in respect of insurance contracts are recognised as revenue when due. Fee income is recognised as revenue when services are rendered. Premiums and fee income exclude any taxes or duties.

Reinsurance commission refers to the amount paid by reinsurers to reimburse the expenses associated with issuing a policy. It is recognised as revenue when due. Profit commission is the reward paid by reinsurers for favourable experience.

2 主要會計政策(續)

(g) 保險及投資合同的分類(續)

具有酌情參與分紅特點的合同

本集團發行的某些保險合同具有酌情參與分紅特點。這項特點是指保單持有人持有的合同權利，可以獲得可能是合同總利益重要部分的額外利益，其金額或時間由集團酌情訂約，並按下列條件訂約，作為保證最低給付的補足：

- (i) 指定合同池或指定合同類型的表現；
- (ii) 在集團持有的特定資產池中實現和／或未實現的投資回報；和
- (iii) 集團損益。

(h) 保險合同

(i) 確認和計量

收益

保險合同的保費在到期時確認為收入。費用收入在提供服務時確認為收入。保費及費用收入不包括任何稅費。

再保險佣金是指再保險公司為報銷發出保單相關的費用而支付的金額。於到期時確認為收入。盈餘佣金是再保險公司為有利經驗所支付的獎勵。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Insurance contracts (Continued)

(i) Recognition and measurement (Continued)

Claims

Claims include maturities, annuities, surrenders and death claims. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when notified. Death claims are recognised when notified.

Outstanding claims includes estimates of both claims that have been reported but not paid and those that have been incurred but not reported, also includes estimates of all future expenses associated with processing and settlement of these claims.

The estimation process is primarily based on the assumption that experience is an appropriate indication of future events, and involves a variety of actuarial techniques that analyse experience, trends and other relevant factors. The amount recorded represents the best estimate based upon currently known facts and actuarial guidelines.

Policyholders' deposits

Policyholders' deposits include deposit components of insurance contracts, liabilities for universal and variable life products, annuities and investment related policies and contracts. These liabilities are established by contract deposits, increased by interest credited and decreased by interest debited, contract fees and contract withdrawals. Interest credited represents the interest accrued to universal life contracts account balance based on the credited rate declared by the Company from time to time. For linked contracts, it represents the earnings credited to the account balance based on the performance of selected investment choices. Interest credited is recognised as expense when paid in payable.

2 主要會計政策(續)

(h) 保險合同(續)

(i) 確認和計量(續)

賠款

賠款包括到期、年金、退保和死亡賠款。到期和年金賠款在到期時確認為費用。退保賠款在收到通知後予以確認。死亡賠款在收到通知後予以確認。

未決賠款包括已報告但尚未支付的賠款以及已發生但未報告的賠款的估計，亦包括與處理和結算該等賠款有關的所有未來費用估計。

估計過程主要基於經驗作為未來事件的適當跡象的假設，同時涉及分析經驗、趨勢和其他相關因素各類精算技術。錄入金額指根據目前已知事實和精算準則的最佳估計。

保單持有人的存款

保單持有人的存款包括保險合同的存款部分、萬用及可變壽險產品的負債、年金及投資相關保單及合同。這些負債由合同存款確定，通過利息貸記增加，並由利息借入、合同費用和合同提取減少。利息貸記是指根據本公司不時宣佈的抵補利率計算的萬能壽險合同賬戶餘額所產生的利息。對於連結式合同，指根據選定投資方案的績效記入賬戶餘額的收入。利息貸記於應付時確認為費用。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(h) Insurance contracts (Continued)

(i) Recognition and measurement
(Continued)

Future policyholders' benefits

Liability for future policyholders' benefits of insurance contracts for traditional life contracts and additional coverages offered under policy riders are calculated using the net level premium method and assumptions as to investment yields, mortality, withdrawals and dividends. The assumptions are based on best estimate projections of past experience from the commencement of each contract and include provisions for possible adverse deviations. The assumptions are made at the time the contract is issued and do not change, unless a loss needs to be recognised.

The reserves for participating whole life products are calculated using the net level premium method based upon prescribed estimates as to investment yield, mortality, withdrawals. Dividends are also included. Reserves for accident and disability contracts are based upon mortality, morbidity and withdrawal assumptions which are based on the Group's own experience and certain reinsurance tables. Unpaid disability claim liabilities are established based on disability payments earned from the last payment date to the valuation date.

Unearned revenue liability ("URL")

Amounts assessed against policyholders' account balances that represent compensation to the Group for services to be provided in future periods are not recognised in the period assessed. These amounts are reported as unearned revenue liability and recognised in the income statements over the period benefited, using the same assumptions and factors utilised to amortise deferred acquisition costs.

2 主要會計政策(續)

(h) 保險合同(續)

(i) 確認和計量(續)

未來保單持有人的給付

傳統壽險合同的未來保單持有人的給付和保單附加條款提供的額外保障責任，是使用淨保費方法和投資收益率、死亡率、退保和股息的假設計算的。這些假設基於每份合同開始時過去經驗的最佳估計預測，並包括就可能不利偏差作出的準備金。除非需要確認損失，否則這些假設在合同簽訂時作出，並且不會發生變化。

參與終身壽險產品的儲備金會使用以既定估計為基礎的淨保費法計算投資收益率、死亡率和退保假設。股息也包括在內。意外和殘疾合同的儲備是以死亡率、發病率和退保假設為基礎，而這些基礎則取決於集團自身的經驗和某些再保險表而定。未付的殘疾賠款責任是根據從上一個支付日到估值日期獲得的殘疾支付釐定。

未到期收入責任

根據保單持有人的賬戶餘額評估的金額，代表對未來期間提供的服務的集團補償，在評估期間不予確認。這些金額作為未到期收入責任報告，並在受益期間在收入賬戶中確認，並使用與攤銷遞延保單獲得成本相同的假設和因素。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Insurance contracts (Continued)

(i) Recognition and measurement (Continued)

Unearned revenue liability (“URL”) (Continued)

Shadow accounting is applied so that the URL balance is also adjusted by an amount that represents the change in amortisation of URL that would have been required as a charge or credit to operations had unrealised amounts recorded in fair value reserve been realised. These adjustments are charged or credited to the fair value reserve.

The accounting treatment for URL arising from insurance contracts is also applied to investment contracts.

(ii) Embedded derivatives in insurance contracts

Features contained within insurance contracts that would be considered derivatives if they were stand alone instruments which have not been separated and measured at fair value if those embedded derivatives are closely related to the host insurance contract.

The Group has taken advantage of the exemption available in HKFRS 4 Insurance Contract not to separate and measure at fair value policyholder options to surrender insurance contracts for a fixed amount even if the exercise price differs from the carrying amount of the host insurance liability.

2 主要會計政策(續)

(h) 保險合同(續)

(i) 確認和計量(續)

未來保單持有人的給付(續)

通過使用影子會計，就未到期收入責任的餘額調整一個金額，以反映當記錄於公允價值儲備的未變現金額獲變現時作為扣自或計入業務而需要對未到期收入責任的攤銷作出的變動。

對保險合同產生的未到期收入責任採用的會計處理也適用於投資合同。

(ii) 保險合同的嵌入衍生工具

保險合同中包含的特徵如是獨立工具則會被視為衍生工具。如嵌入衍生工具與主體保險合同密切相關並不會分拆和按公允價值計量。

本集團已利用《香港財務報告準則》第4號保險合同所載的豁免，即使行使價與主保險負債的賬面值不同，亦不會以公允價值分離和計量保單持有人按固定金額退保的選擇權。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(h) Insurance contracts (Continued)

(iii) Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to policyholders.

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts.

(iv) Deferred acquisition costs (“DAC”)

The Group’s DAC is comprised of incremental direct costs of contract acquisition and the portion of employee total compensation and payroll-related fringe benefits directly related to time spent performing the following acquisition activities: (a) underwriting; (b) policy issuance and processing; (c) medical and inspection; (d) sales force contract selling; and (e) other direct costs that would not have been incurred if the contract had not been acquired.

2 主要會計政策(續)

(h) 保險合同(續)

(iii) 再保險

本集團在正常業務過程中分出再保險，以通過分散風險來限制其淨虧損潛力。分出再保險合同產生的資產、負債、收入和支出與相關保險合同的相關資產、負債、收入和支出分開列報，因為再保險安排不會減輕集團對保單持有人的直接責任。

只有導致重大保險風險轉移的合同下的權利才作為再保險資產入賬。不轉移重大保險風險的合同下的權利作為金融工具入賬。

分出再保險的再保險保費按與相關保險合同保費的確認依據一致的基礎確認為費用。

(iv) 遞延保單獲得成本

本集團的遞延保單獲得成本包括保單獲得的增量直接成本，以及與執行以下保單獲得活動所花費的時間直接相關的員工總薪酬和與薪資相關的附加給付部分：(a) 承保；(b) 保單發出和處理；(c) 醫療和檢查；(d) 銷售團隊的保單銷售；(e) 未取得保單時不會發生的其他直接費用。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Insurance contracts (Continued)

(iv) Deferred acquisition costs (“DAC”) (Continued)

Incremental direct costs of acquisition include commissions or volume-related sales bonuses and medical and inspection fees for a successful contract acquisition. The portion of employee compensation and related benefits include only those costs directly related to time spent performing those activities for actual acquired contracts. Related benefits include medical insurance, Group life insurance and retirement plans.

The Group also defers the commissions and volume-related expense allowances for successful contract acquisitions in transactions with our career agents. All other acquisition-related costs such as soliciting potential customers, market research, training, administration, unsuccessful acquisition or renewal efforts and product development is charged to expense as incurred. Administration costs, rent, depreciation, occupancy, equipment, and all other general overhead costs are also charged to expense as incurred.

DAC for universal life and investment-type products are amortised with interest spread over the expected life of the contract in proportion to the estimated gross profits from investment, mortality, expense margins and surrender charges. Amortisation interest rates are based upon rates in effect at the inception of the contracts. The amortisation rate is periodically updated to reflect current period experience or changes in assumptions that affect future profitability, such as investment returns, asset growth rates, lapse rates, expenses, surrender charges and mortality experience. These changes result in adjustments to the DAC balances in the period that the Group changes its assumptions, as well as changes in prospective DAC amortisation.

2 主要會計政策(續)

(h) 保險合同(續)

(iv) 遞延保單獲得成本(續)

所增加的直接保單獲得成本包括佣金或與銷量相關的銷售獎金，以及成功獲得保單的醫療和檢查費用。員工薪酬和相關給付的部分僅包括就實際獲得的保單執行這些活動所花費的時間直接相關的成本。相關給付包括醫療保險、團體人壽保險和退休計劃。

在與我們的專業代理人進行交易時，本集團還遞延計算與成功保單獲得相關的佣金和與銷量相關的費用補貼。所有其他與保單獲得相關的成本，例如徵求潛在客戶、市場研究、培訓、管理、不成功的保單獲得或續保工作，以及產品開發，均在發生時計入費用。管理成本、租金、折舊、佔用、設備和其他所有其他一般間接費用也在發生時計入費用。

萬用壽險和投資類型產品涉及的遞延保單獲得成本會按照與投資、死亡率、費用差額和退保費用的估計毛利潤成比例的利息，在保單的預期壽命內攤銷。攤銷利率以保單開始時生效的利率為基礎。攤銷率會定期更新，以反映當前期間的經驗，或影響未來盈利能力的假設變化，例如投資回報、資產增長率、失效率、開支、退保收費及死亡率經驗。這些變化導致在集團改變其假設期間調整遞延保單獲得成本的餘額，以及預期遞延保單獲得成本的攤銷變化。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(h) Insurance contracts (Continued)

(iv) Deferred acquisition costs (“DAC”)
(Continued)

DAC for traditional life and non-medical health products are amortised in proportion to anticipated premiums. Assumptions as to anticipated premiums are made at the date of issuance and are applied during the lives of the contracts consistently. Deviations from estimated experience are included in operations when they occur.

Shadow accounting is applied so that the DAC balance is also adjusted by an amount that represents the change in amortisation of DAC that would have been required as a charge or credit to operations had unrealised amounts recorded in fair value reserve been realised. These adjustments are charged or credited to the fair value reserve.

The accounting treatment for DAC arising from insurance contracts is also applied to investment contracts.

2 主要會計政策(續)

(h) 保險合同(續)

(iv) 遞延保單獲得成本(續)

傳統壽險和非醫療保健產品的遞延保單獲得成本按預期保費比例攤銷。有關預期保費的假設於發行日期作出，並在保單期限內貫徹適用。來自估計經驗的偏差在發生時包括在損益中。

通過使用影子會計，就遞延保單獲得成本的餘額調整一個金額，以反映當記錄於公允價值儲備的未變現金額獲變現時作為扣自或計入損益而需要對遞延保單獲得成本的攤銷作出的變動。

對保險合同產生的遞延保單獲得成本採用的會計處理也適用於投資合同。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Insurance contracts (Continued)

(v) Value of business acquired (VOBA)

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of in-force contracts in a life insurance company acquisition and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date of a subsidiary. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. If this results from the acquisition of an investment in a joint venture or an associate, the VOBA is held within the carrying amount of that investment. The VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

Shadow accounting is applied so that the VOBA balance is also adjusted by an amount that represents the change in amortisation of VOBA that would have been required as a charge or credit to operations had unrealised amounts recorded in fair value reserve been realised. These adjustments are charged or credited to the fair value reserve.

The accounting treatment for VOBA arising from insurance contracts is also applied to investment contracts.

2 主要會計政策(續)

(h) 保險合同(續)

(v) 已獲得業務的價值

對於長期保險和投資合同組合而言，已獲得業務的價值是指無形資產，能反映人壽保險公司已獲得有效合同的估計公允價值，並代表分配至於附屬公司獲得日有權獲取有效業務之未來現金流量的權力價值的購買價部分。已獲得業務的價值基於每個業務分部對未來保單和合同費用、保費、死亡率和發病率、獨立賬戶業績、退保金、經營開支、投資回報和其他因素的精算確定預測。如果這由獲得於合營企業或聯營公司的投資而差生，則已獲得業務的價值計入該投資的賬面值。已獲得業務的價值以系統基準在已獲得投資組合的合同的預計生命週期內攤銷。攤銷率反映了已獲得有效業務價值的特點。已獲得業務的價值的賬面值每年進行減值審核，任何減少額均計入綜合收益表。

通過使用影子會計，就已獲得業務的價值的餘額調整一個金額，以反映當記錄於公允價值儲備的未變現金額獲變現時作為扣自或計入損益而需要對已獲得業務的價值的攤銷作出的變動。

對保險合同產生的已獲得業務的價值採用的會計處理也適用於投資合同。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(h) Insurance contracts (Continued)

(vi) Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to determine if the insurance contract provisions, less deferred acquisition costs and VOBA, are adequate. Current best estimates of all future contractual cash flows and related expenses, such as claims handling expenses, and investment income from assets backing the insurance contract provisions are used in performing these tests. If a shortfall is identified the related deferred acquisition costs and VOBA are written down and, if necessary, an additional provision is established. The deficiency is recognised in the consolidated income statement for the year.

(i) Investment contracts

Investment contracts are recognised as financial liabilities in the statement of financial position when the Group becomes a party to their contractual provisions. Contributions received from policyholders are not recognised in the consolidated income statement but are accounted for as deposits in the consolidated statement of financial position.

All investment contracts issued by the Group are designated by the Group on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

Changes in the fair value of investment contracts are included in the consolidated income statement in the period in which they arise.

2 主要會計政策(續)

(h) 保險合同(續)

(vi) 負債充足性測試

在每個報告期末進行負債充足性測試，以確定當保險合同準備金減去遞延保單獲得成本和已獲得業務的價值後是否足夠。當前對所有未來合同現金流量和相關費用的最佳估計，例如賠款處理費用，以及支持保險合同準備金的資產投資收入，會用來執行這些測試。如果發現缺額，則減記相關的遞延保單獲得成本和已獲得業務的價值，並在必要時建立額外的準備金。該項缺失在本年度的綜合收益表中確認。

(i) 投資合同

當本集團成為其合同條款的一方時，投資合同在財務狀況表中確認為金融負債。從保單持有人收到的供款不在綜合收益表中確認，但在綜合財務狀況表中作為存款入賬。

本集團發行的所有投資合同均由本集團於初步確認時按公允價值計入損益。該項指定消除或顯著減少了當這些金融負債不是以公允價值計量而將會出現不一致的計量情況，因為支援投資合同負債的資產也以公允價值計量。

投資合同的公允價值變動計入其產生期間的綜合收益表。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 5. These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from 1 January 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(x)(iii)).

2 主要會計政策(續)

(j) 投資

本集團有關債務和權益證券投資(於附屬公司、聯營公司和合營企業的投資除外)的政策如下：

債務及股本證券投資於本集團承諾購買/出售投資當日確認/終止確認。投資初始按公允價值加直接應佔交易成本列賬，惟以公允價值計量且其變動計入當期損益的投資則除外，其交易成本直接計入損益。有關本集團如何確定金融工具公允價值的詮釋，請參閱附註5。這些投資其後按所屬分類以下列方式入賬：

(A) 自二零一八年一月一日起適用的政策

除股權投資外的投資

本集團持有的非股權投資劃歸為以下計量類別之一：

- 攤銷成本，如果投資僅是為了收取僅代表本金和利息的支付的合同現金流量而持有。投資的利息收入採用實際利率法計算(參閱附註2(x)(iii))。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(j) Investments (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Investments other than equity investments (Continued)

- fair value through other comprehensive income (“FVOCI”)
 - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 主要會計政策(續)

(j) 投資(續)

(A) 自二零一八年一月一日起適用的政策(續)

除股權投資外的投資(續)

- 以公允價值計量且其變動計入其他綜合收益—可轉回，如果該投資的合同現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合同現金流量出售來實現。公允價值變動計入其他綜合收益，但預期信用損失的損益、利息收入(採用實際利率法計算)和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他綜合收益中累計的金額將從權益轉回至損益。
- 如果投資不符合以攤銷成本或以公允價值計量且其變動計入其他綜合收益(可轉回)的標準，則以公允價值計量且其變動計入損益。投資的公允價值變動(包括利息)在損益中確認。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(j) Investments (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(x)(ii).

2 主要會計政策(續)

(j) 投資(續)

(A) 自二零一八年一月一日起適用的政策(續)

股權投資

股權證券投資被劃歸為以公允價值計量且其變動計入損益，除非股權投資不是為交易目的而持有，並且在初始確認投資時，本集團選擇指定該投資以公允價值計量且其變動計入其他綜合收益(不可轉回)，因此，其後的公允價值變動在其他綜合收益中確認。該選擇是基於逐項工具作出，但僅限於投資符合發行人認可的股權定義時才可行。進行該選擇時，在其他綜合收益中累計的金額保留在公允價值儲備(不可轉回)，直至投資出售。出售投資時，公允價值儲備(不可轉回)中累計的金額轉入保留盈利，不通過損益轉回。股權證券投資的股息，無論是劃歸為以公允價值計量且其變動計入損益還是以公允價值計量且其變動計入其他綜合收益，均按照附註2(x)(ii)所載政策在損益中確認為其他收入。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments (Continued)

(B) Policy applicable prior to 1 January 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 2(t)(i) – policy applicable prior to 1 January 2018).

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in notes 2(x)(ii) and 2(x)(iii), respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired (see note 2(t) – policy applicable prior to 1 January 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

2 主要會計政策(續)

(j) 投資(續)

(B) 二零一八年一月一日之前適用的政策

持作買賣證券的投資劃歸為以公允價值計量且其變動計入損益的資產。任何應佔交易成本於產生時在損益中確認。本集團會於各報告期末重新計量公允價值，由此產生的任何收益或虧損均在損益中確認。

本集團有明確的能力和意願持有至到期的有期債務證券，劃歸為持有至到期證券。持有至到期證券以攤銷成本列賬(關於減值，請參閱附註2(t)(i) – 二零一八年一月一日之前適用的政策)。

不屬以上任何一個類別的證券投資劃歸為可供出售證券。本集團會於各報告期末重新計量公允價值，由此產生的任何收益或虧損均在其他綜合收益中確認，並且在權益中的公允價值儲備(可轉回)分開累計。以實際利率法計算得出的權益證券股息收入和債務證券利息收入，會分別按照附註2(x)(ii)和2(x)(iii)所載列的政策在損益中確認。債務證券的匯兌盈虧也在損益中確認。當該等投資終止確認或減值(參閱附註2(t) – 二零一八年一月一日之前適用的政策)時，累計收益或虧損會由權益重新分類至損益。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments (Continued)

(B) Policy applicable prior to 1 January 2018 (Continued)

Overlay approach

The Group has applied the overlay approach under amendment to HKFRS 4, Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts, to reclassify between profit or loss and other comprehensive the difference between amounts recognised in profit or loss under HKFRS 9 and those would have been reported under HKAS39, for designated financial assets including hybrid debt instruments (recognised on bifurcated basis), unit trust and partnership investments on an instrument-by-instrument basis. A financial asset is eligible for designation if 1) it is not held for an activity that is unconnected with contracts in the scope of HKFRS 4; and 2) it is measured at fair value through profit or loss under HKFRS 9 but would have not been under HKAS39. The overlay impact is shown in the consolidated income statement.

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of 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.

(l) Accounts payable and other payables

Accounts payable and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 主要會計政策(續)

(j) 投資(續)

(B) 二零一八年一月一日之前適用的政策(續)

覆蓋調整

本集團已應用《香港財務報告準則》第4號修訂下的覆蓋法，與《香港財務報告準則》第4號「保險合同」一併應用《香港財務報告準則》第9號「金融工具」，以重新劃分損益及其他綜合收益。根據《香港財務報告準則》第9號於損益內確認的金額與根據《香港會計準則》第39號呈報的金額差異。指定金融資產包括混合債務工具(單獨確認)、單位信託及基於逐項工具的合夥投資。如果1)金融資產的持有並非為了與《香港財務報告準則》第4號範圍內合同無關的活動；2)金融資產根據《香港財務報告準則》第9號以公允價值計量且其變動計入當期損益，但根據《香港會計準則》第39號則不以公允價值計量且其變動計入當期損益，那麼該金融資產符合指定資格。覆蓋法的影響於綜合收益表中列示。

(k) 衍生金融工具

衍生金融工具以公允價值初始確認。於各報告期末，公允價值乃重新計量。本集團會於報告期末重新計量公允價值，由此產生的收益或虧損即時在損益中確認。然而，如屬符合現金流量套期會計條件或用作對境外經營的淨投資套期的衍生工具，則所產生的任何收益或虧損須依據被套期項目的性質確認。

(l) 應付賬款及其他應付款項

應付賬款及其他應付款項初始按公允價值確認，其後則按攤銷成本列賬，除非貼現影響輕微，則在該情況下按成本列賬。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) those designated as at FVPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration may be paid by an acquirer as part of a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

2 主要會計政策(續)

(m) 帶息借款

帶息借款按公允價值減去應佔交易成本後初始確認。初始確認後，帶息借款以攤銷成本列賬，而初始確認的數額與贖回價值之間的任何差異，連同任何應付利息和費用，均以實際利息法於借款期內在損益中確認。

(n) 以公允價值計量且其變動計入損益之金融負債

金融負債為(i)收購方可能支付作為業務合併的一部分的或然代價，適用於《香港財務報告準則》第3號(ii)持作買賣或(iii)指定為以公允價值計量且其變動計入損益，則劃歸為以公允價值計量且其變動計入損益。

倘出現下列情況，金融負債將被劃歸為持作買賣：

- 其獲收購的主要目的為於短期內購回；或
- 於初步確認時，其為本集團集中管理且具有短期獲利的最近實際模式的已識別財務工具組合的一部分；或
- 其為並非指定及有效為對沖工具的衍生工具。

倘屬下列情況，持作買賣的金融負債或收購方可能支付作為業務合併一部分的或然代價以外的金融負債於初步確認時可被指定為以公允價值計量且其變動計入損益：

- 該指定消除或顯著減少原應出現之計量或確認的不一致性；或

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities at fair value through profit or loss (Continued)

- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVPL.

Financial liabilities at FVPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 5.

(o) Property and Equipment

Property and Equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	Shorter of lease term and useful lives
Office furniture and equipment	5 years
Computer equipment and motor vehicle	3 to 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 主要會計政策(續)

(n) 以公允價值計量且其變動計入損益之金融負債(續)

- 金融負債組成一組財務資產或金融負債或兩者的一部分，以公允價值基準作出管理及評估，並根據本集團明文制定的風險管理或投資策略以及有關組合按該基準向內部提供資料；或
- 其組成包含一項或多項嵌入式衍生工具的合同一部分，而《香港會計準則》第39號容許將整份合併合同(資產或負債)指定為以公允價值計量且其變動計入損益。

以公允價值計量且其變動計入損益的金融負債按公允價值計量，而重新計量產生的任何收益或虧損於損益確認。於損益確認的收益或虧損淨額不包括就金融負債所支付的任何利息。公允價值按附註5所述的方式釐定。

(o) 物業及設備

物業及設備乃按成本扣除累計折舊及減值虧損於財務狀況表內列賬。

物業及設備項目採用直線法於其估計可使用年期內計算折舊，以撇銷其成本扣除其估計剩餘價值(如有)如下：

租賃物業裝修	租期與使用年期之較短者
辦公室傢私及設備	5年
電腦設備及車輛	3-5年

本集團會每年審閱資產的可用期限和殘值(如有)。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(o) Property and Equipment (Continued)

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal.

(p) Leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases and impairment losses. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset. 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 are charged to profit or loss in the accounting period in which they are incurred.

2 主要會計政策(續)

(o) 物業及設備(續)

報廢或出售物業及設備項目所產生之收益或虧損按出售所得款項淨額與項目賬面值之差額釐定，並於報廢或出售當日於收益表內確認。

(p) 租賃資產

對於本集團以租賃持有的資產，如果租賃使所有權的絕大部分風險和回報轉移至本集團，有關的資產便會劃歸為以融資租賃持有；如果租賃不會使所有權的絕大部分風險和回報轉移至本集團，則劃歸為經營租賃。

如果本集團是以融資租賃獲得資產的使用權，便會將相當於租賃資產公允價值或最低租賃付款額的現值（如為較低的數額）確認為物業和設備，而扣除融資費用後的相應負債則列為融資租賃承擔和減值虧損。折舊是在相關的租賃期或資產的可用期限（如本集團很可能取得資產的所有權）內，以沖銷其成本或估值的比率計提。租賃付款內含的融資費用會計入租賃期內的損益中，使每個會計期間的融資費用佔承擔餘額的比率大致相同。或有租金在其產生的會計期間內在損益中列支。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Leased assets (Continued)

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(q) Insurance and reinsurance receivables and other receivables

Insurance and reinsurance receivables and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(r) Reinsurance premium and other payables

Reinsurance premium and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Intangible assets

The intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(t)(ii)). Amortisation begins when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended.

2 主要會計政策(續)

(p) 租賃資產(續)

如果本集團是以經營租賃獲得資產的使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益中列支；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。租賃所涉及的激勵措施均在損益中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在損益中列支。

(q) 應收保費及分保賬款及其他應收款項

應收保費及分保賬款及其他應收款項按公允價值初始確認，其後以實際利率法按攤銷成本減去呆賬減值準備後所得數額入賬；但如應收款為提供予關聯方並不設固定還款期的免息貸款或其折現影響並不重大則除外。在此情況下，應收款會按成本減去呆賬減值準備後所得數額入賬。

(r) 再保險保費及其他應付款項

再保險保費及其他應付款項初始按公允價值確認，其後則按攤銷成本列賬，除非貼現影響輕微，則在該情況下按成本列賬。

(s) 無形資產

本集團購買之無形資產乃按成本減累計攤銷(倘具有有限估計可使用年期)及減值虧損列賬(見附註2(t)(ii))。資產可以使用時即當其處於必要的位置和條件下以能夠以預期的方式運行時開始攤銷。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(s) Intangible assets (Continued)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives as follows:

Computer software	3-5 years
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Intangible assets, such as tradename, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 主要會計政策(續)

(s) 無形資產(續)

具有有限可使用年期之無形資產之攤銷乃於資產估計可使用年內以直線法在損益中扣除如下：

電腦軟件	3-5年
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年評估為具有無限可使用年期之無形資產如商品名不會攤銷。任何確定為具有無限可使用年期之無形資產會每年檢討，以釐定事件及情況是否繼續支持該資產列為具有無限可使用年期。倘並無無限可使用年期，則資產之使用年期評估會由無限變成有限，並自變動日期起根據上文所載使用年期有限之無形資產攤銷政策於未來入賬。

無形資產在其使用年限被評估為無限時不予攤銷。無形資產的使用壽命無限期的任何結論每年進行一次審查，以確定事件和情況是否繼續支持該資產的無限期使用壽命評估。如果不這樣做，則使用壽命評估從無限期變為有限期的變化將從變更之日起按照上述有限壽命無形資產的攤銷政策進行前瞻性核算。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Credit losses and impairment of assets

(i) Credit loss from financial instruments

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, insurance and reinsurance receivables, reinsurers' share of outstanding claims and loans to joint venture);
- debt securities measured at FVOCI (recycling); and
- loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

2 主要會計政策(續)

(t) 信用損失及資產減值

(i) 金融工具的信用損失

(A) 自二零一八年一月一日起適用的政策

本集團確認下列項目預期信用損失的損失準備：

- 以攤銷成本計量的金融資產(包括現金及現金等值項目、應收賬款及其他應收款項、應收保費及分保賬款、再保險公司應佔未決賠款份額及向合營企業作出的貸款)；
- 以公允價值計量且其變動計入其他綜合收益(可轉回)的債務證券；以及
- 不以公允價值計量且其變動計入損益的已發出貸款承諾。

以公允價值計量的金融資產，包括債券基金單位、以公允價值計量且其變動計入損益的權益證券、指定以公允價值計量且其變動計入其他綜合收益的權益證券(不可轉回)以及衍生金融資產，均無需進行預期信用損失評估。

預期信用損失的計量

預期信用損失是信用損失的概率加權估計。信用損失以所有現金所缺金額的現值(即根據合同應歸還予實體的現金流量與本集團預計收到的現金流量之間的差額)計量。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(i) Credit loss from financial instruments
(Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Measurement of ECLs (Continued)

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

預期信用損失的計量(續)

對於未提取的貸款承諾，預期現金短缺按(i)貸款承諾持有人減少貸款時應支付的合同現金流量與(ii)如果貸款被提取時本集團預計收到的現金流量之間的差額計量。

如果貼現影響重大，則使用以下貼現率貼現預期現金短缺：

- 固定利率金融資產、應收賬款和其他應收款以及合同資產：初始確認時確定的實際利率或其近似值；
- 浮動利率金融資產：當前實際利率；
- 貸款承諾：針對現金流量特定風險調整的當前無風險利率。

預期信用損失的最長期間按本集團面臨信用風險的最長合同期計量。

在計量預期信用損失時，本集團會考慮毋須支付過多成本或努力而已可得的合理及具支持理據的資料。該等資料包括以往事件、現有條件及未來經濟環境的預測。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Credit losses and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

預期信用損失的計量(續)

預期信用損失按如下任意基準計量：

- 12個月預期信用損失：即報告日後12個月內可能違約事件產生的預期信用損失；及
- 生命週期的預期信用損失：即在預期信用損失模型適用項目的預計生命週期內所有可能違約事件產生的預期信用損失。

本集團以相等於整個生命週期內預期信用損失的金額計量應收賬款、應收租賃款和合同資產的損失撥備。該等金融資產的預期信用損失使用基於本集團歷史信用損失經驗的撥備矩陣進行估計，並根據債務人特有的因素進行調整，同時對報告日當前和預測的整體經濟狀況進行評估。

至於所有其他金融工具，本集團確認等同於12個月預期信用損失的損失撥備，除非金融工具的信用風險自初始確認後大幅增加。為此，損失撥備按等同於生命週期的預期信用損失的金額計量。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(i) Credit loss from financial instruments
(Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) 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 (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

信用風險大幅上升

在評估自初始確認後金融工具的信用風險(包括貸款承諾)是否大幅上升時，本集團將報告日評估的金融工具違約風險與初始確認日評估的風險進行比較。進行重新評估時，本集團認為，當(i)借款人不可能全數支付其對本集團的信用義務，且本集團不會就諸如實現擔保等行為(如有)訴諸追索權；或(ii)該金融資產逾期90天，即發生違約風險。本集團會考慮毋須支付過多成本或努力而已可得的合理及具支持理據的定量和定性資料。該等資料包括以往經驗和前瞻性信息。

尤其是，在評估自初始確認後信用風險是否大幅上升時，會考慮以下資料：

- 未在合同到期日支付本金或利息；
- 金融工具的外部或內部信用評級(如有)的實際或預期發生顯著惡化；

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Credit losses and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Significant increases in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

信用風險大幅上升(續)

- 債務人的經營業績實際或預期發生顯著惡化；以及
- 對債務人履行其對本集團義務的能力產生重大不利影響的技術、市場、經濟或法律環境的當前或預期變化。

對於貸款承諾，為評估預期信用損失而初始確認的日期視為本集團成為不可撤銷承諾的一方的日期。在評估自初始確認貸款承諾後信貸風險是否大幅上升時，本集團會考慮貸款承擔所涉及的貸款發生違約風險的變化。

根據金融工具的性质，對信用風險是否大幅上升的評估是按個別基準或組合基準執行。以組合基準執行評估時，金融工具根據共有信用風險特徵進行分組，例如逾期狀態和信用風險評級。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(i) Credit loss from financial instruments
(Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Significant increases in credit risk
(Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(x)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

信用風險大幅上升(續)

於各報告日重新計量預期信用損失，以反映自初始確認後金融工具信用風險的變化。預期信用損失金額的任何變動均在損益中確認為減值收益或虧損。本集團確認所有金融工具的減值收益或虧損，並通過損失準備賬戶對其賬面值進行相應調整，但以公允價值計量且其變動計入其他綜合收益(可轉回)的債務證券投資除外，其損失準備在其他綜合收益中確認，並於公允價值儲備(可轉回)中累計。

利息收入的計量基準

根據附註2(x)(iii)確認的利息收入乃根據金融資產的賬面總值計算，除非該金融資產發生信用減值，在此情況下，利息收入乃根據金融資產的攤銷成本計算(即金融資產的賬面總值減去損失準備)。

於各報告日，本集團評估金融資產是否出現信用減值。當發生對金融資產預計未來現金流量有不利影響的一項或多項事件時，金融資產發生信用減值。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Credit losses and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

信用風險大幅上升(續)

金融資產信用減值的證據包括以下可觀察數據：

- 債務人出現重大的財務困難；
- 違反合同，如拖欠利息或本金付款；
- 借款人很可能面臨破產或其他財務重組；
- 技術、市場、經濟或法律環境出現對債務人構成負面影響的重大變動；或
- 因為發行人財政困難而導致某擔保失去活躍市場。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(i) Credit loss from financial instruments
(Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(A) 自二零一八年一月一日起適用的政策(續)

撇銷政策

金融資產、應收租賃款或合同資產的賬面總值在沒有實際可收回的情況下予以撇銷(部分或全部)。當本集團確定債務人沒有資產或收入來源可以產生足夠的現金流來償還撇銷金額時，通常就屬於這種情況。

早前已撇銷資產的其後收回於收回發生的期間在損益中確認為減值撥回。

(B) 二零一八年一月一日之前適用的政策

於二零一八年一月一日之前，「已發生損失」模型用於計量未劃歸為以公允價值計量且其變動計入損益的金融資產的減值損失(如應收賬款和其他應收款、可供出售投資及持有至到期債務證券)。根據「已發生損失」模型，減值損失僅於存在客觀減值證據時確認。減值的客觀跡象包括：

- 債務人出現重大的財務困難；
- 違反合同，如拖欠利息或本金付款；

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Credit losses and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

(B) Policy applicable prior to 1 January 2018 (Continued)

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, impairment loss was 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, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(B) 二零一八年一月一日之前適用的政策(續)

- 債務人很可能面臨破產或其他財務重組；
- 技術、市場、經濟或法律環境出現對債務人構成負面影響的重大變動；及
- 於權益工具的投資的公允價值顯著或長期跌至低於成本。

如有任何這類證據存在，便會釐定減值虧損並按以下方式確認：

- 就以攤銷成本列賬的應收賬款和其他應收款，以及其他金融資產而言，如折現影響重大，減值虧損是以資產的賬面值與其初始實際利率折現的預計未來現金流量現值之間的差額計量。如該等金融資產具備類似的風險特徵，例如類似的逾期情況及並未個別地被評估為減值，則有關的評估會同時進行。共同評估減值的金融資產的未來現金流量是根據與該共同組別具有類似信貸風險特徵的資產的過往虧損情況計算。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(i) Credit loss from financial instruments
(Continued)

(B) Policy applicable prior to 1 January 2018 (Continued)

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(B) 二零一八年一月一日之前適用的政策(續)

如果減值虧損在其後的期間減少，而且客觀上與減值虧損確認後發生的事件有關，則應通過損益轉回減值虧損。減值虧損的轉回僅在不致使資產的賬面值超過其在以往年度沒有確認任何減值虧損而應已釐定的數額的情況下，才會確認。

當以攤銷成本列賬的應收賬款或其他金融資產的可收回性被視為可疑，但並非可能性極低時，相關減值損失便會使用準備賬記錄。當本集團認為收回的可能性極低時，被視為不可收回的數額便會直接沖銷該等資產的賬面總值。其後收回早前計入準備賬的數額會在準備賬轉回。準備賬的其他變動和其後收回早前直接沖銷的數額均在損益中確認。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Credit losses and impairment of assets

(Continued)

(i) Credit loss from financial instruments

(Continued)

(B) Policy applicable prior to 1 January 2018 (Continued)

- For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the 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.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities were not reversed through profit or loss. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

Impairment losses recognised in profit or loss in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in profit or loss.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(i) 金融工具的信用損失(續)

(B) 二零一八年一月一日之前適用的政策(續)

- 就可供出售投資而言，已在公允價值儲備(可轉回)中確認的累計虧損會重新分類為損益。在損益中確認的累計虧損是以購買成本(扣除任何本金償還和攤銷額)與當時公允價值之間的差額，並減去以往就該資產在損益中確認的任何減值虧損後計算。

可供出售權益證券已在損益中確認的減值虧損不會通過損益轉回。這些資產公允價值其後的任何增額會直接在其他綜合收益中確認。

如果可供出售債務證券公允價值其後的增額客觀上與減值虧損確認後發生的事件有關，則應轉回損益中的減值虧損。在此情況下轉回的減值虧損均在損益中確認。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(ii) 其他非流動資產的減值

本集團於報告期末審閱內部和外來的信息，以確定以下資產是否出現減值跡象，或是以往確認的減值虧損(與商譽有關則除外)已經不再存在或可能已經減少：

- 物業、廠房和設備(按重估數額列賬的物業除外)；
- 劃歸為以經營租賃持有的租賃土地的預付權益；
- 無形資產；
- 商譽；以及
- 在本公司財務狀況表中列示的於附屬公司、聯營公司和合營企業的投資。

如果出現任何這類跡象，便會估計資產的可收回數額。此外，就商譽和尚未可供使用的無形資產與可用期限未定的無形資產而言，不論是否有任何減值跡象存在，本集團也會每年估計其可收回數額。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(ii) 其他非流動資產的減值(續)

— 計算可收回數額

資產的可收回數額是其公允價值(已扣除出售成本)與使用價值兩者中的較高額。在評估使用價值時,預計未來現金流量會按照能反映當時市場對貨幣時間值和資產特定風險的評估的稅前貼現率,折現至其現值。如果資產所產生的現金流入基本上並非獨立於其他資產所產生的現金流入,則以能產生獨立現金流入的最小資產類別(即現金產出單元)來釐定可收回數額。

— 確認減值虧損

當資產或所屬現金產出單元的賬面金額高於其可收回數額時,減值虧損便會在損益中確認。就現金產出單元確認的減值虧損會作出分配,首先減少已分配至該現金產出單元(或該組單元)的任何商譽的賬面金額,然後按比例減少該單元(或該組單元)內其他資產的賬面金額;但資產的賬面值不得減少至低於其個別公允價值減去出售成本(如能計量)後所得數額或其使用價值(如能釐定)。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(t) Credit losses and impairment of assets
(Continued)

(ii) Impairment of other non-current assets (Continued)

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(t)(i), (ii) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2 主要會計政策(續)

(t) 信用損失及資產減值(續)

(ii) 其他非流動資產的減值(續)

— 撥回減值虧損

就商譽以外的資產而言，如果用以釐定可收回數額的估計數額出現正面的變化，有關的減值虧損便會轉回；但商譽的減值虧損不會轉回。

所轉回的減值虧損以在以往年度沒有確認任何減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入損益中。

(iii) 中期財務報告和減值

根據《香港聯合交易所有限公司證券上市規則》，本集團須就財政年度的首六個月編製符合《香港會計準則》第34號「中期財務報告」規定的中期財務報告。本集團在中期期末採用了在財政年度終結時會採用的相同減值測試、確認和轉回準則(參閱附註2(t)(i), (ii)和(iii))。

中期期間就商譽確認的減值虧損不在其後期間進行撥回。即使僅在該中期所屬的財政年度終結時才評估減值並確認沒有虧損或所確認的虧損較少，也不會轉回減值虧損。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(v) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The fair value of share awards and share options granted to employees is recognised as an employee cost with a corresponding increase in share-based payment capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share awards and options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2 主要會計政策(續)

(u) 現金及現金等值項目

現金及現金等值項目包括銀行存款和現金、存放於銀行和其他金融機構的活期存款，以及短期和高流動性的投資。這些投資可以隨時換算為已知的現金額、價值變動方面的風險不大，並在購入後三個月內到期。就編製綜合現金流量表而言，現金及現金等值項目也包括須於接獲通知時償還，並構成本集團現金管理一部分的銀行透支。

(v) 僱員福利

薪金、年度獎金、有薪年假、界定供款退休計劃的供款和非貨幣福利成本在僱員提供相關服務的年度內累計。如果延遲付款或結算會造成重大的影響，則這些數額會以現值列賬。

授予僱員的股份獎勵和股份期權按公允價值確認為僱員成本，而權益中的以股份為基礎之付款資本儲備亦會相應增加。公允價值是在授予日以 蘇期 定價模式計量，並會考慮股份獎勵和期權授予條款和條件。如果僱員須符合歸屬條件才能無條件地享有期權的權利，在考慮到期權歸屬的可能性後，估計授予期權的公允價值便會在整個歸屬期內分攤。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(v) Employee benefits (Continued)

During the vesting period, the number of share awards and share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share awards and options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profit).

(w) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 主要會計政策(續)

(v) 僱員福利(續)

本公司會在歸屬期內審閱預期歸屬的股份獎勵和股份期權數目。已於以往年度確認的累計公允價值因此所作的任何調整會在審閱當年在損益中列支／計入；但如果原來的僱員支出符合確認為資產的資格，便會對以股份為基礎之付款儲備作出相應的調整。已確認為支出的數額會在歸屬日作出調整，以反映所歸屬股份獎勵和期權的實際數目(同時對資本儲備作出相應的調整)；但只會在無法符合與本公司股份市價相關的歸屬條件時才會放棄股份期權。權益數額在以股份為基礎之付款儲備中確認，直至期權獲行使(計入於已發行股份的股本中確認的金額)或期權到期(直接轉入保留溢利)時為止。

(w) 所得稅

本年度所得稅包括當期稅項和遞延稅項資產與負債的變動。當期稅項和遞延稅項資產與負債的變動均在收益表中確認，但如果是在其他綜合收益或直接在權益中確認的相關項目，則相關稅款分別在其他綜合收益或直接在權益中確認。

當期稅項是按本年度應稅所得，根據已執行或在報告期末實質上已執行的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。

遞延稅項資產與負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產與負債在財務報表上的賬面金額跟這些資產與負債的計稅基礎的差異。遞延稅項資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 主要會計政策(續)

(w) 所得稅(續)

除了某些有限的例外情況外，所有遞延稅項負債和遞延稅項資產(只限於很可能獲得能利用該遞延稅項資產來抵扣的未來應稅溢利)都會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產的未來應稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關和同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關和同一應稅實體有關，以及是否預期在能够使用未利用可抵扣虧損和稅款抵減撥回的同一期間內轉回。

商譽產生的暫時性差異是確認遞延所得稅資產和負債的有限例外情況，不能用於稅收目的，初始確認既不影響會計利潤也不影響應稅利潤的資產或負債(前提是它們不屬於企業合併)，與應付子公司投資有關的暫時性差異，如果是應稅差異，則本集團控制轉回的時間，並且差異很可能在可預見的未來不會轉回，或者在可抵扣差異的情況下，除非他們將來很可能會逆轉。

已確認遞延稅額是按照資產與負債賬面金額的預期實現或結算方式，根據已執行或於報告期末實質上已執行的稅率計量。遞延稅項資產與負債均不折現計算。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(x) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, 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.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. 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. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 2(h).
- (ii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 主要會計政策(續)

(x) 收入確認

本公司將業務的正常過程中銷售商品或提供服務產生的收入劃歸為收益。

本集團在產品或服務的控制權轉移至客戶，或承租人有權以本集團預計可獲得的承諾對價的金額使用資產(不包括代表協力廠商收取的金額)時確認收入。收入不含增值稅或其它銷售稅，並已扣除所有商業折扣。

當合同包含一個可在12個月以上的期間內為客戶提供重大融資利益的融資組成部分時，收入為以與該客戶訂立的另一項融資交易中反映的折現率折現的應收款項的現值，利息收入單獨按實際利率法計提。當合同包含一個為本集團提供重大融資利益的融資組成部分時，該合同下確認的收入包含實際利率法下合同負債產生的利息支出。本集團採用《香港財務報告準則》第15號第63段的簡易操作方法，在融資期為12個月或以下時，不就重大融資組成部分的任何影響調整對價。

有關本集團收益及其他收入確認政策的進一步詳情如下：

- (i) 有關保險合同收入確認的會計政策載列於附註2(h)。
- (ii) 非上市投資的股息收入在股東收取款項的權利確立時確認及上市投資的股息收入在投資項目的股價除息時確認。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

- (iii) Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.
- (iv) Brokerage and commission income is recognised on trade date basis.
- (v) Service fee income, including advisory fee income, handling fee income, custodial service fee income, subscription fee income, placing and underwriting commission and financial management are recognised when the underlying services had been provided.

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss.

Exchange differences relating to available for sales debt instruments are included in income statement.

2 主要會計政策(續)

(x) 收入確認(續)

- (iii) 利息收入是在產生時按照實際利率法確認，按照將金融資產的預計使用年限內的預估未來現金收入與其賬面總額折現的利率計算。
- (iv) 佣金及經紀收入按交易日基準確認。
- (v) 服務費收入包括諮詢費收入、手續費、保管服務費、認購費、配售及包銷佣金以及財務管理，於相關服務提供時確認。

(y) 外幣換算

年內的外幣交易按交易日的外幣匯率換算。以外幣為單位的貨幣資產與負債則按於報告期末的外幣匯率換算。匯兌盈虧在損益在確認。

以歷史成本計量的外幣非貨幣資產與負債是按交易日的外幣匯率換算。

有關以公允價值計量且其變動計入損益之投資及衍生金融工具之匯兌差額乃計入交易用途證券或指定以公允價值計量且其變動計入損益之金融工具之收益減虧損。

有關可供出售債務工具的匯兌差額計入損益表。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(y) Translation of foreign currencies
(Continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the income statement when the profit or loss on disposal is recognised.

(z) Fiduciary activities

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of the regulated business activities. The Group has classified the "bank balances – trust and segregated accounts" within the current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies.

The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

2 主要會計政策(續)

(y) 外幣換算(續)

境外經營的業績按與交易日的外幣匯率相若的匯率換算為港幣。財務狀況表項目(包括將二零零五年一月一日或之後收購的境外經營合併計算時產生的商譽)則按於報告期末的現行匯率換算為港幣。所產生的匯兌差額在其他綜合收益中確認，並在權益中的匯兌儲備分開累計。二零零五年一月一日之前收購的境外經營於合併計算時所產生的商譽則按收購境外經營當日的外幣匯率換算。

於出售海外業務時，有關該海外業務之匯兌差額累計金額乃於確認出售事項之損益時自權益重新分類至收益表。

(z) 受信活動

本集團於認可機構開立獨立賬戶，以持有其正常受規管活動業務過程中產生之客戶款項。本集團已將「銀行餘額 – 信託及獨立賬戶」分類為綜合財務狀況表之流動資產項下，並因須就客戶款項之任何損失或不當挪用負責而確認相應之應付予有關各戶及其他機構之賬款。

本集團不得使用客戶賬款結算其自身債務。代客戶持有之現金受《證券及期貨條例下之證券及期貨(客戶款項)》規則限制及規管。

Notes to the financial statements

財務報表附註

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(ab) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
- (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.

2 主要會計政策(續)

(aa) 分部報告

經營分部及合併財務報表所呈報各分部項目之金額，乃識別自定期向本集團最高行政管理層提供以向本集團各項業務及地理位置分配資源及評估有關表現之財務資料。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部分準則，則可以合計。

(ab) 關聯方

- (i) 任何人士或其近親如屬以下情況，即視為與本集團有關聯：
- (1) 控制或共同控制本集團；
 - (2) 對本集團有重大影響力；或
 - (3) 是本集團或本集團母公司的關鍵管理人員。

2 SIGNIFICANT ACCOUNTING POLICIES
(Continued)

(ab) Related parties (Continued)

- (ii) An entity is related to the Group if any of the following conditions applies:
- (1) 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);
 - (2) 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);
 - (3) Both entities are joint ventures of the same third party;
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (6) The entity is controlled or jointly controlled by a person identified in (i);
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (8) 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 Group's parent.

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.

2 主要會計政策(續)

(ab) 關聯方(續)

- (ii) 倘以下情況適用，則任何實體即視為與本集團有關聯：
- (1) 該實體與本集團為同一集團成員(即母公司、附屬公司及同系附屬公司各自互有關聯)。
 - (2) 一個實體為另一實體之聯營公司或合營企業(或為另一實體所屬集團成員公司之聯營公司或合營企業)。
 - (3) 兩個實體均為同一第三方之合營企業。
 - (4) 一個實體為第三間實體之合營企業，而另一實體為第三方之聯營公司。
 - (5) 該實體乃為本集團或與本集團有關聯實體之僱員提供福利之離職後福利計劃。
 - (6) 該實體受(i)所識別人士控制或共同控制；或
 - (7) 上述第(i)(1)項內所認定人士對該實體有重大影響力或是該實體(或該實體母公司)的關鍵管理人員。
 - (8) 該實體或其所屬集團的任何成員公司向本集團或本集團母公司提供關鍵管理人員服務。

一名個人的近親是指與有關實體交易並可能影響該個人或受該個人影響的家庭成員。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRS and amendments to HKFRSs that are first effective for the current accounting period of the Group, the following developments are relevant to the Group's financial statements:

Amendments to HKFRS 9, Financial instruments

HKFRS 15, Revenue with contracts with customers

HK (IFRIC) Interpretation 22, Foreign currency transactions and advance considerations

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9. The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. Details of the changes in accounting policies are discussed below.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and also the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

3 會計政策的修訂

香港會計師公會頒布了多項《香港財務報告準則》的新準則及修訂，這些新準則及修訂於本集團的本會計期間首次生效。有關發展包括可能與本集團相關的以下各項：

《香港財務報告準則》第9號修訂「金融工具」

《香港財務報告準則》第15號「客戶合同收益」

香港(國際財務報告詮釋委員會)－詮釋第22號「外幣交易及預付對價」

本集團並無採用任何在本會計期間尚未生效的任何其他新準則或詮釋，除《香港財務報告準則》第9號修訂－「負補償提前還款特徵」與《香港財務報告準則》第9號同時採用外。本集團並無採用任何在本會計期間尚未生效的任何其他新準則或詮釋。

本集團已受《香港財務報告準則》第9號關於金融資產分類與信用損失計量的規定影響。會計政策的修訂詳情論述如下。

根據所選的過渡方法，本集團將初始應用《香港財務報告準則》第9號的累積影響確認為於二零一八年一月一日的股本期初結餘的調整。比較資料未進行重述。下表概述了綜合財務狀況表各行項目(已受《香港財務報告準則》第9號影響)所確認的期初調整，以及基於《香港會計準則》第39號的本集團的金融資產，並對根據《香港會計準則》第39號確定的該等金融資產的賬面值與根據《香港財務報告準則》第9號確定的賬面值進行對賬。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9:

3 會計政策的修訂(續)

下表列示了《香港會計準則》第39號下本集團各類金融資產的原始計量類別，並對根據《香港會計準則》第39號確定的該等金融資產的賬面值與根據《香港財務報告準則》第9號確定的賬面值進行對賬。

		Impact on initial application of HKFRS9 初始採納《香港財務報告準則》第9號的影響			
		At 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元	Reclassification	Remeasurement	At 1 January 2018 於二零一八年 一月一日 HK\$'000 千港元
			重新分類 HK\$'000 千港元	重新計量 HK\$'000 千港元	
Financial assets carried at amortised cost	以攤銷成本列賬的金融				
Current	流動				
Other receivables	其他應收款項	58,718	—	(1,143)	57,575
Bank balance-trust and segregated account	銀行餘額 — 信託及獨立賬戶	340,029	—	(37)	339,992
Fixed bank deposit with original maturity over 3 months	原定期限多於三個月的銀行定期存款	1,580,313	—	(1,813)	1,578,500
Cash and cash equivalents	現金及現金等值項目	2,182,374	—	(697)	2,181,677
Financial assets measured at FVOCI (non-recycling) ("FVOCI")	以公允價值計量且其變動計入其他綜合收益(不可轉回)的金融資產				
Non-current	非流動資產				
— perpetual capital (note)	— 永續資本(附註)	—	76,989	—	76,989
Financial assets carried at FVPL ("FVPL")	以公允價值計量且其變動計入損益的金融資產				
Fund investment	基金投資				
— current	— 流動	—	326,691	—	326,691
— non-current	— 非流動	—	295,797	—	295,797
Non-current credit link obligation notes	非流動信用連結負債票據	—	192,721	—	192,721
Financial assets classified as available-for-sales investment under HKAS 39	劃歸為《香港審計準則》第39號下的可供出售金融資產				
— current	— 流動	326,691	(326,691)	—	—
— non-current	— 非流動	565,507	(565,507)	—	—
Deferred tax asset	遞延稅項資產	—	—	609	609
Reserves	儲備	(489,762)	—	(3,081)	(492,843)
Total equity:	權益總額	4,139,332	—	(3,081)	4,136,251

Note: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities 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 investment in perpetual capital at FVOCI (non-recycling), as the investment is held for strategic purposes.

附註：根據《香港審計準則》第39號，並非持作買賣的權益證券被劃歸為可供出售金融資產。根據《香港財務報告準則》第9號，該等權益證券被劃歸為以公允價值計量且其變動計入損益，除非其符合本集團指定以公允價值計量且其變動計入其他綜合收益的條件。於二零一八年一月一日，本集團指定其於永續資本的投資以公允價值計量且其變動計入其他綜合收益(不可轉回)，因為該投資持作戰略目的。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

The following table summarises the impact of transition to HKFRS 9 on accumulated loss and reserves and the related tax impact at 1 January 2018.

Accumulated loss

	累計虧損	HK\$'000 千港元
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	由公允價值儲備(可轉回)轉撥至當前以公允價值計量且其變動計入損益的金融資產	15,002
Recognition of additional expected credit losses on financial assets measured at amortised cost	確認以攤銷成本計量的金融資產的額外預期信用損失	(3,690)
Deferred tax	遞延稅項	609
Net decrease in accumulated loss at 1 January 2018	累計虧損減少淨額於二零一八年一月一日	11,921

Fair value reserve (recycling)

	公允價值儲備(可轉回)	HK\$'000 千港元
Transferred to retained earnings relating to financial assets now measured at FVPL	轉撥至與當前以公允價值計量且其變動計入損益的金融資產相關的保留溢利	(15,002)
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at FVOCI	轉撥至與當前以公允價值計量且其變動計入其他綜合收益的權益證券相關的公允價值儲備(不可轉回)	684
Net decrease in fair value reserve (recycling) at 1 January 2018	於二零一八年一月一日公允價值儲備(可轉回)減少淨額	(14,318)

Fair value reserve (non-recycling)

	公允價值儲備(不可轉回)	HK\$'000 千港元
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVOCI and decrease in fair value reserve (non-recycling)	由公允價值儲備(可轉回)轉撥至與當前以公允價值計量且其變動計入其他綜合收益的權益證券以及公允價值減少額(不可轉回)	(684)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

3 會計政策的修訂(續)

下表概述了過渡至《香港財務報告準則》第9號對累計虧損和儲備的影響以及於二零一八年一月一日的相關稅項影響。

累計虧損

	累計虧損	HK\$'000 千港元
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	由公允價值儲備(可轉回)轉撥至當前以公允價值計量且其變動計入損益的金融資產	15,002
Recognition of additional expected credit losses on financial assets measured at amortised cost	確認以攤銷成本計量的金融資產的額外預期信用損失	(3,690)
Deferred tax	遞延稅項	609
Net decrease in accumulated loss at 1 January 2018	累計虧損減少淨額於二零一八年一月一日	11,921

公允價值儲備(可轉回)

	公允價值儲備(可轉回)	HK\$'000 千港元
Transferred to retained earnings relating to financial assets now measured at FVPL	轉撥至與當前以公允價值計量且其變動計入損益的金融資產相關的保留溢利	(15,002)
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at FVOCI	轉撥至與當前以公允價值計量且其變動計入其他綜合收益的權益證券相關的公允價值儲備(不可轉回)	684
Net decrease in fair value reserve (recycling) at 1 January 2018	於二零一八年一月一日公允價值儲備(可轉回)減少淨額	(14,318)

公允價值儲備(不可轉回)

	公允價值儲備(不可轉回)	HK\$'000 千港元
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVOCI and decrease in fair value reserve (non-recycling)	由公允價值儲備(可轉回)轉撥至與當前以公允價值計量且其變動計入其他綜合收益的權益證券以及公允價值減少額(不可轉回)	(684)

以往會計政策修訂的性質和影響詳情和過渡方法載列如下：

3 CHANGES IN ACCOUNTING POLICIES
(Continued)

Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at FVOCI and FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI – (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

3 會計政策的修訂(續)

金融資產及金融負債的分類

《香港財務報告準則》第9號將金融資產劃分為三大分類：以攤銷成本計量、以公允價值計量且其變動計入其他綜合收益，以及以公允價值計量且其變動計入損益。該等分類將取代《香港會計準則》第39號的持有至到期投資、貸款及應收款、可供出售金融資產及以公允價值計量且其變動計入損益的金融資產的分類。在《香港財務報告準則》第9號下的金融資產分類是基於管理該金融資產的商業模式及其合同現金流特征。

本集團持有的非股權投資劃歸為以下計量類別之一：

- 攤銷成本，如果投資僅是為了收取僅代表本金和利息的支付的合同現金流量而持有。投資的利息收入採用實際利率法確認。
- 以公允價值計量且其變動計入其他綜合收益(可轉回)，如果該投資的合同現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合同現金流量出售來實現。公允價值變動計入其他綜合收益，但預期信用損失的損益、利息收入(採用實際利率法計算)和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他綜合收益中累計的金額將從權益轉回至；或
- 如果投資不符合以攤銷成本或以公允價值計量且其變動計入其他綜合收益(可轉回)的標準，則以公允價值計量且其變動計入損益。投資的公允價值變動(包括利息)在損益中確認。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

Classification of financial assets and financial liabilities (Continued)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Opening balance adjustment

Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables);
- contract assets as defined in HKFRS 15;

3 會計政策的修訂(續)

金融資產及金融負債的分類(續)

股權證券投資被劃歸為以公允價值計量且其變動計入損益，除非股權投資不是為交易目的而持有，並且在初始確認投資時，本集團選擇指定該投資以公允價值計量且其變動計入其他綜合收益(不可轉回)，因此，其後的公允價值變動在其他綜合收益中確認。該選擇是基於逐項工具作出，但僅限於投資符合發行人認可的股權定義時才可行。進行該選擇時，在其他綜合收益中累計的金額保留在公允價值儲備(不可轉回)，直至投資出售。出售投資時，公允價值儲備(不可轉回)中累計的金額轉入保留盈利。其不通過損益轉回。股權證券投資的股息，無論是劃歸為以公允價值計量且其變動計入損益還是以公允價值計量且其變動計入其他綜合收益(不可轉回)，均在損益中確認為其他收入。

根據《香港財務報告準則》第9號，在主體為標準範圍內金融資產的合同中的嵌入衍生工具並不與主體分開。相反，混合工具作為整體進行分類評估。

期初調整

信用損失

《香港財務報告準則》第9號以「預期信用損失」模型，取代《香港會計準則》第39號的「已產生損失」模型。預期信用損失模型要求持續計量與金融資產有關的信用風險，並因此較《香港會計準則》第39號的「已產生損失」模型提早確認預期信用損失。

本集團就下列項目運用了新的預期信用損失模型：

- 以攤銷成本計量的金融資產(包括現金及現金等值項目、應收賬款及其他應收款項)；
- 如《香港財務報告準則》第15號定義的合同資產；

3 CHANGES IN ACCOUNTING POLICIES (Continued)

Opening balance adjustment (Continued)

Credit losses (Continued)

- debt securities measured at FVOCI (recycling);
- financial guarantee contracts issued; and
- loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

3 會計政策的修訂(續)

期初調整(續)

信用損失(續)

- 以公允價值計量且其變動計入其他綜合收益(可轉回)的債務證券；
- 已作出財務擔保合同；以及
- 不以公允價值計量且其變動計入損益的已發出貸款承諾。

以公允價值計量的金融資產，包括債券基金單位、以公允價值計量且其變動計入損益的權益證券、指定以公允價值計量且其變動計入其他綜合收益的權益證券(不可轉回)以及衍生金融資產，均無需進行預期信用損失評估

預期信用損失的計量

預期信用損失是信用損失的概率加權估計。信用損失以所有現金所缺金額的現值(即根據合同應歸還予實體的現金流量與本集團預計收到的現金流量之間的差額)計量。

對於未提取的貸款承諾，預期現金短缺按(i)貸款承諾持有人減少貸款時應支付的合同現金流量與(ii)如果貸款被提取時本集團預計收到的現金流量之間的差額計量。

如果貼現影響重大，則使用以下貼現率貼現預期現金短缺：

- 固定利率金融資產、應收賬款和其他應收款以及合同資產：初始確認時確定的實際利率或其近似值；
- 浮動利率金融資產：當前實際利率；
- 貸款承諾：就現金流量具體風險調整的當前無風險利率。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

Opening balance adjustment (Continued)

Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3 會計政策的修訂(續)

期初調整(續)

預期信用損失的計量(續)

預期信用損失的最長期間按本集團面臨信用風險的最長合同期計量。在計量預期信用損失時，本集團會考慮毋須支付過多成本或努力而已可得的合理及具支持理據的資料。該等資料包括以往事件、現有條件及未來經濟環境的預測。

預期信用損失按如下任意基準計量：

- 12個月預期信用損失：即報告日後12個月內可能違約事件產生的預期信用損失；及
- 生命週期的預期信用損失：即在預期信用損失模型適用項目的預計生命週期內所有可能違約事件產生的預期信用損失。

本集團以相等於整個生命週期內預期信用損失的金額計量應收賬款和合同資產的損失撥備。該等金融資產的預期信用損失使用基於本集團歷史信用損失經驗的撥備矩陣進行估計，並根據債務人特有的因素進行調整，同時對報告日當前和預測的整體經濟狀況進行評估。

至於所有其他金融工具(含已發出貸款承諾)，本集團確認等同於12個月預期信用損失的損失撥備，除非金融工具的信用風險自初始確認後大幅增加。為此，損失撥備按等同於生命週期的預期信用損失的金額計量。

3 CHANGES IN ACCOUNTING POLICIES
(Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

3 會計政策的修訂(續)

信用風險大幅上升

在評估自初始確認後金融工具的信用風險(包括貸款承諾)是否大幅上升時,本集團將報告日評估的金融工具違約風險與初始確認日評估的風險進行比較。進行重新評估時,本集團認為,當(i)借款人不可能全數支付其對本集團的信用義務,且本集團不會就諸如實現擔保等行為(如有)訴諸追索權;或(ii)該金融資產逾期90天,即發生違約風險。本集團會考慮毋須支付過多成本或努力而已可得的合理及具支持理據的定量和定性資料。該等資料包括以往經驗和前瞻性信息。

尤其是,在評估自初始確認後信用風險是否大幅上升時,會考慮以下資料:

- 未能合同到期日的本金或利息;
- 金融工具的外部或內部信用評級(如有)的實際或預期發生顯著惡化;
- 債務人的經營業績實際或預期發生顯著惡化;以及
- 對債務人履行其對本集團義務的能力產生重大不利影響的技術、市場、經濟或法律環境的當前或預期變化。

對於貸款承諾,為評估預期信用損失而初始確認的日期視為本集團成為不可撤銷承諾的一方的日期。在評估自初始確認貸款承諾後信貸風險是否大幅上升時,本集團會考慮貸款承擔所涉及的貸款發生違約風險的變化。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

3 會計政策的修訂(續)

信用風險大幅上升(續)

根據金融工具的性质，對信用風險是否大幅上升的評估是按個別基準或組合基準執行。以組合基準執行評估時，金融工具根據共有信用風險特徵進行分組，例如逾期狀態和信用風險評級。

於各報告日重新計量預期信用損失，以反映自初始確認後金融工具信用風險的變化。預期信用損失金額的任何變動均在損益中確認為減值收益或虧損。本集團確認所有金融工具的減值收益或虧損，並通過損失準備賬戶對其賬面值進行相應調整，但以公允價值計量且其變動計入其他綜合收益(可轉回)的債務證券投資除外，其損失準備在其他綜合收益中確認，並於公允價值儲備(可轉回)中累計。

信用已減值金融資產的利息收入的計算基準

利息收入乃根據金融資產的賬面總值計算，除非該金融資產發生信用減值，在此情況下，利息收入乃根據金融資產的攤銷成本計算(即金融資產的賬面總值減去損失準備)。

於各報告日，本集團評估金融資產是否出現信用減值。當發生對金融資產預計未來現金流量有不利影響的一項或多項事件時，金融資產發生信用減值。

金融資產信用減值的證據包括以下可觀察數據：

- 債務人出現重大的財務困難；
- 違反合同，如拖欠利息或本金付款；
- 借款人很可能面臨破產或其他財務重組；

3 CHANGES IN ACCOUNTING POLICIES
(Continued)

Significant increases in credit risk (Continued)

Basis of calculation of interest income on credit-impaired financial assets (Continued)

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to HK\$3,690,000, which decreased retained earnings by HK\$3,081,000 and increased gross deferred tax assets by HK\$609,000 at 1 January 2018.

3 會計政策的修訂(續)

信用風險大幅上升(續)

信用已減值金融資產的利息收入的計算基準(續)

- 技術、市場、經濟或法律環境出現對債務人構成負面影響的重大變動；或
- 因為發行人財政困難而導致某擔保失去活躍市場。

撇銷政策

金融資產或合同資產的賬面總值在沒有實際可收回的情況下予以撇銷(部分或全部)。當本集團確定債務人沒有資產或收入來源可以產生足夠的現金流來償還撇銷金額時，通常就屬於這種情況。

早前已撇銷資產的其後收回於收回發生的期間在損益中確認為減值撥回。

期初調整

於二零一八年一月一日，由於會計政策修訂，本集團已確認額外為數3,690,000港元的預期信用損失，使保留盈利減少3,081,000港元及遞延稅項資產總額增加609,000港元。

Notes to the financial statements

財務報表附註

3 CHANGES IN ACCOUNTING POLICIES (Continued)

Significant increases in credit risk (Continued)

Opening balance adjustment (Continued)

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

		HK\$'000 千港元
Loss allowance at 31 December 2017 under HKAS39	基於《香港會計準則》第39號於二零一七年十二月三十一日的損失準備	34,613
Additional credit loss recognised at 1 January 2018 on:	於二零一八年一月一日確認的額外信用損失：	
— Other receivable	— 其他應收款	1,143
— Bank balance trust and segregate account	— 銀行餘額信託及獨立賬戶	37
— Fixed bank deposit with original maturity over 3 months	— 原定期限多於三個月的銀行定期存款	1,813
— Cash and cash equivalents	— 現金及現金等值項目	697
Loss allowance at 1 January 2018	於二零一八年一月一日的損失準備	38,303

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Actuarial assumptions on future policyholders' benefits

The process used to determine the assumptions is intended to result in estimates of the most likely outcome with reasonable provisions for possible adverse deviations.

The assumptions that are considered include the expected number and timing of deaths, surrenders, discount rates, renewal expenses and inflation over the period of exposure.

3 會計政策的修訂(續)

信用風險大幅上升(續)

期初調整(續)

下表對根據《香港會計準則》第39號確定的於二零一七年十二月三十一日的期末損失準備與根據《香港財務報告準則》第9號確定的於二零一八年一月一日的期初損失準備進行了對賬。

4 重要會計判斷及估計不確定因素之重要來源

(a) 對未來保單持有人給付的精算假設

用於確定假設的過程旨在通過估計最有可能出現的結果及就可能的不利偏差提供合理的準備金。

所考慮的假設包括風險期間預計的死亡人數和歲數、退保率、貼現率、續保費用和通貨膨脹。

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(a) Actuarial assumptions on future policyholders' benefits *(Continued)*

(i) Mortality

Prudent mortality tables and industry mortality tables with margins are used. They are compared with the Group's internal mortality experience on a regular basis to ensure their appropriateness.

Basically, the Group's valuation of non-annually renewable premium traditional products is based on the following mortality tables (except for some minor blocks of policies):

- 105% of Hong Kong Assured Lives Mortality Table 1993 with old age adjustment; and
- A1967-70 Assured Lives Mortality Table (Ultimate).

Both of the above tables are subject to a four year age setback adjustment for females.

(ii) Morbidity

Morbidity is based on the reinsurer's risk premiums which are relevant to its market experience. It is compared with the Group's internal morbidity experience on a regular basis to ensure its appropriateness.

(iii) Withdrawal

Withdrawal rates are determined with reference to pricing assumptions and actual experience.

(iv) Discount rates

Discount rates are determined from a prudent assessment of the yields on existing financial assets and the yields obtained on sums to be invested in the future.

The Group's valuation of non-annually renewable premium traditional products is based on the discount rate of 5%.

4 重要會計判斷及估計不確定因素之重要來源 *(續)*

(a) 對未來保單持有人給付的精算假設 *(續)*

(i) 死亡率

使用具有緩衝的謹慎死亡率表和行業死亡率表。將它們定期與集團的內部死亡率經驗進行比較，以確保其適當性。

基本上，本集團按以下死亡率表對非年度續保的傳統產品進行估值(除了部分不大重要的保單部分)

- 105%的1993年香港保險業死亡率表，並就老齡作出調整；及
- 1967-70保險業死亡率表(終稿)。

上述列表均就女性往後作出四年的歲數調整。

(ii) 發病率

發病率是以再保險公司的風險溢價為基礎，並與市場經驗相關。它定期與本集團對發病率的內部經驗進行比較，以確保其適當。

(iii) 提取

提取率參考定價假設和實際經驗確定。

(iv) 貼現率

貼現率是根據對現有金融資產收益率的審慎評估，以及未來投資金額的收益率確定。

本集團對非年度續保的傳統產品是以5%的貼現率進行估值。

Notes to the financial statements

財務報表附註

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Actuarial assumptions on future policyholders' benefits (Continued)

(v) Renewal expenses and inflation

The level of renewal expenses is based on pricing assumptions. It is compared with the Group's internal expense study result on a regular basis to ensure its appropriateness.

The inflation rate assumption is 4%. It is compared with the Hong Kong Consumer Price Indices on a regular basis to ensure its appropriateness.

(vi) Change in assumptions and sensitivity to changes in variables

Sensitivity tests are conducted using varying mortality, morbidity and discount rate assumptions to measure the impact of deviations from anticipated experience.

The Group performs this sensitivity analysis for non-annually renewable premium traditional products to estimate the sensitivity of reserve to a particular movement in an assumption with all other assumptions remaining unchanged. Since the changes in the assumptions of withdrawal, renewal expenses and inflation only have minimal impact on the future policyholders' benefits, they are not considered in this sensitivity analysis. The following table demonstrates the resulting impacts:

Variables		Change in variables	2018 Change in profit after tax and Equity 二零一八年稅後溢利和股權變化 HK\$'000 千港元
變量		變量的變化	
Discount rate	貼現率	+1%	376,631
		-1%	(431,986)
Mortality/morbidity	死亡率/發病率	+10%	(43,884)
		-10%	44,847

4 重要會計判斷及估計不確定因素之重要來源(續)

(a) 對未來保單持有人給付的精算假設(續)

(v) 續保費用和通貨膨脹

續保費用的水準是以定價假設為基礎。它定期與本集團的內部費用研究結果進行比較，以確保其適用。

通脹率假設為4%。它會定期與香港消費物價指數作比較，以確保其適當。

(vi) 假設變化和可變因素變化的敏感度

使用不同的死亡率、發病率和貼現率假設進行敏感性測試，以計量偏離預期經驗的影響。

本集團對非年度續保的傳統產品進行此敏感性分析，以假設所有其他假設保持不變下，估計儲備對特定變動的敏感度。由於退保、續保費用和通脹假設的變動僅對未來保單持有人的利益造成輕微影響，因此在這種敏感性分析中不予考慮。下表顯示了由此產生的影響：

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(a) Actuarial assumptions on future policyholders' benefits *(Continued)*

(vi) Change in assumptions and sensitivity to changes in variables *(Continued)*

Universal life, variable universal life, deferred annuities and annually renewable premium traditional products whose future policyholders' benefits are independent of mortality, morbidity, discount rates, withdrawal, renewal expenses and inflation are excluded from this analysis.

The fair values of investments are sensitive to interest rate changes. As the Group's main products are universal life products, interest rates may have an impact on the products' guaranteed minimum payouts and on interest credited to account holders. As interest rates decrease, investment spreads may contract as interest rates approach minimum guarantees, potentially resulting in an increased liability of the Group. As long as the total interest credited is higher than the guaranteed minimum amount, the Group has discretion on the crediting rate. The Group's exposure to interest rate risk associated with these types of products is therefore minimal. The Group may be exposed to interest rate risks in connection with traditional insurance products, which is considered inconsequential in view of the Group's product portfolio. As such, no sensitivity analysis for the underlying interest rate risk is performed.

4 重要會計判斷及估計不確定因素之重要來源 *(續)*

(a) 對未來保單持有人給付的精算假設 *(續)*

(vi) 假設變化和可變因素變化的敏感度 *(續)*

此分析不包括萬用壽險、可變萬用壽險、遞延年金和每年續保的傳統產品，而其未來保單持有人的給付與死亡率、發病率、貼現率、退保、續保費用和通脹無關。

投資的公允價值會受利率變化的影響。由於本集團的主要產品是萬用壽險產品，利率可能會影響產品的保證最低支出和貸記給賬戶持有人的利息。隨著利率下降，投資差價可能會隨著利率接近最低保證而收窄，從而可能導致本集團的負債增加。只要貸記的總利息高於保證的最低金額，本集團可酌情決定貸記利率。因此，本集團與這些類型產品相關的利率風險很小。本集團可能面臨與傳統保險產品相關的利率風險，鑒於本集團的產品組合，這被視為無關緊要。因此，不會對基本利率風險進行敏感度分析。

Notes to the financial statements

財務報表附註

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

At the end of each reporting period, the Group assesses the variable returns arising from other equities and uses plenty of judgments, in combination with historical exposure to variable returns, to determine the consolidation scope.

(c) Classification and Fair value of derivative and financial instruments

Under HKFRS 9, classification of financial instruments depends on the contractual cashflow characteristics (the Solely Payment of Principal and Interest ("SPPI") criteria) and driven by the business model of the entity. A financial asset that does not meet the SPPI criterion is always measured at FVPL, unless it is an equity instrument for which an entity applies the election to measure at FVOCI. Management judgement is involved throughout the assessment.

The Group selects appropriate valuation techniques for financial instruments which are classified as level 2 and 3 investments in accordance with the Group's significant accounting policies. Note 5 provides detailed information about the key assumptions used in the determination of the fair value of material financial instruments.

4 重要會計判斷及估計不確定因素之重要來源(續)

(b) 合併範圍的確定

評估本集團作為投資者是否控制投資對象時，須考慮一切事實及情況。控制原則包括三個控制權要素：(a)對投資對象的權力；(b)因參與投資對象而承擔或享有可變回報的風險或權利；及(c)運用對投資對象的權力影響投資者的回報金額的能力。

投資者控制權之初步評估或其作為主事人或代理人之身份不會僅僅因為市況的改變(例如市況帶動投資對象回報的改變)而出現變動，除非市況變動使上文列示的三項控制權要素中的一項或多項要素發生變化，或使主事人與代理人的整體關係發生變化。

本集團在各報告期末評估其他股權產生的可變回報，並運用大量判斷，同時結合過往可變回報之風險以確定合併範圍。

(c) 衍生工具及金融工具之分類及公允價值

根據香港財務報告準則第9號，金融工具的分類取決於合約現金流量特徵(本金及利息的獨立支付(「SPPI」)標準)，並由實體的業務模式所驅動。不符合SPPI標準的金融資產始終以公允價值計量且其變動計入當期損益，除非該實體通過其他綜合收益將該選擇用於公允價值計量的權益工具。整個評估都涉及管理層的判斷。

本集團對根據本集團的主要會計政策劃歸為第二層級及第三層級投資的金融工具選用適當的估值技術。附註5載有釐定重大金融工具公允價值之主要假設之詳細資料。

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(d) Expected credit loss estimation

The Group selects appropriate methodology and assumptions in accordance with the Group's significant accounting policies. Note 3 provides detailed information about the key assumptions used in the determination of the expected credit loss of financial instruments classified under amortised cost and for debt instruments carried at FVOCI.

5 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Risk management objectives and policies for mitigating insurance and financial risk

The Group operates in a business environment which is subject to various risks and uncertainties. Such risks and uncertainties can be classified into two categories, insurance risks and financial risks.

(i) Insurance risks

The Group manages insurance risks through prudent pricing guidelines, reinsurance and underwriting management and monitoring internal and external emerging trends and issues.

4 重要會計判斷及估計不確定因素之重要來源(續)

(d) 預期信用損失估計

本集團對根據本集團的主要會計政策選用適當的方法和假設。附註3載有確定劃歸為以攤銷成本計量及以公允價值計量且其變動計入其他綜合收益之債務金融工具的預期信用損失時所用的主要假設之詳細資料。

5 保險和金融風險管理

(a) 風險管理目標及降低保險和金融風險的政策

本集團在一個受各種風險和不確定因素影響的商業環境中運作。這些風險和不確定性可分為兩類：保險風險和金融風險。

(i) 保險風險

本集團通過審慎的定價指引、再保險和承保管理以及監控內部和外部的新興趨勢和課題來管理保險風險。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(i) Insurance risks (Continued)

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write in order to ensure appropriate risk selection within the portfolio. Adherence to the underwriting authorities is monitored through a scheduled underwriting audit. In addition, the Group has an Underwriting Committee to establish policies and procedures to supervise and assess the insurance risks and to periodically review and monitor the overall underwriting management process. The Group also has a Claims Settlement Committee to establish policies and procedures to supervise the claims settlement policy. The committee monitors the adequacy of the Group's reserves for the settlement of claims, reviews significant claims or major events, and investigates any fraudulent claims.

The Group reinsures a portion of the risks it underwrites in order to control its exposure to losses to avoid the risk of concentration and to protect capital resources. Such transfers of risks do not relieve the Group of its primary liability and, as such, failure of reinsurers to honour their obligations could result in losses. The Group reduces this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk. The Group has a Reinsurance Committee to establish policies and procedures to properly and regularly supervise and review proposed and existing reinsurance activities covering ceded risks to reinsurers. The committee also periodically reviews and monitors the financial stability of reinsurers.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(i) 保險風險(續)

本集團尋求多元化的承保策略，以確保平衡的投資組合，並以多年來類似風險的大量投資組合為基礎，因此相信這會降低結果的可變性。該策略通過詳細的承保職權下達到個別承保人員，該承保職權規定了任何一個承保人員可以承保的限額，以確保在投資組合中進行適當的風險選擇。通過預定的承保審計監督對承保職權的遵守情況。此外，本集團還設有承保委員會，負責制定監管和評估保險風險的政策和程序，並定期審查和監督整個承保管理流程。本集團還設立了理賠委員會，以制定監督理賠政策的政策和程序。該委員會負責監督集團儲備金的充足性，以解決賠款、審查重大賠款或重大事件，並調查任何欺詐性賠款。

本集團分出再保其承保的部分風險，以控制其虧損風險，以避免集中風險並保護資本資源。這種風險轉移並不能減輕集團的主要責任，因此，再保險公司未能履行其義務可能會導致損失。本集團通過評估再保險公司的財務狀況和監控可能出現的信用風險集中度來降低風險。本集團設有再保險委員會，以制定政策和程序，以適當和定期監督和審查建議和現有的再保險活動，包括對再保險公司的分出風險。該委員會還定期審查和監督再保險公司的財務穩定性。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(i) Insurance risks (Continued)

Concentration of insurance risks

The table below illustrates the concentration of risks based on seven bands of contracts grouped by benefits assured for each life assured.

HK\$'000	千港元	Sum insured before reinsurance 再保險前的保險金額		Sum insured after reinsurance 再保險後的保險金額	
		HK\$'000 千港元	%	HK\$'000 千港元	%
2018	二零一八年				
0-500	0-500	26,605,966	15	35,967,506	45
501-750	501-750	19,864,309	12	28,647,695	36
751-1,000	751-1,000	25,745,360	15	14,767,303	19
1,001-1,500	1,001-1,500	29,326,568	17	—	—
1,501-2,000	1,501-2,000	19,445,527	11	—	—
2,001-2,500	2,001-2,500	10,492,543	6	—	—
>2,500	>2,500	41,325,657	24	—	—
Total	總計	172,805,930	100	79,382,504	100

HK\$'000	千港元	Sum insured before reinsurance 再保險前的投保額		Sum insured after reinsurance 再保險後的投保額	
		HK\$'000 千港元	%	HK\$'000 千港元	%
2017	二零一七年				
0-500	0-500	—	—	—	—
501-750	501-750	—	—	—	—
751-1,000	751-1,000	—	—	—	—
1,001-1,500	1,001-1,500	—	—	—	—
1,501-2,000	1,501-2,000	—	—	—	—
2,001-2,500	2,001-2,500	—	—	—	—
>2,500	>2,500	—	—	—	—
Total	總計	—	—	—	—

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(i) 保險風險(續)

保險風險的集中度

下表說明了基於七個合同範圍的風險集中度，而這些合同按照每個受保人的保障分組。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. These risks are limited by the Group's financial management policies and practices described below.

(1) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- amounts due from issuers of debt securities;
- bank balances;
- insurance and reinsurance receivables;
- commercial mortgage loans;
- other unsecured receivables; and
- derivative financial instruments.

The Group manages its financial assets to limit credit risk by diversifying its portfolio among various security types and industry sectors. The Group has an Investment Committee to supervise and control investments and related financial matters. Investment policies and guidelines have to be approved by the committee. In addition, the committee periodically reviews investment strategies and investment performance.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險

本集團須在正常業務過程中承受信貸、流動資金、利率和貨幣風險。本集團亦須承受在其他實體的股權投資價格波動所產生的股價風險。該等風險通過下述本集團的金融管理政策和慣例予以限制。

(1) 信用風險

本集團須承受信用風險，該風險是交易對手未能全數償還到期金額的風險。本集團須承受信用風險的主要方面有：

- 應收債務證券發行人的金額；
- 銀行餘額；
- 應收保費及分保賬款；
- 商業抵押貸款；
- 其他無抵押應收款項；以及
- 衍生金融工具：

本集團管理其金融資產，通過在各種證券類型和行業領域實現投資組合多元化來限制信用風險。本集團設有投資委員會，負責監督和控制投資及相關金融事宜。投資政策和指引必須獲得委員會的批准。此外，委員會定期審閱投資策略和投資業績。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(1) Credit risk (Continued)

At 31 December 2018, 0.3% (2017: 100%) of the Group's debt securities represented investments in asset-backed and mortgage-backed securities in the United States of America and PRC which are exposed to sub-prime credit risks. The Group does not originate any residential mortgages but invests in residential mortgage loan pools which may contain mortgages of subprime credit quality. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees. As of 31 December 2018, the Group had no direct subprime exposure through the origination of residential mortgage loans or purchases of unsecuritised mortgage whole-loan pools. The Group has implemented a stringent review process for determining the fair value of securities containing these risk characteristics. At 31 December 2018, 90% (2017: Nil) of the debt securities have Standard and Poor's ratings of BBB or above or equivalent ratings from other reputable rating agencies. For the year ended 31 December 2018, impairment losses amounting to HK\$38,796,000 (2017: Nil) were recognised in the consolidated income statements. Further details of the impairment losses are set out in note 7(a).

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(1) 信用風險 (續)

於二零一八年十二月三十一日，本集團債務證券的0.3% (二零一七年：100%) 指於美國和中國的資產支持證券和抵押證券的投資，這些證券須承受次級信用風險。本集團並未發起任何住宅抵押貸款，而是投資於可能包含次貸信用質量抵押的住宅抵押貸款池。住宅抵押貸款池是由聯邦住宅管理局和退伍軍人管理局擔保的同質住宅抵押貸款池。截至二零一八年十二月三十一日，公司未因發起住宅抵押貸款或購買未證券化抵押貸款全額貸款池而承受直接次貸風險。本集團已執行嚴格的審核流程，以厘定包含該等風險特徵的證券公允價值。於二零一八年十二月三十一日，90% (二零一七年：零) 的債務證券的標準普爾評級為BBB或以上或其他知名評級機構的同等評級。截至二零一八年十二月三十一日止年度，為數38,796,000港元 (二零一七年：零港元) 的減值虧損於綜合收益表確認。減值虧損的進一步詳情載於附註7(a)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(1) Credit risk (Continued)

In respect of bank balances, all of them are due from authorised institutions in Hong Kong, Macau, the People's Republic of China, the United Kingdom and the United States of America. Management periodically reviews the credit ratings of these authorised institutions.

With respect to the recoveries due from reinsurers, the Group is exposed to the credit risk that the amounts due under a reinsurance contract may not be paid. For the management of the underlying risks, please refer to note 5(a)(i).

In respect of loans to policyholders, direct premium receivables and other loans to agents and staff, management monitors the repayment status on an ongoing basis. Other unsecured receivables mainly comprise accrued interest income on debt securities, where the credit risks are limited by the diversification of its investment portfolio as mentioned above.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from insurance and reinsurance receivables, other account receivables and other receivables are set out in notes 27, 28 and 29.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(1) 信用風險(續)

就銀行餘額而言，所有款項均來自香港、澳門、中國、英國及美國的授權機構。管理層定期檢討這些授權機構的信用評級。

就應收再保險公司的款項而言，本集團須承受信用風險，即可能無法收回再保險合同項下的應付金額。有關潛在風險的管理，請參閱附註5(a)(i)。

就向保單持有人提供的貸款、直接應收保費及向代理及員工提供的其他貸款，管理層持續監控還款狀態。其他無抵押應收款項主要包括債務證券的應計利息收入，其中信用風險受上文所述投資組合多元化的限制。

最高信用風險承擔指扣除任何減值準備後的財務狀況表內各項金融資產的賬面值。

有關本集團承受因應收保費及分保賬款、其他應收賬款及其他應收款所產生的信用風險的進一步定量披露內容載列於附註27、28和29。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(2) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The Group manages this risk by setting a minimum level of liquidity cash that will be available to cover claims maturities and surrenders.

(i) Financial liabilities

The following tables show the remaining contractual maturities at the end of the reporting period of non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date can be required to pay:

	2018 二零一八年				2017 二零一七年			
	Carrying amount	Total contractual		More than 1 year	Carrying amount	Total contractual		More than 1 year
		undiscounted	Within			undiscounted	Within	
		cash flows	1 year or on demand			cash flows	1 year or on demand	
賬面值	現金流量總額	按要求償還	賬面值	現金流量總額	按要求償還	賬面值	現金流量總額	
	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
Reinsurance premium payables	314,011	314,011	314,011	-	-	-	-	-
Other accounts payables	521,864	521,864	521,864	-	452,575	452,575	452,575	-
Accrued expenses and other payables	824,592	824,592	824,592	-	101,890	101,890	101,890	-
Financial liabilities at fair value through profit or loss	503,130	503,130	-	503,130	441,740	441,740	78,063	363,677
Finance lease liability	15,254	15,901	3,453	12,448	23,072	24,268	7,789	16,479
Bank borrowings	1,198,226	1,321,416	54,681	1,266,735	-	-	-	-
	3,377,077	3,500,914	1,718,601	1,782,313	1,019,277	1,020,473	640,317	380,156

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(2) 流動資金風險

本集團須滿足日常現金資源請求，主要源自壽險合同賠款。因此須承受現金不足以結算到期負債的風險。本集團通過設定可用於支付賠款期滿和退保金的最低流動資金水平來管理此風險。

(i) 金融負債

下表載列了本集團非衍生金融負債於報告期末之餘下合同到期期限，乃按合同未貼現現金流量及本集團可能須支付之最早日期計算得出：

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(2) Liquidity risk (Continued)

(ii) Liabilities under insurance and investment contracts

The following table presents the estimated timing of payments for the amounts recognised in the statement of financial position arising from liabilities under insurance and investment contracts. These contracts typically include policyholder surrender or transfer options at a value equal to, or below, the carrying value of those liabilities.

		2018 二零一八年			2017 二零一七年		
		Total	1 year or less	More than 1 year	Total	1 year or less	More than 1 year
		總計	1年或更短	1年以上	總計	1年或更短	1年以上
		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
Insurance contract provisions	保險合同準備金	39,362,136	2,315,766	37,046,370	—	—	—
Investment contract liabilities	投資合同負債	4,131,951	224,868	3,907,083	—	—	—
Outstanding claims	未決賠款	123,823	123,823	—	—	—	—
		43,617,910	2,664,457	40,953,453	—	—	—

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(2) 流動資金風險(續)

(ii) 保險負債及投資合同

下表載列了保險和投資合同項下負債產生的於財務狀況表中所確認金額的估計付款時間。這些合同通常包括保單持有人退保金或以等於或低於該等負債賬面值的價值轉讓期權。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(3) Interest rate risk

Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments and in the amounts due to policyholders. To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Group controls its exposure to this risk by, among other things, asset and liability matching techniques that account for the cash flow characteristics of the assets and liabilities.

(i) Interest rate profile

The following table details interest-bearing financial assets and financial liabilities at the end of the reporting period.

		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		
Statutory deposits	法定存款	1,532	—
Debt securities and mortgage loans	債務證券及抵押貸款	34,624,636	—
Loans to agents and staff	向代理及員工作出的貸款	26,773	2,000
Cash and cash equivalents and deposits with banks maturing more than three months	現金及現金等值項目以及逾三個月到期的銀行存款	5,443,479	3,762,687
Financial liability	金融負債		
Bank Loans	銀行貸款	1,198,226	—

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(3) 利率風險

利率風險是利率變化的可能性，其可能導致投資價值和應付保單持有人金額的波動。如果利率波動導致資產和負債的期間差異，則本集團通過資產和負債匹配技術(其中包括資產和負債的現金流量特徵)控制其風險敞口。

(i) 利率風險概況

下表詳述本集團計息金融資產和金融負債於報告期末的利率。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(3) Interest rate risk (Continued)

(i) Sensitivity analysis

While it is more difficult to measure the interest sensitivity of the insurance liabilities than that of the related assets, to the extent that the Group can measure such sensitivities the Group believes that interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products.

Financial assets and liabilities

At 31 December 2018, it is estimated that a general increase/decrease of one percentage point in interest rates would decrease/increase the Group's profit after tax by approximately HK\$28,909,000 (2017: Nil) and decrease/increase the equity by approximately HK\$768,736,000 (2017: Nil) respectively so far as the effect on interest-bearing financial assets is concerned.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(3) 利率風險(續)

(i) 敏感度分析

儘管計量保險負債的利率敏感度比相關資產更難，但在本集團能夠計量此敏感度的情況下，本集團認為利率變動將產生能大幅抵銷相關產品負債價值變動的資產價值變化。

金融資產與負債

於二零一八年十二月三十一日，估計當利率普遍上升／下降一個點子，就帶息金融資產受到的影響而言，本集團稅後溢利將因此減少／增加約28,909,000港元(二零一七年：零港元)，股權將因此減少／增加約768,736,000港元(二零一七年：零港元)。

上述敏感度分析乃基於利率變動已於報告期末發生之假設確定。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(4) Currency risk

The Group's currency exchange risk is mainly related to certain policies that are not written in the United States dollars. However, most of the policies are denominated in the United States dollars. As the Group's investments are primarily made in the United States dollars, coupled with the fact that the Hong Kong dollars are pegged to the United States dollars, management does not believe that the currency risk is material. For investments made in non-United States dollars, the Group mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimize currency risk for certain non-United States dollar assets and liabilities through a pre-specified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates. As such, no sensitivity analysis is prepared for currency risk.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(4) 貨幣風險

本集團的貨幣風險主要與並非以美元計價的保單有關。但大多數保單仍以美元計價。由於本集團的投資主要以美元計價，加上港元與美元掛鈎，管理層認為貨幣風險並不重大。就並非以美元計價的投資而言，本集團通過使用交叉貨幣掉期及遠期合同降低貨幣風險。交叉貨幣掉期用於通過預定利息和本金交換來最小化某些非美元資產和負債的貨幣風險。遠期合同用於對沖匯率變動。因此，本集團未就貨幣風險進行敏感度分析。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(4) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the exposure at the end of the reporting period to currency risk arising from financial assets or financial liabilities which are presented in Hong Kong dollars.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(4) 貨幣風險(續)

(i) 貨幣風險敞口

下表詳列本集團於報告期末對以港元計值之金融資產或負債所產生貨幣風險之承擔。

		2018 二零一八年									
		United States Dollars 美元 HK\$'000 千港元	Canadian Dollars 加元 HK\$'000 千港元	Macau Patacas 澳門幣 HK\$'000 千港元	British Pounds 英鎊 HK\$'000 千港元	Australian Dollars 澳元 HK\$'000 千港元	Euros 歐元 HK\$'000 千港元	Chinese Renminbi 人民幣 HK\$'000 千港元	Japanese Yen 日元 HK\$'000 千港元	Thailand Baht 泰銖 HK\$'000 千港元	Singapore Dollars 新加坡元 HK\$'000 千港元
Financial assets 金融資產											
Investments	投資	35,097,983	-	-	-	-	-	-	-	-	-
Insurance and reinsurance receivables	應收保費及分保賬款	165,328	-	126	-	-	-	-	-	-	-
Other account receivables	其他應收賬款	11,735	-	-	-	3	297	-	-	-	1
Other receivables	其他應收款項	432,426	-	-	448	168	228	115	-	-	-
Cash and cash equivalents and deposits with banks maturing more than three months and segregated accounts	現金及現金等值項目以及逾三個月到期的銀行存款和獨立賬戶	2,334,791	13	37,124	756	3,064	838	26,773	522	21	18
		38,042,263	13	37,250	1,204	3,235	1,066	27,070	637	21	19
Financial liabilities 金融負債											
Reinsurance payables	應付再保險保費	225,231	-	-	-	-	-	-	-	-	-
Derivative financial instruments	衍生金融工具	49,280	-	-	-	-	-	-	-	-	-
Other account payables	其他應付賬款	132,229	13	-	62	92	12,183	-	-	-	17
Other payables	其他應付款項	474,360	-	-	-	-	-	-	-	-	-
Investment contract liabilities	投資合同負債	2,094,776	-	70,184	-	-	-	-	-	-	-
Outstanding claims	未決賠款	44,015	-	743	-	-	-	-	-	-	-
		3,019,891	13	70,927	62	92	-	12,183	-	-	17
Notional amount of currency-related derivative contracts	貨幣相關衍生合同的 名義金額	(16,287,292)	-	-	-	-	(13,656)	-	-	-	-

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

5 保險和金融風險管理(續)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) Financial risks (Continued)

(ii) 金融風險(續)

(4) Currency risk (Continued)

(4) 貨幣風險(續)

(i) Exposure to currency risk (Continued)

(i) 貨幣風險敞口(續)

		2017 二零一七年									
		United States Dollars 美元 HK\$'000 千港元	Canadian Dollars 加元 HK\$'000 千港元	Macau Patacas 澳門幣 HK\$'000 千港元	British Pounds 英鎊 HK\$'000 千港元	Australian Dollars 澳元 HK\$'000 千港元	Euros 歐元 HK\$'000 千港元	Chinese Renminbi 人民幣 HK\$'000 千港元	Japanese Yen 日元 HK\$'000 千港元	Thailand Baht 泰銖 HK\$'000 千港元	Singapore Dollars 新加坡元 HK\$'000 千港元
Financial assets	金融資產										
Investments	投資	-	-	-	-	-	-	-	-	-	
Insurance and reinsurance receivables	應收保費及分保賬款	-	-	-	-	-	-	-	-	-	
Other account receivables	其他應收賬款	36,382	-	-	-	-	-	-	-	-	
Cash and cash equivalents and deposits with banks maturing more than three months and segregated accounts	現金及現金等值項目以及逾三個月到期的銀行存款以及獨立賬戶	3,202,256	14	-	67	140	-	18,088	-	14	
Derivative financial instruments	衍生金融工具	-	-	-	-	-	-	-	-	-	
		3,238,638	14	-	67	140	-	18,088	-	14	
Financial liabilities	金融負債										
Reinsurance premium payables	應付再保險保費	-	-	-	-	-	-	-	-	-	
Derivative financial instruments	衍生金融工具	-	-	-	-	-	-	-	-	-	
Other account payables	其他應付款項	(186,584)	(14)	-	(67)	(109)	-	(388)	-	(14)	
Investment contract liabilities	投資合同負債	-	-	-	-	-	-	-	-	-	
Outstanding claims	未決賠款	-	-	-	-	-	-	-	-	-	
		(186,584)	(14)	-	(67)	(109)	-	(388)	-	(14)	
Notional amount of currency-related derivative contracts	貨幣相關衍生合同的名義金額	-	-	-	-	-	-	-	-	-	

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk

The Group is exposed to equity price changes arising from equity investments and derivative instruments classified as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss held by the Group. Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are dealt with in consolidated income statement

The portfolio of unit trusts backing linked insurance contracts, which the Group carries on its statement of financial position at fair value, has exposure to price risk. However, such price risk is fully borne by the policyholders as the benefits payable are linked to the price of the securities.

The portfolio of unit trusts backing non-linked insurance contracts, which the Group carries on its statement of financial position at fair value, also has exposure to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

At 31 December 2018, the unit trusts backing non-linked insurance contracts were classified as fair value through profit or loss under overlay approach at their fair value of HK\$565,133,000 (2017: Nil).

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險

本集團須承擔本集團持有被劃歸為以公允價值計量且其變動計入損益之金融資產之股本投資及衍生工具及以公允價值計量且其變動計入損益之金融負債所產生之股價變動風險。以公允價值計量且其變動計入損益之金融資產及金融負債公允價值變動產生之盈虧乃於綜合收益表中處理。

單位信託支持連結式保險合同的投資組合(本集團按公允價值在其財務狀況表中列報)存在價格風險。由於應付給付與證券價格掛鉤，價格風險完全由保單持有人承擔。

單位信託支持非連結式保險合同的投資組合(本集團按公允價值在其財務狀況表中列報)也存在價格風險。該風險被定義為價格的不利變化導致的市場價值潛在損失。

於二零一八年十二月三十一日，單位信託支持非連結式保險合同按其公允價值565,133,000港元(二零一七年：零港元)被劃歸為按覆蓋法以公允價值計量且其變動計入損益。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

At 31 December 2018, it is estimated that an increase/decrease of 10% (2017: Nil) in the market value of Group's unit trusts backing non-linked insurance contracts, with all other variable held constant, would have increased/decreased the Group's total equity by HK\$56,513,000.

For the other investment under fair value hierarchy level 2 and 3 that is either backing linked insurance contract and those that are not related to insurance contracts, their price risk impact on the Group's profit or total equity is further analysed under fair value measurement.

Fair value measurement

- (1) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

於二零一八年十二月三十一日，估計本集團單位信託支持型非連結式保險合同的市值增加／減少10% (二零一七年：零)，所有其他變數保持不變，將增加／減少本集團的股權總額56,513,000港元。

對於其他第二層級和第三層級公允價值計量的投資，即支持型連結式保險合同或與保險合同無關的投資，其價格風險對本集團利潤或股權總額的影響在公允價值計量下作出進一步分析。

公允價值計量

- (1) 按公允價值計量的金融資產及負債

公允價值層級

下表呈列本集團於報告期末按經常基準所計量的金融工具公允價值。該等金融工具已歸入《香港財務報告準則》第13號「公允價值計量」所界定的三個公允價值層級。本集團參照以下估值方法所採用的輸入值的可觀察程度和重要性，從而釐定公允價值計量數值所應歸屬的層級：

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

(1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

(1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

第一層級估值：公允價值僅使用第一層級輸入數據(即於計量日期之相同資產或負債在活躍市場之未經調整報價)計算

第二層級估值：使用第二層級輸入值(即未達第一層級的可觀察輸入值)並捨棄重大不可觀察輸入值來計量公允價值。不可觀察輸入值是指欠缺市場數據的輸入值

第三層級估值：公允價值使用重大不可觀察之輸入數據計算

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group has established and maintained policies and guidelines that govern its valuation methodologies and their consistent application. These policies and guidelines address the use of inputs, price source hierarchies and provide controls around the valuation processes.

These controls include appropriate review and analysis of prices against market activity or indicators for reasonableness, approval of price source changes, price overrides, methodology changes and classification of fair value hierarchy levels. The valuation policies and guidelines are reviewed and updated as appropriate.

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(5) *股價風險* (續)

公允價值計量 (續)

- (1) 按公允價值計量的金融資產及負債 (續)

公允價值層級 (續)

本集團已制定及維持管理其估值方法及其一致應用的政策及指引。該等政策和指引涉及輸入值、價格來源層級的使用，並就估值流程進行控制。

該等控制包括對市場活動價格或合理性指標、價格來源變化的審批、價格撤銷、方法變更和公允價值層級分類進行適當審閱和分析。估值政策和指引進行審閱和更新 (如適當)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Annually, the Group conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While the Group was not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also included an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process the Group continues to perform for each reporting period.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

本集團每年對主要定價供應商進行審閱，以驗證該供應商定價流程中使用的輸入值是否被視為標準中定義的市場可觀察數據。雖然本集團未獲得供應商的私有模型，但審閱工作包括對各資產類別的定價流程、方法和控制流程以及所提供價格的層次進行現場預檢。審閱工作還包括抽檢各資產類別的個別證券、信用評級層次和各持續期間的基本輸入值和假設，本集團於每個報告期間繼續執行此流程。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. The Group believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

The Group reviews the fair value hierarchy classification at each reporting period. Overall, reclassifications between levels occur when there are changes in the observability of inputs and market activity used in the valuation of a financial asset or liability. Such reclassifications are reported as transfers between levels at the beginning of the reporting period in which the changes occur. Given the types of assets classified as Level 1 (primarily equity securities and mutual fund investments), transfers between Level 1 and Level 2 measurement categories are expected to be infrequent. There were no such transfers during any period presented. Transfers into and out of Level 3 are summarized in the schedule of changes in Level 3 assets and liabilities.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

此外，定價供應商已針對所有抵押估值制定了既定質詢流程，這有助於識別和處理超出預期範圍的價格。本集團認為，從定價供應商獲取的價格能代表於計量日出售資產將收到的價格(脫手價)，並於公允價值層級中進行了適當分類。

本集團於各報告期檢討公允價值層級分類。總體而言，當金融資產或負債的估值中使用的輸入值和市場活動的可觀察性發生變化時，會發生各層級之間的重新分類。該重新分類呈報為發生變化的報告期初各層級之間的轉移。鑒於劃歸為第一層級(主要是股本證券和共同基金投資)的資產類型，預計第一層級和第二層級計量類別之間的轉移很少。列示的任何期間均未發生該類轉移。轉入和轉出第三層級已在第三層級資產和負債的變化表中進行概括。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair value of short-term debt instruments, a maturity less than 30 days, is assumed to be equal to the book value. The Group generally uses unadjusted quotable market prices from independent brokers, when available, to determine the fair value of debt instruments with a maturity greater than 30 days.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

短期債務工具(到期日小於30天)的公允價值假設等於賬面值。本集團一般使用獨立經紀商的未經調整的可引用市場價格(如有)確定到期日超過30天的債務工具的公允價值。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

(1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

(1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

	Fair value measurements as at 31 December 2018 categorised into 於二零一八年十二月三十一日的公允價值計量分類			Fair value measurements as at 31 December 2017 categorised into 於二零一七年十二月三十一日的公允價值計量分類		
	Level 1 第1層級 HK\$'000 千港元	Level 2 第2層級 HK\$'000 千港元	Level 3 第3層級 HK\$'000 千港元	Level 1 第1層級 HK\$'000 千港元	Level 2 第2層級 HK\$'000 千港元	Level 3 第3層級 HK\$'000 千港元
Recurring fair value measurement	按經常基準所計量的公允價值					
Assets/(liabilities)	資產/(負債)					
Financial assets at fair value through profit or loss:	以公允價值計量且其變動計入損益之金融資產					
– Private credit and other trust product type funds	–	–	538,613	–	–	–
– Credit linked obligation note	–	–	27,275	–	–	–
– Listed equity	–	–	–	3,209	–	–
– Leveraged and structured note investment	–	1,799,058	88,980	–	–	–
– Unit trust	553,299	6,373,169	11,834	–	–	–
– Interest in a joint venture	–	–	79,128	–	–	–
– Insurance contract related partnership investment	–	–	1,378,578	–	–	–
– Unlisted fund/share option	–	248	–	–	2,727	–
Financial asset at fair value through other comprehensive income	以公允價值計量且其變動計入其他綜合收益之金融資產					
– Debt securities	–	6,710,854	3,626,407	–	–	–
– Perpetual capital measured at fair value	–	73,213	–	–	–	–
Available-for-sale financial assets	可供出售金融資產					
Overseas investment funds	海外投資基金					
– Mutual fund investments	–	–	–	326,691	–	–
– Private credit funds	–	–	–	–	–	293,554
– Credit linked obligation note	–	–	–	–	–	192,721
– Perpetual capital measured at fair value	–	–	–	–	76,989	–
– Distressed asset funds	–	–	–	–	–	2,243
Financial liabilities designated at fair value through profit or loss	指定以公允價值計量且其變動計入損益之金融負債					
– Fund linked note	–	–	–	–	(78,063)	–
– Preference share liability	–	–	(315,588)	–	–	(207,071)
– Third-party interests in consolidated	–	–	(187,542)	–	–	(156,606)
– Investment contract liabilities	–	(4,131,951)	–	–	–	–
	553,299	10,824,591	5,247,685	329,900	1,653	124,841

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 except for those includes under the movement during the year in the balance of Level 3 fair value measurements and a listed equity outside of Hong Kong with nil carrying value is transferred from level 1 to level 3 upon being delisted. 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.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

公允價值層級(續)

第一層級與第二層級之間並無轉移，或第三層級亦並無轉入或轉出，除了這些包括在第三層級公允價值計量的餘額變動及一份賬面值為零的香港境外上市股權由第一層級轉移至第三層級外。本集團的政策是在公允價值層級之間出現轉移的報告期末確認有關變動。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement
(Continued)

(1) Financial assets and liabilities measured at fair value
(Continued)

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those insurance contract related assets and liabilities

The Group determines the estimated fair value of its investments using primarily the market approach or the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. The Group attempts to maximise the use of observable inputs and minimise the use of unobservable inputs in selecting whether the market or the income approach is used.

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(5) *股價風險* (續)

公允價值計量 (續)

(1) 按公允價值計量的金融資產及負債 (續)

第二層級和第三層級公允價值計量所用的估值技術和輸入值保險合同相關資產和負債

本集團主要使用市場法或收入法確定其投資的估計公允價值。使用相同資產的報價和矩陣定價或其他類似技術是市場方法的典例，而貼現現金流量法的使用則是收入法的代表。本集團試圖最大限度地使用可觀察輸入值，並儘量減少使用不可觀察輸入值來選擇是否使用市場法或收入法。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Debt securities

U.S. Treasury securities and obligations of U.S. government corporations and agencies — These securities are principally valued using the market approach. Level 2 valuations are based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as the benchmark U.S. Treasury yield curve, the spreads versus the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

債務證券

美國政府公司和機構的美國國債及債務—此等證券主要用市場法估值。第二層級估值主要以非活躍市場報價為基礎，或使用矩陣定價或其他使用標準市場可觀察參數的相似方法，例如美國國債收益率基準曲線、相同債券和活躍交易的類似債券的美國國債債券曲線利差。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Debt securities (Continued)

Debt securities issued by foreign governments and state and local government securities — These securities are principally valued using the market approach. Level 2 valuations are based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark U.S. Treasury or other yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar securities, including those within the same sub-sector or with a similar maturity or credit rating. Valuations based primarily on matrix pricing, discounted cash flow models or other valuation techniques that utilize significant inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data or from inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 are classified as Level 3.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) *股價風險*(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

債務證券(續)

外國政府發行的債券及州和當地政府證券——此等證券主要用市場法估值。第二層級估值主要以矩陣定價或其他使用標準市場科觀察參數的相似方法為基礎，包括基準美國債券或其他收益、發行人評級、經紀商報價、發行人利差及相似債券的上報交易，包括在同一部門或有相近到期日或信用評級的證券。估值主要以矩陣定價、折現現金流量模型或其他使用重大參數估值方法為基礎，該重大參數不可觀察，或不得主要由可觀察市場資料派生或證實，或來自包括流動性較低的證券報價和按照比第二層級證券水準較低的交易活動，劃分為第三層級。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Debt securities (Continued)

Assets-backed securities (“ABS”) and mortgage-backed securities (“MBS”) – These securities are principally valued using the market approach or the income approach. Level 2 valuations are based primarily on broker quotes, matrix pricing, discounted cash flow methodologies or other similar techniques using standard market inputs including spreads for similar, actively traded securities, spreads versus benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, issuer credit ratings, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, security structure, deal performance and loan vintage. If the matrix pricing, discounted cash flow models or other valuation techniques utilise significant inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, the fair value measurement is classified as Level 3.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

債務證券(續)

資產抵押證券和按揭抵押證券一此等證券主要以市場法或收益法估值。第二層級估值主要以經紀商報價、矩陣定價、折現現金流模型或其他使用標準市場參數的相似方法為基礎，標準市場參數與包括相近利差、活躍交易證券、基準收益利差、預期預付款速度及金額、當期及預期損失嚴重程度、發行人信用評級、加權平均票據、加權平均到期日、平均拖欠率、地域、償債能力比率的利差，且具體資訊發佈包括但不限於：抵押品類型、相關資產付款條件、付款內優先支付、證券組成、交易業績以及貸款逾期率。如矩陣定價、折現現金流模型或其他使用重大參數的估值方法，而該重大參數不可觀察或不得主要由可觀察市場資料派生或證實，其公允價值計量劃分為第三層級。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Debt securities (Continued)

Corporate securities — These securities are principally valued using the market or the income approaches. Level 2 valuations are based primarily on quoted prices in markets that are not active, broker quotes or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads versus benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities. Privately placed securities are valued using discounted cash flow models using standard market observable inputs, and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. This level also includes securities priced by independent pricing services that use observable

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(5) *股價風險* (續)

公允價值計量 (續)

- (1) 按公允價值計量的金融資產及負債 (續)

債務證券 (續)

公司證券 — 此等證券主要以市場或收益法估值。第二層級估值主要以非活躍市場報價、經紀商報價或使用矩陣定價或其他使用標準市場可觀察參數的相似方法，如基準收益、基準收益利差、新增發行、發行人評級、時長、和相同或相似證券交易。私人配售證券估值使用利用標準市場可觀察參數的折現現金流模型、由市場可觀察資料，包括市場收益曲線、持續時間、贖回條款、可觀察價格和相似公開交易或私下交易的結合了發行人信貸質素和產業部門的發行證券參數。此等級同樣包括由使用可觀察參數的獨立定價服務定價的證券。以矩

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Debt securities (Continued)

inputs. Valuations based on matrix pricing or other similar techniques that utilise significant unobservable inputs or inputs that cannot be derived principally from, or corroborated by, observable market data, including adjustments for illiquidity, delta spread adjustments or spreads to reflect industry trends or specific credit-related issues are classified as Level 3. In addition, inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 are classified as Level 3.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

債務證券(續)

陣定價或其他使用重大不可觀察參數或不得主要由可觀察市場資料，包括不流通調整、德爾塔套利調整或反映行業趨勢的價差或具體與信貸相關事宜派生或證實的相似方法的估價，定為第三層級。此外，包含流動性較低的相同或相似證券報價參數及按照比2級證券水準較低的交易活動，劃分為第三層級。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Unit trusts and equity securities

These securities are principally valued using the market approach. Level 2 valuations for equity securities are based on quoted market prices adjusted for certain factors, such as foreign market differential. If quoted market prices are not available, values provided by other third-party organisations are used. If values from other third parties are unavailable, certain equity securities, including privately held securities classified within equity securities, are valued using the market and the income approaches. Valuations are based primarily on matrix pricing, discounted cash flow methodologies or other similar techniques using inputs such as comparable credit rating and issuance structure. Certain of these securities are valued based on inputs including quoted prices for identical or similar securities, discounted cash flow, solvency margin ratio analysis and portfolio yields. These valuations are based on lower levels of trading activity than securities classified in Level 2 and are classified as Level 3.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

單位信託和股權證券

這些證券主要使用市場方法估值。權益證券的第二層級估值是根據某些因素調整的市場報價，例如國外市場差異。如果沒有報價市場價格，則使用其他第三方組織提供的價值。如果其他第三方的價值不可用，則某些股本證券(包括歸類於股本證券的私人證券)將使用市場法及收益法估值。估值主要基於矩陣定價、折現現金流模型或其他類似技術，並使用可比信用評級和發行結構等輸入值。其中某些證券的估值基於輸入值進行估值，包括相同或類似證券的報價、折現現金流模型、償付能力充足率分析和投資組合收益率。這些估值基於較低水準的交易活動而非分類為第二層級的證券，並歸類為第三層級。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments

These financial instruments are primarily valued using the market approach. The estimated fair value of derivatives is based primarily upon quotations obtained from counterparties and independent sources, such as quoted market values received from brokers. These quotations are compared to internally derived prices and a price challenge is lodged with the counterparties and an independent source when a significant difference cannot be explained by appropriate adjustments to the internal model.

When quoted market values are not reliable or available, the value is based upon an internal valuation process using market observable inputs that other market participants would use.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具

這些金融工具主要使用市場方法估值。衍生工具的估計公允價值主要基於從交易對手和獨立來源獲得的報價，例如從經紀商處收到的報價市場價值。這些報價與內部衍生價格進行比較，並且當通過對內部模型進行適當調整無法解釋重大差異時，對交易對手和獨立來源提出價格上的質疑。

當報價市場價值不可靠或不可用時，相關價值以使用其他市場參與者將使用的市場可觀察輸入值的內部估值流程為基礎。

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Significant inputs to the valuation of derivative financial instruments include Overnight Indexed Swap and London InterBank Offered Rate basis curves, interest rate volatility, swap yield curve, currency spot rates, cross currency basis curves and dividend yield curves. Due to the observability of the significant inputs to these fair value measurements, they are classified as Level 2.

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts. For the periods presented, there were no significant changes to the Group's valuation techniques.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

衍生金融工具估值的重要輸入值包括隔夜指數掉期和倫敦銀行同業拆息的基準曲線、利率波動率、掉期收益率曲線、貨幣即期匯率、交叉貨幣基準曲線和股息收益率曲線。由於這些公允價值計量的重要輸入值的可觀察性，它們被歸類為第二層級。

使用不同的假設或估值方法可能對估計的公允價值金額產生重大影響。對於所呈現的期間，本集團的估值技術並無重大變化。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Information about Level 3 fair value measurements

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第三層級公允價值計量的信息：

		Valuation techniques	Significant unobservable inputs	Range		Weighted average
		估值技術	重大不可觀察輸入值	範圍		加權平均數
		HK\$'000	HK\$'000	最小值	最大值	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Financial assets:	金融資產：					
Financial asset at fair value through profit or loss under overlay adjustment	在重疊調整下按公允價值計量且其變動計入損益的金融資產					
– Partnership investment	– 合夥投資	Net asset value	Net asset value	NA	NA	NA
		資產淨值	資產淨值	不適用	不適用	不適用
Financial asset at fair value through other comprehensive income:	以公允價值計量且其變動計入其他綜合收益的金融資產					
– Corporate securities	– 企業債券	Matrix pricing and DCF	Credit spread	66BPS	1,150BPS	146BPS
		矩陣定價以及貼現現金流量	信用利差	66個點子	1,150個點子	146個點子

5 INSURANCE AND FINANCIAL RISK
MANAGEMENT (Continued)

(a) Risk management objectives and policies
for mitigating insurance and financial risk
(Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement
(Continued)

- (1) Financial assets and liabilities
measured at fair value
(Continued)

Derivative financial
instruments (Continued)

Information about Level 3
fair value measurements
(Continued)

A description of the sensitivity
of the estimated fair value
to changes in the significant
unobservable in puts for
the more significant level 3
insurance contract related
asset and liability classes is
as follows:

Partnership interest – the
fair value estimation is
based on the net asset value
attributable to the Group
determined by the respective
fund managers. If such net
asset value attributable to
the Group is not yet readily
available, adjustments to the
fair value of the funds are
made based on the latest net
asset value with adjustments
based on subsequent
contribution made and
distribution received by the
Group. As at 31 December
2018, it is estimated that
with all other variables
held constant, a decrease/
increase in net asset value by
10% would have increased/
decreased the Group's other
comprehensive income by
HK\$137,858,000 (2017: Nil)
under overlay adjustment.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風
險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的
金融資產及負債
(續)

衍生金融工具(續)

第三層級公允價值
計量的信息(續)

對於較為重要的第
三層級保險合同相
關資產和負債等
級，估計公允價值
對重大不可觀察變
動的變化的敏感性
描述如下：

合夥基金權益 –
公允價值估計乃基
於相應基金經理確
定的本集團應佔
資產淨值。倘本
集團應佔的資產
淨值尚未可供使
用，本集團根據最
新資產淨值並根據
其後作出對基金的
出資及基金作出分
派對基金的公允價
值作出適當調整。
截至二零一八年
十二月三十一日，
倘所有其他可變因
素保持不變，估計
資產淨值減少/
增加10%，基於
覆蓋調整下，本集
團的其他綜合收
益將增加/減少
137,858,000港
元(二零一七年：無)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Information about Level 3 fair value measurements (Continued)

Corporate securities – Internally-priced corporate securities classified in Level 3 include certain below investment grade watch list and distressed fixed maturity securities. For securities where discounted cash flows are used, the primary unobservable input is the internally-developed discount rate. Significant increases in the discount rate would result in a significantly lower fair value, with the opposite being true for decreases in the discount rate. In certain cases, the Group uses an estimated liquidation value of the borrower or underlying assets. The Group also applies market comparables, such as earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples for certain securities. In isolation, an increase in the value of these inputs would result in an increase in fair value, with the opposite being true for decreases in the value of these inputs. As at 31 December 2018, it is estimated that with all other variables held constant, a decrease/increase in credit spread by 100 BPS would have increased/decreased the Group's other comprehensive income by HK\$219,955,000 (2017: Nil).

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第三層級公允價值計量的信息(續)

企業證券 – 分類為第三層級的內部定價公司證券包括某些低於投資級別的監管名單和不良固定到期證券。對於使用折現現金流模型的證券，主要的不可觀察輸入值是指內部開發的貼現率。貼現率的顯著增加將導致公允價值顯著降低，反之亦然。在某些情況下，本集團使用借入人或相關資產的估計清算價值。本集團還應用市場可比物件，例如某些證券的未計利息、稅項、折舊和攤銷前利潤(EBITDA)倍數。單獨計算，這些輸入值增加將導致公允價值增加，反之亦然。於二零一八年十二月三十一日，假設所有其他變數維持不變，估計信用利差減少/增加100個點子，本集團的其他綜合收益應會因此增加/減少219,955,000港元(二零一七年：零港元)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those non-insurance contract related assets and liabilities

Information about Level 2 investment

Perpetual capital – the fair value is based on brokers quote. As at 31 December 2018, it is estimated that with all other variables held constant, a decrease/increase in quoted price by 5% would have increased/decreased the Group's other comprehensive income and equity after tax by HK\$3,057,000 (2017: HK\$3,214,000).

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第二層級和第三層級公允價值計量所用的估值技術和輸入值非保險合同相關資產和負債

第二層級投資的信息

永續資本 – 公允價值基於經紀商報價。截至二零一八年十二月三十一日，假設所有其他變數維持不變，估計報價減少/增加5%，本集團的其他綜合收益和稅後股權應會因此增加/減少3,057,000港元(二零一七年：3,214,000港元)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those non-insurance contract related assets and liabilities (Continued)

Information about level 3 investment

Unlisted available-for-sale investment 非上市可供出售投資

Credit linked obligation note
信用連結式負債票據

Leveraged note investment/trust products
杠桿票據投資/信託產品

Private credit funds and interest in a joint venture
私人信用基金及於合營企業的權益

Preference share liability

優先股負債

Third-party interests in consolidated funds
於合併基金的第三方權益

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for those non-insurance contract related level 3 asset and liability classes is as follows:

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第二層級和第三層級公允價值計量所用的估值技術和輸入值非保險合同相關資產和負債(續)

第三層級投資的信息

Significant unobservable inputs 重大不可觀察輸入值

Price quote
報價

Recent transaction price
最新交易價格

Net asset value
資產淨值

Expected distribution from underlying fund investment per annum and net asset value of underlying fund investment
每年相關基金投資以及相關基金投資資產淨值的預期分派

Net asset value
資產淨值

對於非保險合同相關第三層級資產和負債類別，估計公允價值對重大不可觀察輸入值變動的敏感度描述如下：

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those non-insurance contract related assets and liabilities (Continued)

Fund investments — the fair value of private debt securities investment fund and interest in a joint venture holding based on the net asset value attributable to the Group determined by the respective fund managers. If such net asset value attributable to the Group is not yet readily available, adjustments to the fair value of the funds are made based on the latest net asset value with adjustments based on subsequent contribution made and distribution received by the Group.

Credit link obligation note investment — the fair value based on valuation model and price quote provided by the arranger of the note with ongoing monitoring of our investment committee and risk management team in conjunction with additional information compiled by portfolio manager including performance and covenant compliance information as provided by the independent trustee.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第二層級和第三層級公允價值計量所用的估值技術和輸入值非保險合同相關資產和負債(續)

基金投資 — 相應基金管理人根據本集團應佔有資產淨值確定私人債務證券投資基金及於合營企業控股的權益的公允價值。倘本集團應佔之資產淨值尚未可供使用，本集團根據最新資產淨值並根據之後作出對基金之出資及基金作出分派對基金公允價值作出適當調整。

關於信用續結式票據投資，在我們的投資委員會和風險管理團隊持續監督下，本集團連同由投資組合管理人編制的額外資料，包括由第三方受託人提供的表現及契約合規資料，根據承銷商提供的估值模型和報價確定了公允價值。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Derivative financial instruments (Continued)

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements for those non-insurance contract related assets and liabilities (Continued)

Preference share liabilities and third parties interest in consolidated funds – the fair value of the financial liabilities are determined mainly based on the fair value of the fund investments and credit link obligation as the principal investment of the consolidated funds and the effective interest of the third parties in those consolidated funds.

Fund-linked note – fair value of the note based on the principal repayment terms, underlying reference fund price and option pricing model with appropriate assumptions.

Leveraged note investment and trust products – the fair value based on recent transaction prices of those products or price quote provided by brokers.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

衍生金融工具(續)

第二層級和第三層級公允價值計量所用的估值技術和輸入值非保險合同相關資產和負債(續)

優先股份負債和於納入合併範圍的基金第三方權益 – 金融負債的公允價值主要根據基金投資的公允價值和信用連結式債務作為合併資金的主要投資和第三方於該等合併基金的實際權益確定。

基金連結式票據 – 基於本金還款條款、相關參考基金價格和期權定價模型以及適當假設確定票據的公允價值。

杠桿票據投資和信託產品 – 基於該等產品的最新交易價格或經紀商提供的報價。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

(1) Financial assets and liabilities measured at fair value (Continued)

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

(1) 按公允價值計量的金融資產及負債(續)

Change in the relevant equity price risk variable:	相關股價風險變量的變化：	2018 二零一八年		2017 二零一七年	
		%	Effect on profit after tax and retained profit 對稅後溢利和保留溢利的影響 HK\$'000 千港元	%	Effect on profit after tax and retained profit 對稅後溢利和保留溢利的影響 HK\$'000 千港元
Leverage note investment	杠桿票據投資				
Increase	增加	10	6,361	—	—
Decrease	減少	(10)	(6,361)	—	—
Trust type fund products	信託類型基金產品				
Increase	增加	5	1,188	—	—
Decrease	減少	(5)	(1,188)	—	—
Joint controlled entity	共同控制實體				
Increase	增加	10	5,741	—	—
Decrease	減少	(10)	(5,741)	—	—
Private credit funds	私人信用基金				
Increase	增加	10	50,719	—	—
Decrease	減少	(10)	(50,719)	—	—
Credit linked note	信用連結式票據				
Increase	增加	10	2,727	—	—
Decrease	減少	(10)	(2,727)	—	—
Preference share liability	優先股負債				
Increase	增加	10	—	10	—
Decrease	減少	(10)	—	(10)	—
Third party interest in consolidated fund	於合併基金的第三方權益				
Increase	增加	10	(18,239)	10	(11,138)
Decrease	減少	(10)	18,239	(10)	11,138

Note: For those being reclassified from available for sales investment to fair value through profit or loss upon adoption of HKFRS 9 on 1 January 2018, no comparative is presented.

註：對於那些於二零一八年一月一日採用《香港財務報告準則》第9號後將可供出售投資劃重新歸為以公允價值計量且其變動計入損益的投資而言，未呈報比較信息。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

The movement during the year in the balance of Level 3 fair value measurements is as follows:

Available-for-sale financial assets

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

年內第三層級公允價值計量的餘額變動如下：

可供出售金融資產

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	488,518	24,430
Transferred to financial assets at fair value through profit or loss upon adoption of HKFRS 9	採用《香港財務報告準則》第9號後轉撥至以公允價值計量且其變動計入損益的金融資產	(488,518)	—
Purchase	採購	—	453,533
Impairment loss	減值	—	(1,980)
Exchange alignment	外幣報表折算差額	—	1,685
Credited to other comprehensive income	計入其他綜合收益	—	10,850
At 31 December	於十二月三十一日	—	488,518

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Financial assets at fair value through profit or loss

5 保險和金融風險管理(續)

- (a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

指定以公允價值計量且其變動計入損益之金融資產

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	—	—
Transferred from available-for-sale financial assets upon adoption of HKFRS 9	採用《香港財務報告準則》第9號後轉自可供出售金融資產	488,518	—
Deconsolidation of a previously consolidated fund	於之前合併範圍內基金的終止合併	(13,265)	—
Recognition of a joint venture carried at fair value	確認公允價值計量合併企業	12,315	—
Capital injection/purchase	注資/購買	535,490	—
Settlement on disposal	處置結算	(290,688)	—
Net realised loss on disposal	已變現淨虧損	(10,007)	—
Exchange alignment	外幣報表折算差額	(320)	—
Deemed gain on partial disposal	部分出售的已確認收益	(23)	—
Fair value change of investment	公允價值變動	(820)	—
At 31 December	於十二月三十一日	721,200	—

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (1) Financial assets and liabilities measured at fair value (Continued)

Financial assets at fair value through other comprehensive income (debt securities)

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (1) 按公允價值計量的金融資產及負債(續)

以公允價值計量且其變動計入其他綜合收益之金融資產(債務證券)

		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	—	—
Acquisition of subsidiaries	收購附屬公司	3,414,497	—
Purchase	採購	211,498	—
Settlements	結算	(44,404)	—
Net realised gain (loss) to profit or loss	計入損益的已變現淨收益(虧損)	201	—
Net unrealised gain (loss) to other comprehensive income	計入其他綜合收益的未變現淨收益(虧損)	44,615	—
At 31 December	於十二月三十一日	3,626,407	—

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

5 保險和金融風險管理(續)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) Financial risks (Continued)

(ii) 金融風險(續)

(5) Equity price risk (Continued)

(5) 股價風險(續)

Fair value measurement (Continued)

公允價值計量(續)

(1) Financial assets and liabilities measured at fair value (Continued)

(1) 按公允價值計量的金融資產及負債(續)

Financial assets at fair value through profit or loss under overlay adjustments

以公允價值計量且其變動計入損益之基於覆蓋調整的金
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
At 1 January	於一月一日	—	—
Acquisition of subsidiaries	收購附屬公司	1,284,419	—
Cost of investment purchased	購入的投資成本	154,752	—
Distribution received	收到的分配	(51,239)	—
Earnings reinvested	重新投資的收益	12,879	—
Disposal	處置	(12,813)	—
Net unrealised gain (loss) to other comprehensive income	計入其他綜合收益的未變現淨收益(虧損)	1,158	—
Transfer into level 3	轉入第三層級	14,052	—
At 31 December	於十二月三十一日	1,403,208	—

Financial liabilities at fair value through profit or loss

以公允價值計量且其變動計入損益之金融負債

		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	363,677	—
Share issued/contribution received	股票發行/收到出資	214,567	354,960
Deconsolidation of a consolidated fund	於合併範圍內基金的拆分	(3,489)	—
Partial disposal of interest of a consolidated fund	部分出售於合併範圍的基金權益	(1,168)	—
Distribution to third party investor	分配至第三方投資人	(83,756)	—
Exchange alignment	外幣報表折算差額	847	1,091
Fair value change	公允價值變動	12,452	7,626
At 31 December	於十二月三十一日	503,130	363,677

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

- (2) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2017 and 2018 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

- (2) 非按公允價值列賬的金融資產及負債的公允價值

本集團按成本或攤銷成本入賬的金融工具的賬面價，與其於二零一七年和二零一八年十二月三十一日的公允價值分別不大，但當中不包括以下金融工具，其賬面價、公允價值及公允價值層級披露如下：

		Fair value measurements as at 31 December 2018 categorised into				
		2018		於二零一八年十二月三十一日的公允價值計量分類		
		二零一八年				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
		賬面值	公允價值	第1層級	第2層級	第3層級
		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
Debt securities	債務證券	15,188,481	15,566,781	—	13,376,484	2,190,297
Loans and receivables	貸款及應收款	7,183,581	7,379,482	—	—	7,379,482

		Fair value measurements as at 31 December 2017 categorised into				
		2017		於二零一七年十二月三十一日的公允價值計量分類		
		二零一七年				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
		賬面值	公允價值	第1層級	第2層級	第3層級
		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
Debt securities	債務證券	—	—	—	—	—
Loans and receivables	貸款及應收款	—	—	—	—	—

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement (Continued)

(2) Fair value of financial assets and liabilities carried at other than fair value (Continued)

Loans and receivables — The fair value of mortgage loans is established using a discounted cash flow method based on credit rating, maturity and future income. The fair value for impaired mortgage loans is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. A significant increase/ (decrease) in the discount rate would result in a significant decrease/(increase) to the fair value.

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(5) *股價風險* (續)

公允價值計量 (續)

(2) 非按公允價值列賬的金融資產及負債的公允價值 (續)

貸款及應收款 — 抵押貸款的公允價值使用基於信用評級、到期日和未來收入的貼現現金流量法確定。已減值抵押貸款的公允價值基於以貸款實際利率貼現的預期未來現金流量的現值或抵押品(如果貸款是抵押品)的公允價值。貼現率的大幅上升 / (下降) 將導致公允價值的大幅減少 / (增加)。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements

The following summarises gross and net information of derivative assets and liabilities, along with collateral received and posted in connection with a master netting agreement:

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

須進行抵銷的金融資產和負債、可強制執行的主淨額結算協議

下表概括了衍生資產和負債的總額和淨額資料，以及與主淨額結算協議相關的已收和已呈報抵押品。

		2018 二零一八年					
		Gross amounts	Net amount	Due and accrued	Collateral posted	Net amount	
		offset					
		已抵銷	淨額	到期及	已呈報	淨額	
		總額	淨額	應計金額	抵押品	淨額	
		總額	淨額	應計金額	抵押品	淨額	
		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	
Other accounts receivable	其他應收賬款	26,859	(14,638)	12,221	—	—	12,221
Other accounts payable	其他應付賬款	51,103	(12,278)	38,825	—	—	38,825
Derivative assets	衍生資產	12,667	(12,667)	—	—	—	—
Derivative liabilities	衍生負債	61,947	(12,667)	49,280	(208)	(57,408)	(8,336)

		2017 二零一七年					
		Gross amounts	Net amount	Due and accrued	Collateral posted	Net amount	
		offset					
		已抵銷	淨額	到期及	已呈報	淨額	
		總額	淨額	應計金額	抵押品	淨額	
		總額	淨額	應計金額	抵押品	淨額	
		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	
Other accounts receivable	其他應收賬款	8,731	(8,731)	—	—	—	—
Other accounts payable	其他應付賬款	60,051	(8,731)	51,320	—	(3,958)	47,362
Derivative assets	衍生資產	—	—	—	—	—	—
Derivative liabilities	衍生負債	—	—	—	—	—	—

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) *Equity price risk* (Continued)

Fair value measurement
(Continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements
(Continued)

The Group's principal derivative market risk exposures are interest rate risk, which includes the impact of inflation, and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as market interest rates move. The Group is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. In order to minimize credit risk the Group and its derivative counterparties generally enter into master agreements that require collateral to be posted in the amount owed under each transaction, subject to minimum transfer amounts. These same master agreements allow for contracts in a positive position, in which the Group is due amounts, to be offset by contracts in a negative position. This right of offset combined with collateral obtained from counterparties, reduces the Group's exposure. The Group regularly monitors counterparty credit ratings and exposures, derivatives positions and valuations, and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimized. The Group monitors this exposure as part of its management of the Group's overall credit exposures.

5 保險和金融風險管理 (續)

(a) 風險管理目標及降低保險和金融風險的政策 (續)

(ii) 金融風險 (續)

(5) *股價風險* (續)

公允價值計量 (續)

須進行抵銷的金融資產和負債、可強制執行的主淨額結算協議 (續)

本集團的主要衍生工具市場風險額度是利率風險，包括通脹和信貸風險的影響。利率風險與市場利率變動時衍生工具的公允價值變動有關。如果衍生金融工具的交易對手不履約，本集團將面臨與信貸相關的損失。為了儘量降低信用風險，本集團及其衍生品交易對手一般會簽訂主協定，要求抵押品以每筆交易所欠的金額過賬，但須受最低轉移金額所限。這些相同的主協定允許處於正數狀況的合同(其中本集團涉及到期金額)被負數狀況合同抵消。這種抵消權與從交易對手獲得的抵押品相結合，減少了本集團的風險額度。本集團定期監控交易對手的信用評級和風險額度、衍生品頭寸和估值，以及貼現的抵押品價值，以確保交易對手具有信譽，並將風險集中度降至最低。本集團監控此風險，作為其管理本集團整體信貸風險的一部分。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement (Continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements (Continued)

If amounts are due from the counterparty, they are reported as an asset. If amounts are due to the counterparty, they are reported as a liability. Negative values in the carrying value of a particular derivative category can result from the counterparty's right to offset carrying value positions in other derivative categories.

The uncertainties about the amount and timing of claims payment are typically resolved within one year.

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the other accounts receivable and other accounts payable together with derivative financial instruments classified under other payables presented in the consolidated statement of financial position.

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

須進行抵銷的金融資產和負債、可強制執行的主淨額結算協議(續)

如果相關金額應收取自交易對手，則將其報告為資產。如果相關金額應付予交易對手，則將其報告為負債。特定衍生工具類別的賬面價值的負值可能來自交易對手抵銷其他衍生工具類別的賬面價值頭寸的權利。

賠款金額和時間的不確定性通常於一年內得到解決。

下表為上文所載「於綜合財務狀況表中呈列之金融資產及金融負債淨額」與於綜合財務狀況表中呈列之其他應收賬款及其他應付賬款以及劃歸為其他應付款項下的衍生金融工具之對賬。

Notes to the financial statements

財務報表附註

5 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Risk management objectives and policies for mitigating insurance and financial risk (Continued)

(ii) Financial risks (Continued)

(5) Equity price risk (Continued)

Fair value measurement
(Continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements
(Continued)

5 保險和金融風險管理(續)

(a) 風險管理目標及降低保險和金融風險的政策(續)

(ii) 金融風險(續)

(5) 股價風險(續)

公允價值計量(續)

須進行抵銷的金融資產和負債、可強制執行的主淨額結算協議(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net amount of financial assets after offsetting as stated above	誠如上文所列於抵銷後之金融資產淨額	12,221	—
Financial assets not in scope of offsetting disclosure	並非於抵銷披露範圍內之金融資產	83,649	74,238
		95,870	74,238
Net amount of financial liabilities after offsetting as stated above	誠如上文所列於抵銷後之金融負債淨額	88,105	51,320
Financial liabilities not in scope of offsetting disclosure	並非於抵銷披露範圍內之金融負債	483,039	401,255
		571,144	452,575

6 PREMIUMS AND FEE INCOME

Premiums and fee income represents gross premium income and fee income received in respect of life and annuity, linked long term, retirement scheme management categories I and III of long term business.

6 保費及費用收入

保費及費用收入指就人壽和年金、相連長期、長期業務之退休計劃管理第1類和第3類收到的保費及費用收入總額。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Premium and fee income from insurance contracts	保險合同的保費及費用收入	752,205	—
Fee income from investment contracts	投資合同的費用收入	9,468	—
		761,673	—

Notes to the financial statements

財務報表附註

7A NET INVESTMENT INCOME

7A 投資收入淨額

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest income from unlisted debt securities and mortgage loans	未上市債務證券及抵押貸款之利息收入	303,635	10,315
Bank and other interest income	銀行及其他利息收入	69,087	62,115
Net realised gain on disposal of available-for-sale securities	出售可供出售證券之已變現收益淨額	—	14,961
Impairment loss charged on available-for-sale securities	可供出售證券之減值虧損	—	(1,980)
Net realised loss on disposal of securities designated at fair value through profit or loss	出售指定以公允價值計量且其變動計入損益之證券之已變現虧損淨額	(4,969)	(59,253)
Net unrealised loss on financial asset and financial liabilities designated at fair value through profit or loss	以公允價值計量且其變動計入損益之金融資產及金融負債之未變現虧損淨額	(70,161)	(23,118)
Net realised gain on fair value through other comprehensive income debt securities	以公允價值計量且其變動計入其他綜合收益的債務證券之已變現收益淨額	3,409	—
Net realised loss on debt securities measured at amortised cost	以攤銷成本計量之債務證券之已變現虧損淨額	(114)	—
Impairment loss of amortised cost investment	攤銷成本投資之減值虧損	(20,849)	—
Impairment loss of fair value through other comprehensive income debt securities	以公允價值計量且其變動計入其他綜合收益之債務證券之減值虧損	(17,947)	—
Dividend income	股息收入	50,354	14,348
Net derivative gain/(loss)	衍生工具收益 / (虧損) 淨額	23,883	(6,797)
Net unrealised gain of fair value through profit or loss financial assets under overlay adjustment	覆蓋調整下以公允價值計量且其變動計入損益之金融資產的未變現收益淨額	9,288	—
		345,616	10,591

Total interest income on financial assets not at fair value through profit or loss amounted to HK\$301,187,000 for the year ended 31 December 2018 (2017: HK\$10,315,000).

截至二零一八年十二月三十一日止年度，不以公允價值計量且其變動計入損益之金融資產之利息收入總額為301,187,000港元(二零一七年：10,315,000港元)。

Notes to the financial statements

財務報表附註

7B OTHER INCOME

7B 其他收入

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net gain on disposal of subsidiaries and deemed partial disposal of consolidated funds	2,655	756
Trustee fee income	4,185	—
Reinsurance premium ceded and other income	61,389	3,618
	68,229	4,374

8 NET POLICYHOLDERS BENEFIT

8 淨保戶給付

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net claims, policy benefits and surrenders (note a)	80,687	—
Interest credited to policyholders' deposits (note b)	205,858	—
Dividends to policyholders (note c)	465	—
	287,010	—

Notes:

附註：

(a) Claims, policy benefits and surrenders

(a) 賠款、保單收益和退保金

		2018 二零一八年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Gross benefits incurred:	已產生收益總額：				
— Benefits payable	— 應付給付	103,632	290	6,072	109,994
— Change in outstanding claims	— 未決賠款之變化	(5,630)	—	1,393	(4,237)
		98,002	290	7,465	105,757
Amount recoverable from reinsurers:	應收再保險公司金額：				
— Benefits recoverable	— 可收回收益	(23,197)	—	—	(23,197)
— Change in outstanding claims	— 未決賠款之變化	(521)	—	(1,352)	(1,873)
		(23,718)	—	(1,352)	(25,070)
Net amount	淨額	74,284	290	6,113	80,687

Notes to the financial statements

財務報表附註

8 NET POLICYHOLDERS BENEFIT (Continued)

Notes:

(a) Claims, policy benefits and surrenders (Continued)

		2017 二零一七年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Gross benefits incurred:	已產生收益總額：				
– Benefits payable	– 應付給付	–	–	–	–
– Change in outstanding claims	– 未決賠款之變化	–	–	–	–
		–	–	–	–
Amount recoverable from reinsurers:	應收再保險公司金額：				
– Benefits recoverable	– 可收回收益	–	–	–	–
– Change in outstanding claims	– 未決賠款之變化	–	–	–	–
		–	–	–	–

Benefits payable comprise claims, policy benefits and surrenders.

應付給付包括賠款、保單收益和退保金。

(b) Interest credited to policyholders' deposits

		2018 二零一八年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Insurance contracts	保險合同	179,292	422	–	179,714
Investment contracts	投資合同	26,144	–	–	26,144
		205,436	422	–	205,858

8 淨保戶給付(續)

附註：

(a) 賠款、保單收益和退保金(續)

		2017 二零一七年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Gross benefits incurred:	已產生收益總額：				
– Benefits payable	– 應付給付	–	–	–	–
– Change in outstanding claims	– 未決賠款之變化	–	–	–	–
		–	–	–	–
Amount recoverable from reinsurers:	應收再保險公司金額：				
– Benefits recoverable	– 可收回收益	–	–	–	–
– Change in outstanding claims	– 未決賠款之變化	–	–	–	–
		–	–	–	–

應付給付包括賠款、保單收益和退保金。

(b) 記入保單持有人存款的利息

		2018 二零一八年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Insurance contracts	保險合同	179,292	422	–	179,714
Investment contracts	投資合同	26,144	–	–	26,144
		205,436	422	–	205,858

Notes to the financial statements

財務報表附註

8 NET POLICYHOLDERS BENEFIT (Continued)

Notes:

(b) Interest credited to policyholders' deposits (Continued)

		2017 二零一七年				
Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元			Total 總額 HK\$'000 千港元	
Insurance contracts 保險合同	—	—	—			—
Investment contracts 投資合同	—	—	—			—
	—	—	—			—

(c) Dividends to policyholders

		2018 二零一八年				
Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元			Total 總額 HK\$'000 千港元	
Insurance contracts 保險合同	465	—	—			465

		2017 二零一七年				
Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃 管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃 管理第3類 HK\$'000 千港元			Total 總額 HK\$'000 千港元	
Insurance contracts 保險合同	—	—	—			—

8 淨保戶給付(續)

附註：

(b) 記入保單持有人存款的利息(續)

(c) 向保單持有人提供的股息

Notes to the financial statements

財務報表附註

9 COMMISSION AND RELATED EXPENSES

9 佣金和相關費用

		2018 二零一八年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Insurance contracts	保險合同	249,807	98	742	250,647
Investment contracts	投資合同	5,554	—	—	5,554
		255,361	98	742	256,201

		2017 二零一七年			
		Life and annuity and linked long term 人壽、年金和相連長期 HK\$'000 千港元	Retirement scheme management category I 退休計劃管理第1類 HK\$'000 千港元	Retirement scheme management category III 退休計劃管理第3類 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Insurance contracts	保險合同	—	—	—	—
Investment contracts	投資合同	—	—	—	—
		—	—	—	—

10 CHANGE IN FUTURE POLICYHOLDER BENEFITS

10 未來保單持有人給付變動

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Increase in future policyholders' benefits	未來保單持有人給付增加		
— insurance contracts (note 31)	— 保險合同(附註31)	254,013	—
Increase in future policyholders' benefits	未來保單持有人給付增加		
— investment contracts (note 32)	— 投資合同(附註32)	2,294	—
		256,307	—

Notes to the financial statements

財務報表附註

11 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/
(crediting):

11 稅前虧損

稅前虧損已扣除／(計入):

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(a) Staff costs	員工成本		
Equity-settled share-based payment expenses (note 42)	以權益結算並以股份支付之開支(附註42)	119,240	56,712
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	216,407	179,094
Retention package	留任獎勵	7,172	—
Social welfare	社會福利		
— Staff (note a)	— 員工(附註a)	16,461	11,328
— Agents	— 代理	9,675	—
		368,955	247,134

Note a: The Group operates the Mandatory Provident Fund Scheme (the “MPF scheme”) for all qualified employees in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2017: HK\$30,000). Contributions to the plan vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, unemployment insurance, health care insurance, housing funds and other social welfare plan operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. The social pension insurance and unemployment insurance are defined contribution plans. The contributions to the defined contribution plans are expensed as incurred.

During the year, wealth management products and securities brokerage transaction fees approximately amounted to HK\$968,000 (2017: HK\$1,500,000) were waived as part of staff benefit scheme.

附註a: 本集團按香港強制性公積金計劃條例為在香港僱傭條例管轄範圍內受僱及提供強制性公積金計劃(「強積金計劃」)。強積金計劃是一個界定供款退休計劃，由獨立的受託人管理。根據強積金計劃，僱主和僱員均須按照僱員相關入息的5%向計劃作出供款；但每月的相關入息上限為30,000港元(二零一七年：30,000港元)。向計劃作出的供款即時歸屬。計劃資產與本集團資產分開處理，由受託人管理的基金持有。

本集團亦為於中國境內的僱員參加由國家管理的社會福利計劃，包括由相關的市級和省級政府負責管理的養老金保險、失業保險、醫療保險、住房公積金及其他社會福利供款。根據相關規例，本集團承擔的保費及福利供款定期計算並支付予相關的勞動及社會福利部門。養老金保險及失業保險為設定供款計劃。對設定供款計劃的繳款在發生時計入費用。

本年度年內，理財產品及證券經紀交易費約為968,000港元(二零一七年：1,500,000港元)，作為員工福利計劃的一部分予以免除。

Notes to the financial statements

財務報表附註

11 LOSS BEFORE TAXATION (Continued)

11 稅前虧損(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(b)	Other operating items		
	其他經營項目		
	Auditors' remuneration	10,376	2,220
	Legal and professional costs (Note)	15,105	66,241
	Operating lease payments – property rentals	40,692	24,689
	Depreciation and amortisation	23,132	18,531
	Information, data and communication expenses	25,540	33,139
	Net exchange gain	(4,076)	(16,276)
	Impairment loss for – fixed assets	–	615
	Entertainment and travelling	6,815	7,220

Note: The amount includes HK\$1.2 million (2017: HK\$47.3 million) of legal and professional fee related to the acquisition of 60% of the issued share capital of YF Life.

附註：該金額包括120萬港元(二零一七年：4,730萬港元)與收購萬通保險已發行的60%股本有關的法律及專業費用。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(c)	Finance costs		
	融資成本		
	Bank loan interest	5,731	–
	Finance lease obligation	549	823
	Preference share liability	14,525	8,230
	Other interest expense	5,691	420
		26,496	9,473

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

12 綜合收益表之所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表之稅收變動代表：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax	本期稅項		
Hong Kong	香港		
Provision for the year	本年度準備	9,117	—
Over-provision in respect of prior years	以往年度準備過剩	(43,743)	(16)
Overseas	海外		
Provision for the year	本年度準備	2,783	1,270
Under-provision in respect of prior years	以往年度準備不足	21	—
Macau	澳門		
Provision for the year	本年度準備	—	—
Over-provision in respect of prior years	以往年度準備過剩	—	—
		(31,822)	1,254
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差異的產生和轉回	(9,958)	(116)
		(41,780)	1,138

The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2017-18 subject to a maximum reduction of HK\$30,000 for each business (2017: a maximum reduction of HK\$20,000 was granted for the year of assessment 2016-2017 and was taken into account in calculating the provision for 2017). The provision for Macau Complementary Tax is calculated at tax rate of 12.0% (2017: 12.0%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

於二零一八年的香港利得稅撥備按年內估計應評稅溢利的16.5% (二零一七年：16.5%) 計算，並計及香港特區政府減免二零一七至二零一八年課稅年度75%的應納稅項。每項業務最多減免30,000港元 (二零一七年：二零一六至二零一七年課稅年度最多減免20,000港元，計算二零一七年撥備時已計及)。澳門附加稅撥備乃按年內估計應課稅溢利之稅率12.0% (二零一七年：12.0%) 計算。海外附屬公司的稅項以相關國家適用的現行稅率計算。

Notes to the financial statements

財務報表附註

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

12 綜合收益表之所得稅(續)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項支出和會計溢利按適用稅率計算的對賬：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss before taxation	稅前虧損	(195,935)	(378,168)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	按照在相關國家獲得溢利的適用稅率計算稅前溢利的名義稅項	(30,431)	(63,290)
Tax effect of surplus transferred from Hong Kong long term individual life business	轉自香港長期個人壽險業務的盈餘的稅務影響	(35,893)	—
Notional tax on net premiums written in respect of Hong Kong long term individual life business	就香港長期個人壽險業務核保的保費淨額的名義稅項	9,006	—
Tax effect of non-taxable income	毋須繳稅收入之稅務影響	(13,436)	(15,446)
Tax adjustment in respect of prior years	以往年度稅務調整	(43,722)	(16)
Tax effect of non-deductible expenses	不可扣稅支出之稅務影響	26,098	30,959
Tax effect of unused tax losses previously not recognised	使用先前未確認的可抵扣虧損的稅務影響	—	(2,781)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	55,915	46,841
Tax effect of reversal of taxable temporary difference	應納稅暫時性差異轉回的稅務影響	(10,206)	—
Others	其他	889	4,871
Tax (credit)/expense	稅項(抵免)支出	(41,780)	1,138

Notes to the financial statements

財務報表附註

13 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and part 2 of the Company (Disclosure of Information about Benefits of Directors) Regulations are as follows:

13 董事酬金

根據新香港《公司條例》第383(1)條及《公司(披露董事利益資料)規例》第2部披露之董事酬金如下：

		2018 二零一八年							
		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to Mandatory Provident Fund	Sub-total	Share-based payments	Resignation payment	Total
		薪金、津貼及實物利益	酌情花紅	強制性公積金供款	小計	以股份為基礎之付款	離職付款	總額	
		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
Chairman	主席								
Yu Feng	虞鋒	-	-	-	-	-	-	-	-
Executive directors	執行董事								
Huang Xin	黃鑫	-	-	-	-	-	-	-	-
Li Ting (note iii)	李婷 (附註iii)	-	7,644	9,000	18	16,662	91,823	-	108,485
Non-executive directors	非執行董事								
Ko Chun Shun, Johnson (note iv)	高振順 (附註iv)	264	13	-	-	277	-	-	277
Hai Olivia Ou	海歐	-	-	-	-	-	-	-	-
Huang Youlong (note v)	黃有龍 (附註v)	-	-	-	-	-	-	-	-
Adnan Omar Ahmed (note vi)	Adnan Omar Ahmed (附註vi)	-	-	-	-	-	-	-	-
Gareth Ross (note vi)	Gareth Ross (附註vi)	-	-	-	-	-	-	-	-
Independent non-executive directors	獨立非執行董事								
Chu Chung Yue, Howard	朱宗宇	360	18	-	-	378	-	-	378
Lin Lijun	林利軍	240	12	-	-	252	-	-	252
Qi Daqing	齊大慶	272	12	-	-	284	-	-	284
Total	總額	1,136	7,699	9,000	18	17,853	91,823	-	109,676

Notes:

- The discretionary bonus amount represents bonus accrued and approved for the year 2018.
- It represents the estimated value of share award granted to the individuals under the Company's share award scheme. The value of these share awards are measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(v).
- Amount of approximately HK\$485,000 transaction and management fee was waived or rebated for the year 2018.
- Resigned as non-executive director on 16 November 2018.
- Resigned as non-executive director on 11 January 2018.
- Appointed as non-executive director on 16 November 2018.

附註：

- 酌情花紅金額代表於二零一八年度累計及核准之累計花紅。
- 指根據本公司股份獎勵計劃授予個人的股份獎勵的估計價值。該等股份獎勵計劃的價值根據集團會計政策附註2(v)所載基於股份的付款交易政策進行計量。
- 二零一八年度約485,000港元的交易及管理費用已獲豁免或減少。
- 於二零一八年十一月十六日離任非執行董事職務。
- 於二零一八年一月十一日離任非執行董事職務。
- 於二零一八年十一月十六日獲委任非執行董事職務。

Notes to the financial statements

財務報表附註

13 DIRECTORS' EMOLUMENTS (Continued)

13 董事酬金(續)

		2017 二零一七年							
		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to Mandatory Provident Fund	Sub-total	Share-based payments	Resignation payment	Total
		董事袍金	薪金、津貼及實物利益	酌情花紅	強制性公積金供款	小計	以股份為基礎之付款	離職付款	總額
		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
Chairman	主席								
Yu Feng	虞鋒	-	-	-	-	-	-	-	-
Executive directors	執行董事								
Huang Xin	黃鑫	-	-	-	-	-	-	-	-
Li Ting	李婷	-	7,644	9,360	18	17,022	-	-	17,022
Non-executive directors	非執行董事								
Ko Chun Shun, Johnson	高振順	300	15	-	-	315	-	-	315
Hai Olivia Ou	海歐	-	-	-	-	-	-	-	-
Huang Youlong	黃有龍	-	-	-	-	-	-	-	-
Independent non-executive directors	獨立非執行董事								
Chu Chung Yue, Howard	朱宗宇	360	18	-	-	378	-	-	378
Lin Lijun	林利軍	240	12	-	-	252	-	-	252
Qi Daqing	齊大慶	240	12	-	-	252	-	-	252
Dr. Wong Yau Kar, David	黃友嘉博士	253	13	-	-	266	-	-	266
Total	總額	1,393	7,714	9,360	18	18,485	-	-	18,485

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

上述執行董事酬金主要為與本公司及本集團事務管理有關的服務。

The non-executive directors and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

上述非執行董事及獨立非執行董事酬金主要為與本公司董事服務有關。

Notes to the financial statements

財務報表附註

14 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2017: one) is a director whose emoluments is disclosed in note 13. The aggregate of the emoluments in respect of the other four (2017: four) individuals are as follows:

14 最高薪人士

在五位酬金最高的人士中，一位(二零一七年：一位)為董事，有關的酬金詳情載於附註13。其餘四位(二零一七年：四位)人士的酬金總額如下：

		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、津貼及實物利益	10,294	16,338
Discretionary bonus	酌情花紅	3,389	400
Equity-settled share-based payment expenses (note 1)	以權益結算的以股份為基礎的開支(附註1)	21,227	17,218
Contributions to Mandatory Provident Fund	強制性公積金供款	54	72
		34,964	34,028

Note 1: These represent the estimated value of share award granted to the individuals under the Company's share award scheme. The value of these share awards are measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(v) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

附註1: 這些數字是指根據本公司的股份獎勵計劃授予某些個人的股份獎勵估計價值。這些股份獎勵的價值是根據附註2(v)所列有關以股份為基礎的交易的本公司會計政策計量，而根據該政策，還包括轉回歸屬前放棄權益工具的授予而在以往年度的應計款項調整。

Notes to the financial statements

財務報表附註

14 INDIVIDUAL WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the five (2017: five) individuals with the highest emoluments are within the following bands:

		Number of individuals 僱員人數	
		2018 二零一八年	2017 二零一七年
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
HK\$6,500,001 to HK\$7,000,000	6,500,001 港元至 7,000,000 港元	—	1
HK\$7,000,001 to HK\$7,500,000	7,000,001 港元至 7,500,000 港元	1	—
HK\$8,000,001 to HK\$8,500,000	8,000,001 港元至 8,500,000 港元	1	—
HK\$9,000,001 to HK\$9,500,000	9,000,001 港元至 9,500,000 港元	1	—
HK\$9,500,001 to HK\$10,000,000	9,500,001 港元至 10,000,000 港元	1	—
HK\$16,000,001 to HK\$16,500,000	16,000,001 港元至 16,500,000 港元	—	1
HK\$17,000,001 to HK\$17,500,000	17,000,001 港元至 17,500,000 港元	—	1
HK\$108,000,000 to HK\$108,500,000	108,000,000 港元至 108,500,000 港元	1	—

14 最高薪人士(續)

五名最高薪人士(二零一七年：五名)之酬金處於以下範圍：

15 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes an approximate loss of HK\$298,851,000 (2017: a loss of HK\$423,943,000) which has been dealt with in the financial statements of the Company.

15 本公司權益股東應佔虧損

本公司權益股東應佔綜合虧損包括虧損 298,851,000 港元(二零一七年：虧損 423,943,000 港元)，已於本公司財務報表內處理。

16 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2018 of HK\$204,402,000 (2017: a loss of HK\$379,054,000), and the weighted average number of shares in issue during the year ended 31 December 2018 of 2,498,464,791 (2017: 2,402,313,939).

16 每股虧損

(a) 每股基本虧損

每股基本虧損乃按截至二零一八年十二月三十一日止年度之本公司權益股東應佔虧損 204,402,000 港元(二零一七年：虧損 379,054,000 港元)及截至二零一八年十二月三十一日止年度內已發行股份之加權平均數 2,498,464,791 股(二零一七年：2,402,313,939 股)計算。

Notes to the financial statements

財務報表附註

16 LOSS PER SHARE (Continued)

16 每股虧損(續)

(a) Basic loss per share (Continued)

(a) 每股基本虧損(續)

Weighted average number of ordinary shares

普通股之加權平均數

		2018 二零一八年	2017 二零一七年
Issued ordinary shares at 1 January	於一月一日的已發行普通股	2,423,326,394	2,399,336,394
Effect of shares held by share award scheme	根據就股份獎勵計劃所持有股份之影響	(19,528,000)	—
Effect of issue of shares under share award scheme	根據股份獎勵計劃發行股份之影響	—	2,977,835
Effect of repurchase of shares under share award shares	根據股份獎勵計劃回購股份之影響	(18,582,082)	(290)
Effect of share award vested	已歸屬股份獎勵之影響	14,618,342	—
Effect of share issued for the acquisition of YF Life	就收購萬通保險已發行股份之影響	98,630,137	—
Weighted average number of ordinary shares at 31 December	於十二月三十一日已發行股份之加權平均數	2,498,464,791	2,402,313,939

(b) Diluted loss per share

(b) 每股攤薄虧損

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2018 of HK\$204,402,000 (2017: a loss of HK\$379,054,000), and the weighted average number of shares during the year ended 31 December 2018 of 2,498,464,791 (2017: 2,402,313,939).

每股攤薄虧損乃按截至二零一八年十二月三十一日止年度之本公司權益股東應佔虧損204,402,000港元(二零一七年：虧損379,054,000港元)及截至二零一八年十二月三十一日止年度內已發行股份之加權平均數2,498,464,791股(二零一七年：2,402,313,939股)計算。

Weighted average number of ordinary shares (diluted)

普通股之加權平均數(攤薄)

		2018 二零一八年	2017 二零一七年
Weighted average number of ordinary shares at 31 December	於十二月三十一日的普通股加權平均數	2,498,464,791	2,402,313,939
Weighted average number of ordinary shares (diluted) at 31 December	於十二月三十一日的普通股加權平均數(攤薄)	2,498,464,791	2,402,313,939

Notes to the financial statements

財務報表附註

17 SEGMENT REPORTING

The operating segments have been determined based on the reports reviewed by the executive directors of the Company that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

After the completion of the YF Life acquisition, the Group is largely dominated by the insurance business. As a result, management decided to streamline and regroup the operating segments. Insurance business is considered as an operating segment and other operating segments that existed prior to the acquisition are consolidated as financial services and complete to reflect the long term business development focus. Accordingly, comparative figures in prior year have been restated to conform to the current year's presentation.

Consequently, the Group currently has two operating segments:

- (i) Insurance business — engage in the writing of long term assurance business
- (ii) Other financial services and corporate includes
 - a) Securities brokerage — engages in securities brokerage and provision of custodian and other services;
 - b) Wealth and asset management — provision of fund and asset management services as well as financing and investing solution for corporate clients and
 - c) Consultancy and advisory services — provision of corporate advisory, placing and underwriting advisory services to corporate clients.

17 分部報告

經營分部乃根據本公司執行董事所審閱並用於評估表現及作出策略性決定之報告而釐定。本集團之經營業務乃根據其業務性質及所提供之產品及服務個別進行組織及管理。本集團各經營分部代表一個策略性業務單位，提供之產品及服務所承擔之風險及所得之回報與其他經營分部不同。

收購萬通保險後，本集團的主導業務是保險。因此，管理層決定簡化和重組經營分部。保險業務被視為經營分部，其他於收購之前存在的經營分部合併為金融服務，以完成反應長期業務發展目標。因此，去年的比較數據已重新分類，以符合本年度之呈現方式。

本集團現有兩個經營分部：

- (i) 保險業務 — 承保長期保險業務
- (ii) 其他金融和公司服務包括：
 - a) 證券經紀 — 從事證券經紀業務，及提供託管服務和其他服務；
 - b) 財富管理 — 提供資金和資產管理服務，以及為企業客戶制定融資和投資解決方案；及
 - c) 顧問及諮詢服務 — 為企業客戶提供企業諮詢，配售和承銷服務。

17 SEGMENT REPORTING (Continued)

- d) Principal investment – utilise capital 1) to provide funding on developing financial products and the funds managed by wealth management team 2) to improve returns on the Group's capital and cash flow management based on treasury management model that may involve (but shall not be limited to) holding fixed income instruments, high grade equity instruments and other financial investments.
- e) Financial technology activities – includes administrative expenses, research and development costs, staff costs and data and technology related expenses related to the Group's financial technology activities to support other financial services function.
- f) Corporate service includes central administrative and financing functions to support other operating segments.

The accounting policies of the reportable segments are the same as those followed by the Group in the last annual financial statements.

Segment revenue represents the revenue generated by each operating segment from external customers. Inter-segment revenue represents inter-segment services which were transacted with reference to the normal commercial price made to third parties at the then prevailing market prices.

Segment results represent specific operating performance of the reported segments by allocating all specific and related operating and finance costs, excluding other corporate, general administrative, and financial expenses, taxation and non-operating costs. This is the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

17 分部報告(續)

- d) 主要投資 – 利用資本 1) 就開發金融產品以及理財管理團隊管理的基金提供融資 2) 基於可能涉及(但不限於)持有固定收益工具、高級別股權工具和其他金融投資的資金管理模式，提高集團資本和現金流量管理的回報。
- e) 金融科技活動 – 包括與本集團支持其他金融服務功能的金融科技活動相關的行政開支、研發成本、員工成本及數據和技術相關開支。
- f) 公司服務包括支持其他經營分部的中心行政和融資職能。

可報告分部之會計政策與本集團於最近年度財務報表所依循者相同。

分部收入指各經營分部外部客戶產生的收入。分部間收入指參照按當時市價向第三方作出之一般商業價格而進行交易之分部間服務。

分部業績指呈報分部透過分配所有特定及相關經營及財務成本(不包括其他公司、一般行政及財政開支、稅項及非經營成本)計算之特定經營表現。此乃於有關時間匯報予主要經營決策者作資源分配及表現評估用途之衡量基準。

Notes to the financial statements

財務報表附註

17 SEGMENT REPORTING (Continued)

17 分部報告(續)

(a) Segment revenue and results

(a) 分部收入及業績

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

		Insurance business 保險業務 HK\$'000 千港元	Other financial services and corporate 其他金融和 公司服務 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Premiums and fee income	保費及費用收入	761,673	—	761,673
Premiums ceded to reinsurer	分出保費	(99,149)	—	(99,149)
Net premium and fee income	保費及費用收入淨額	662,524	—	662,524
Change in unearned revenue liability	未到期收入責任變化	(85,468)	—	(85,468)
Brokerage commission, interest and other service income	經紀佣金、利息及其他服務收入	—	7,118	7,118
Subscription, management and rebate fee income	認購、管理及回退費收入	—	9,978	9,978
Consultancy and advisory income	顧問及諮詢收入	—	13,092	13,092
Inter-segment income	分部間收入	381	—	381
Reportable segment revenue	可報告分部收益	577,437	30,188	607,625
Allocated net investment income, other operating income and gains	已分配投資收入淨額、其他經營收入和收益	301,089	110,311	411,400
Share of result of associates	聯營公司業務份額	—	(1,241)	(1,241)
Allocated operating costs	已分配經營成本	(753,998)	(416,983)	(1,170,981)
Allocated finance cost	已分配融資成本	—	(15,912)	(15,912)
Reportable segment profit/(loss)	可報告分部利潤/(虧損)	124,528	(293,637)	(169,109)
Elimination of inter-segment (loss)/profit	可報告分部(虧損)/利潤對銷			—
Reportable segment profit derived from Group's external customers	本集團來自外部人士之可報告分部溢利			(169,109)
Unallocated legal and professional and other operating expenses	未分配法律及專業及其他營業開支			(26,826)
Taxation	稅項			41,780
Loss for the year	本年度虧損			(154,155)
Depreciation and amortisation for the year	本年度折舊和攤銷	(1,883)	(21,249)	(23,132)
Bank interest income	銀行利息收入	2,302	66,098	68,400
Reportable segment assets (including investment in associates and those identified intangible asset at acquisition of YF Life)	可報告分部資產(包括於聯營公司的投資以及收購萬通保險後確定的無形資產)	56,960,743	2,342,627	59,303,370
Additions to non-current segment assets during the year other than associates	年內非流動分部資產的增置(非聯營公司)	127,661	6,109	133,770
Investment in associates	於聯營公司的投資	—	64,846	64,846
Reportable segment liabilities	可報告分部負債	(45,351,070)	(2,350,583)	(47,701,653)

Notes to the financial statements

財務報表附註

17 SEGMENT REPORTING (Continued)

17 分部報告(續)

(a) Segment revenue and results (Continued)

For the year ended 31 December 2017
(restated)

(a) 分部收入及業績(續)

截至二零一七年十二月三十一日止
年度(重述)

		Insurance business 保險業務 HK\$'000 千港元	Other financial services and corporate 其他金融和 公司服務 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Brokerage commission, interest and other service income	經紀佣金、利息及其他服務收入	—	6,163	6,163
Subscription, management and rebate fee income	認購、管理及回退費收入	—	3,791	3,791
Consultancy and advisory income	顧問及諮詢收入	—	11,110	11,110
Inter-segment revenue	分部間收入	—	—	—
Reportable segment revenue	可報告分部收入	—	21,064	21,064
Allocated net investment income, other operating income and gains	已分配投資收入淨額、其他經營收入和收益	—	16,945	16,945
Allocated operating costs	已分配經營成本	—	(359,385)	(359,385)
Allocated finance cost	已分配融資成本	—	(9,473)	(9,473)
Reportable segment loss	可報告分部虧損	—	(330,849)	(330,849)
Elimination of inter-segment (loss)/profit	可報告分部(虧損)/利潤對銷			—
Reportable segment profit derived from Group's external customers	本集團來自外部人士之可報告分部溢利			(330,849)
Unallocated legal and professional expenses	未分配法律及專業及其他營業開支			(47,319)
Taxation	稅項			(1,138)
Loss for the year	本年度虧損			(379,306)
Depreciation and amortisation for the year	本年度折舊和攤銷	—	(18,531)	(18,531)
Bank interest income	銀行利息收入	—	56,129	56,129
Reportable segment assets	可報告分部資產	—	5,203,045	5,203,045
Additions to non-current segment assets during the year	年內非流動分部資產的增置	—	6,980	6,980
Reportable segment liabilities	可報告分部負債	—	1,019,277	1,019,277

Notes to the financial statements

財務報表附註

17 SEGMENT REPORTING (Continued)

(b) Reconciliation of segment assets and liabilities

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets	資產		
Reportable segment assets	可報告分部資產	59,303,370	5,203,045
Elimination of inter-segment receivables	抵銷跨業務應收款	(4,089)	—
		59,299,281	5,203,045
Goodwill	商譽	3,733,945	—
Deferred tax assets	遞延稅項資產	184	—
Consolidated total assets	合併資產總額	63,033,410	5,203,045

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Liabilities	負債		
Reportable segment liabilities	可報告分部負債	47,701,653	1,019,277
Elimination of inter-segment payables	抵銷跨業務應付款	(4,089)	—
		47,697,564	1,019,277
Tax payable	應付稅項	6,189	44,259
Deferred tax liabilities	遞延稅項負債	—	177
Consolidated total liabilities	合併負債總額	47,703,753	1,063,713

(c) Geographical segment information

The Group's customers, operation and administration are mainly located in Hong Kong and Macau. Research and development for financial technologies divisions are located in PRC.

(d) Information about major customers

No customer account for more than 10% of the total revenue of the Group for the year ended 31 December 2018.

17 分部報告(續)

(b) 分部資產及負債的對賬

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Assets	資產		
Reportable segment assets	可報告分部資產	59,303,370	5,203,045
Elimination of inter-segment receivables	抵銷跨業務應收款	(4,089)	—
		59,299,281	5,203,045
Goodwill	商譽	3,733,945	—
Deferred tax assets	遞延稅項資產	184	—
Consolidated total assets	合併資產總額	63,033,410	5,203,045

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Liabilities	負債		
Reportable segment liabilities	可報告分部負債	47,701,653	1,019,277
Elimination of inter-segment payables	抵銷跨業務應付款	(4,089)	—
		47,697,564	1,019,277
Tax payable	應付稅項	6,189	44,259
Deferred tax liabilities	遞延稅項負債	—	177
Consolidated total liabilities	合併負債總額	47,703,753	1,063,713

(c) 地區分部資料

本集團的客戶、經營和行政管理主要位於香港和澳門。金融科技研發分部位於中國大陸。

(d) 有關主要客戶之資料

概無客戶佔本集團截至二零一八年十二月三十一日止年度之收益總額10%以上。

Notes to the financial statements

財務報表附註

18 OTHER COMPREHENSIVE INCOME

18 其他綜合收益

Reclassification adjustments relating to components of other comprehensive income

其他綜合收益各組成部分的相關重新分類調整

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Available-for-sale securities:	可供出售證券：		
Changes in fair value recognised during the year	年內確認的公允價值變動	—	30,260
Reclassification adjustments for amounts transferred to profit or loss:	轉入損益的數額進行重新分類調整：		
Net losses on disposal	出售虧損淨額	—	(14,961)
Impairment losses	減值虧損	—	1,980
Deferred taxation	遞延稅項	—	(820)
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	—	16,459

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Debt securities classified as fair value through other comprehensive income:	以公允價值計量且其變動計入其他綜合收益的債務證券		
Changes in fair value recognised during the year	年內確認的公允價值變動	73,157	—
Reclassification adjustments for amounts transferred to profit or loss:	轉入損益的數額進行重新分類調整：		
Net gains on disposal	出售收益淨額	(6,501)	—
Impairment losses	減值虧損	17,947	—
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	84,603	—

Notes to the financial statements

財務報表附註

18 OTHER COMPREHENSIVE INCOME (Continued)

Reclassification adjustments relating to components of other comprehensive income (Continued)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial asset designated at fair value through profit or loss under overlay approach:	按覆蓋法指定以公允價值計量且其變動計入損益的金融資產：		
Changes in fair value recognised during the year	年內確認的公允價值變動	9,058	—
Reclassification adjustments for amounts transferred to profit or loss:	轉入損益的數額進行重新分類調整：		
Net (gains)/losses on disposal	出售(收益)/虧損淨額	—	—
Impairment losses	減值虧損	—	—
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	9,058	—

其他綜合收益各組成部分的相關重新分類調整(續)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Equity investment classified as fair value through profit or loss under overlay approach:	按覆蓋法以公允價值計量且其變動計入損益的股權投資：		
Changes in fair value recognised during the year	年內確認的公允價值變動	230	—
Reclassification adjustments for amounts transferred to profit or loss:	轉入損益的數額進行重新分類調整：		
Net (gains)/losses on disposal	出售(收益)/虧損淨額	—	—
Impairment losses	減值虧損	—	—
Deferred taxation	遞延稅項	—	—
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	230	—
Net movement in the fair value reserve during the year recognised in other comprehensive income	年內在其他綜合收益中確認的公允價值儲備變動淨額	9,288	—

Notes to the financial statements

財務報表附註

19 PROPERTY AND EQUIPMENT

19 物業及設備

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Office equipment and furniture 辦公設備及傢俬 HK\$'000 千港元	Computers equipment 電腦設備 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Cost	成本					
At 1 January 2017	於二零一七年一月一日	11,670	6,673	17,347	726	36,416
Additions	增置	3,686	1,501	1,333	—	6,520
Disposal	處置	—	—	(114)	—	(114)
Disposal of a subsidiary	出售附屬公司	(308)	(10)	(23)	—	(341)
Exchange alignment	外幣報表折算差額	418	146	169	—	733
At 31 December 2017	於二零一七年 十二月三十一日	15,466	8,310	18,712	726	43,214
At 1 January 2018	於二零一八年一月一日	15,466	8,310	18,712	726	43,214
Additions	增置	1,925	1,542	12,906	—	16,373
Write off and disposal	核銷和處置	(323)	(1,432)	(600)	—	(2,355)
Acquisition of subsidiaries	收購附屬公司	9,216	1,940	103,481	—	114,637
Exchange alignment	外幣報表折算差額	(321)	(126)	(132)	—	(579)
At 31 December 2018	於二零一八年 十二月三十一日	25,963	10,234	134,367	726	171,290
Accumulated depreciation and impairment	累計折舊及減值					
At 1 January 2017	於二零一七年一月一日	4,205	3,964	6,547	282	14,998
Charge for the year	本年度支出	4,328	1,358	4,765	242	10,693
Impairment for the year	本年度減值	108	320	187	—	615
Disposal	處置	—	—	(23)	—	(23)
Disposal of a subsidiary	出售附屬公司	(308)	(9)	(22)	—	(339)
Exchange alignment	外幣報表折算差額	126	29	80	—	235
At 31 December 2017	於二零一七年 十二月三十一日	8,459	5,662	11,534	524	26,179
At 1 January 2018	於二零一八年一月一日	8,459	5,662	11,534	524	26,179
Charge for the year	本年度支出	5,947	1,544	5,898	202	13,591
Impairment for the year	本年度減值	—	—	—	—	—
Write off and disposal	核銷和處置	(323)	(1,101)	(599)	—	(2,023)
Exchange alignment	外幣報表折算差額	(243)	(70)	(90)	—	(403)
At 31 December 2018	於二零一八年 十二月三十一日	13,840	6,035	16,743	726	37,344
Net carrying amount	賬面淨值					
At 31 December 2018	於二零一八年 十二月三十一日	12,123	4,199	117,624	—	133,946
At 31 December 2017	於二零一七年 十二月三十一日	7,007	2,648	7,178	202	17,035

Notes to the financial statements

財務報表附註

20 STATUTORY DEPOSITS

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Statutory deposits	法定存款	3,285	978

The Group has deposited in the name of the Director of Accounting Services with a bank a sum of HK\$1,532,000 (2017: Nil) pursuant to section 77(2)(e) of the Hong Kong Trustee Ordinance and also with the exchanges and clearing house.

All of the statutory deposits are expected to be recovered after more than one year.

21 INTEREST IN ASSOCIATES

The following list contains only the particulars of material associate, which is an unlisted corporate entity whose quoted market price is not available.

Name of associate	Place of incorporation and business	Particular of issued/registered and fully paid-up capital 已發行/註冊及繳足股本	Proportion of ownership interest 擁有權權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
北京慧金科技有限 公司 (note 1)	PRC	RMB522,760	16.67%	—	16.67%	Financial modelling, asset management
北京慧金科技有限 公司 (附註1)	中國	人民幣522,760元				金融建模、資產管理

Note 1: On 20 June 2018, the Group has completed an acquisition of 北京慧金科技有限 公司 (an "Investee") at a consideration of RMB50 million. The Group has the right to appoint one director to the board of the Investee which is comprised of 5 members. With the presence of the board representative, the Group is considered to have significant influence over the operating and financing decision of the Investee.

20 法定存款

本集團已根據香港《受託人條例》第77(2)(e)條以庫務署署長名義向銀行和交易所以及清算所存入一筆金額為1,532,000港元(二零一七年：零港元)的款項。

所有上述法定存款預期於一年後收回。

21 聯營公司之權益

下表只載列對本集團的業績或資產有重大影響的主要聯營公司(全部均為非上市且沒有市場報價的公司實體)的詳情：

附註1： 於二零一八年六月二十日，本集團已完成收購北京慧金科技有限 公司，代價為人民幣5,000萬元。本集團有權委任一名董事至被投資方董事會，其董事由五名成員組成。由於擁有董事會代表，本集團被視為對被投資方的經營及融資決策具有重大影響。

Notes to the financial statements

財務報表附註

21 INTEREST IN ASSOCIATES (Continued)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

21 聯營公司之權益(續)

下表載列主要聯營公司的財務資料概要(經就任何會計政策差異加以調整)及其與合併財務報表內賬面金額的對賬:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	48,012	—
Non-current assets	非流動資產	13,210	—
Current liabilities	流動負債	(1,475)	—
Non-current liabilities	非流動負債	—	—
Net assets	資產淨值	59,747	—
Revenue	收益	3,206	—
Loss for the year	本年度虧損	(1,258)	—
Total comprehensive income	全面收益總額	(5,455)	—
Dividend paid to Group	支付予本集團的股息	—	—
Reconcile to Group's interest in the associate	與本集團所持聯營公司權益的對賬		
Gross amount of net assets of the associate	聯營公司資產淨值總額	59,747	—
Group's effective interest	本集團的實際權益	16.67%	—
Group's share of net assets of the associate	本集團應佔聯營公司的資產淨值	10,744	—
Goodwill	商譽	49,173	—
Exchange alignment	外幣報表折算差額	(4,197)	—
Carrying amount in the consolidated financial statements	在合併財務報表的賬面金額	55,720	—

Management considered there is no impairment indication with the material associate taking into account the recent transaction price involved in the transfer of the associate's equity interest.

管理層認為，鑒於轉讓聯營公司股權所涉及的近期交易價格，重大聯營公司並未出現減值跡象。

Notes to the financial statements

財務報表附註

21 INTEREST IN ASSOCIATES (Continued)

Aggregate information of associate that are not individually material.

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	於合併財務報表中個別而言並不重大的聯營公司賬面總值	9,126	—
Aggregate amounts of the Group's share of those associates'	本集團應佔該等聯營公司總額		
Profit from continue operation	持續經營溢利	17	—
Other comprehensive income	其他綜合收益	31	—
Total comprehensive income	全面收益總額	48	—

21 聯營公司之權益(續)

個別而言並不重大的聯營公司的整體資料。

22 INTERESTS IN SUBSIDIARIES

(a) Details of the subsidiaries principally affected the results and assets of the Group

The following list contains the details of the Company's subsidiaries as at which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

22 於附屬公司之權益

(a) 主要影響本集團業績及資產之附屬公司詳情

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

Name of company 公司名稱	Place of incorporation and business 註冊成立地點	Particular of issued /registered and fully paid-up capital (note) 已發行/註冊及繳足股本(附註)	Proportion of ownership interest 擁有權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Yunfeng Asset Management Limited 雲鋒資產管理有限公司	Hong Kong 香港	3,910,000 shares 3,910,000 股股份	100%	—	100%	Provision of assets management services 提供資產管理服務
Yunfeng Securities Limited 雲鋒證券有限公司	Hong Kong 香港	133,000,000 shares 133,000,000 股股份	100%	—	100%	Securities broking 證券經紀
Youyu Finance Limited 有魚金融有限公司	Hong Kong 香港	1 share 1 股股份	100%	100%	—	Money lending 貸款

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

22 於附屬公司之權益(續)

(a) Details of the subsidiaries principally affected the results and assets of the Group (Continued)

(a) 主要影響本集團業績及資產之附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立地點	Particular of issued /registered and fully paid-up capital (note) 已發行/註冊及繳足股本(附註)	Proportion of ownership interest 擁有權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Yunfeng Financial Markets Limited 雲鋒金融市場有限公司	Hong Kong 香港	125,000,000 shares 125,000,000 股股份	100%	100%	—	Securities broking, securities placing and underwriting, and provision of consultancy and advisory services 證券經紀、證券配售及包銷及提供顧問及諮詢服務
Youyu Global Limited 有魚環球有限公司	Hong Kong 香港	1 share 1 股股份	100%	100%	—	Provision of administrative services 提供行政服務
YF Life Insurance International Limited (formerly known as MassMutual Asia Limited) 萬通保險國際有限公司(前稱美國萬通保險亞洲有限公司)	Hong Kong 香港	2,896,000,000 shares 2,896,000,000 股股份	60%	—	60%	Long term assurance business 承保長期保險業務
Protective Capital (International) Limited 環球智略投資有限公司	Hong Kong 香港	78,610,000 shares 78,610,000 股股份	60%	—	60%	Provision of general services 提供綜合服務
YF Life Services Limited (formerly known as MassMutual Services Limited) YF Life Services Limited (前稱美國萬通服務有限公司)	Hong Kong 香港	1,100,002 shares 1,100,002 股股份	60%	—	60%	Provision of general services 提供綜合服務
YF Life Guardian Limited (formerly known as MassMutual Guardian Limited)	Hong Kong 香港	1,300,002 shares 1,300,002 股股份	60%	—	60%	Provision of general services 提供綜合服務
MassMutual Trustees Limited 美國萬通信託有限公司	Hong Kong 香港	73,000,000 shares 73,000,000 股股份	60%	—	60%	Provision of trustee services 提供信託服務

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

(a) Details of the subsidiaries principally affected the results and assets of the Group (Continued)

Name of company 公司名稱	Place of incorporation and business 註冊成立地點	Particular of issued /registered and fully paid-up capital (note) 已發行/註冊及繳足股本(附註)	Proportion of ownership interest 擁有權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
YF Life Insurance Consultants Limited (formerly known as MassMutual Insurance Consultants Limited) 萬通保險顧問有限公司	Hong Kong 香港	13,050,000 shares 13,050,000 股股份	60%	—	60%	Provision of agency services to non-life insurers 向非壽險核保人提供代理服務
YF Life Investors Limited (formerly known as MassMutual Asia Investors Limited) 萬通財富管理有限公司	Hong Kong 香港	5,000,000 shares 5,000,000 股股份	60%	—	60%	Provision of general services 提供綜合服務
Beijing Yunfeng Universal Investment Consultancy Limited 北京雲鋒環球投資諮詢有限公司	PRC 中國	Registered capital RMB70,000,000 Paid-up capital RMB48,022,624 註冊資本人民幣 70,000,000 元 實繳資本人民幣 48,022,624 元	100%	—	100%	Provision of advisory service, marketing and promoting products and public relations services 提供營銷和推廣產品和公共關係服務
Beijing Youyu Technologies Limited 北京有魚科技有限公司	PRC 中國	Registered capital RMB4,000,000 Paid-up capital Nil 註冊資本人民幣 4,000,000 元 無實繳資本	100%	—	100%	Provision of internet and multimedia systems and application development 提供互聯網和多媒體系統和應用程序開發
Shenzhen Youyu Smart Technologies Limited 深圳市有魚智能科技有限公司	PRC 中國	Registered capital RMB100,000,000 Paid-up capital RMB8,010,000 註冊資本人民幣 100,000,000 元 實繳資本人民幣 8,010,000 元	100%	—	100%	Technological development of computer software and hardware, technical consulting, technology services, database and computer network services 發展電腦軟件及硬件之技術、技術諮詢、技術服務、數據庫及電腦網路的服務

22 於附屬公司之權益(續)

(a) 主要影響本集團業績及資產之附屬公司詳情(續)

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

22 於附屬公司之權益(續)

(a) Details of the subsidiaries principally affected the results and assets of the Group (Continued)

(a) 主要影響本集團業績及資產之附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立地點	Particular of issued /registered and fully paid-up capital (note) 已發行/註冊及繳足股本(附註)	Proportion of ownership interest 擁有權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Majik Asset Management (Cayman) Limited	Caymans Island 開曼群島	1 share of US1 each 1股每股面值1美元之股份	100%	—	100%	Fund management 基金管理
Majik Cayman GP 1 Limited	Caymans Island 開曼群島	1 share of US1 each 1股每股面值1美元之股份	100%	—	100%	Fund management 基金管理
Majik Cayman GP 2 Limited	Caymans Island 開曼群島	1 share of US1 each 1股每股面值1美元之股份	100%	—	100%	Fund management 基金管理
Majik Cayman GP 3 Limited	Caymans Island 開曼群島	1 share of US1 each 1股每股面值1美元之股份	100%	—	100%	Fund management 基金管理
Majik Cayman SPV 1 Limited	Caymans Island 開曼群島	1 share of US1 each 1股每股面值1美元之股份	100%	—	100%	Investment holdings 投資控股

Note: The class of shares held is ordinary shares unless otherwise stated.

附註：除另有說明外，所持股份之類別為普通股。

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

(a) Details of the subsidiaries principally affected the results and assets of the Group (Continued)

Name of company 公司名稱	Place of incorporation and business 註冊成立地點	Particular of issued/registered and fully paid-up capital (note) 已發行/註冊及繳足股本(附註)	Proportion of ownership interest 擁有權益比例			Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Majik Cayman SPV 3 Limited	Caymans Island	Authorised capital US\$50,000 divided into 2,500,000 preferred shares and 2,500,000 common shares. Each share is at US\$0.01 par value each. 6,900 common shares and 402,952 preferred shares issued	100%	—	100%	Investment holdings common share
	開曼群島	授權資本50,000美元分為2,500,000優先股和2,500,000普通股。每股面值均為0.01美元面值。已發行6,900股普通股和402,952股優先股	100%	—	100%	普通股 投資控股
Majik Access USD Fund 1 L.P.	Caymans Island	US\$114.2 million	65.7%	—	65.7%	Investment
	開曼群島	1.142 億美元	65.7%	—	65.7%	投資
Majik Access USD Fund 3 L.P.	Caymans Island	US\$35 million	69.3%	—	82.5%	Investment
	開曼群島	3,500 萬美元	69.3%	—	82.5%	投資

Note: For the fund partnership entities, the balance represents capital commitment being made by limited partners to the partnership.

(a) 主要影響本集團業績及資產之附屬公司詳情(續)

附註：對於基金合夥企業，餘額代表有限合夥人對合夥企業的資本承諾。

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

(b) Information about material non-controlling interest

The following table lists out the information relating to YF Life, the only subsidiary with material non-controlling interest ("NCI") as at 31 December 2018. The subsidiary was acquired during the year as stated in note 22(d). The summarised financial information presented below represents the amounts including intangible assets identified on acquisition date before any inter-company elimination.

22 於附屬公司之權益(續)

(b) 有關於重大非控股權益之資料

下表載列與萬通保險有關的資料。於二零一八年十二月三十一日，該公司是本集團唯一擁有重大非控股權益的附屬公司。附註22(d)所述，該公司於本年度內出售。下表呈列的財務資料概要為集團內公司間互相抵銷前的數額(包括於收購日確定的無形資產)。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
NCI percentage	非控股權益百分比	40%	—
Total assets	資產總額	56,960,743	—
Total liabilities	負債總額	(45,356,102)	—
Total net assets	資產淨值總額	11,604,641	—
Net assets attributable to NCI	非控股權益應佔資產淨值	4,641,856	—
Goodwill attributable to NCI	非控股權益應佔商譽	1,467,031	—
Carrying amount of NCI	非控股權益之賬面值	6,108,887	—
Net earned premium and fee income	滿期保費淨額及費用收入	577,437	—
Profit/(loss) for the year	本年度溢利/(虧損)	125,618	(514)
Total comprehensive income	全面收益總額	172,618	(431)
Profit/(Loss) allocated to NCI	分配至非控股權益之溢利/(虧損)	50,247	(252)
Dividend paid to NCI	支付予非控股權益之股息	—	—
Cash flows from operating activities	來自經營活動之現金	284,589	(1,572)
Cash flows from investing activities	來自投資活動之現金	1,306,484	7
Cash flows from financing activities (Note)	來自融資活動之現金(附註)	2,745,116	—

Note: the cashflows includes HK\$1,200 million capital contribution made by the Company to YF Life.

附註：現金流量包括本公司向萬通保險作出的1,200,000,000港元出資。

22 INTERESTS IN SUBSIDIARIES (Continued)

(c) Disposal of subsidiaries

During the year, the Group entered into a strategic fund management agreement with another well-established financial institution. By sharing the operating and financing decision making power through the agreement, the Group is no longer considered as the principal of Majik Access USD Fund 2 LP. On the date of deconsolidation, the Fund had FVPL asset of HK\$13,265,000, bank and cash of HK\$3,145,000 and liabilities of HK\$5,607,000 including interest of third party investors in the Fund. As a result of the deconsolidation, the Group has recorded the difference between disposed net asset attributable to the Group and the fair value on initial recognition of an investment in a joint venture as a disposal gain of HK\$1,538,000. From 1 January 2018 to the date of deconsolidation, the Fund contributed a loss of HK\$151,000 to the Group.

(d) Acquisition of subsidiaries

On 16 November 2018, the Company has completed the acquisition of the 60% of the outstanding share capital in YF Life and its subsidiaries (the "Acquired Group"), for a consideration of approximately HK\$7,926.0 million. YF Life is involved in the writing of long term assurance business. The Group has made a provisional assessment of the fair value of the assets and liabilities as at the acquisition date. The acquisition is in line with the Group's strategy to expand the Group's business scope and form an ecosystem covering multiple financial products and services. A provisional goodwill of HK\$3,733 million arising from the acquisition is attributable mainly to the benefit of skills and technical talents of the acquired businesses' work force and synergies expected to be achieved from integrating the entities into the Group's existing businesses. None of the goodwill recognised is expected to be deductible for income tax purpose. The following table summarises the asset acquired and liabilities assumed and consideration paid for the Acquired Group.

22 於附屬公司之權益(續)

(c) 出售附屬公司

於年內，本集團與另一家成熟的金融機構簽署了戰略基金管理協議。通過協議分享經營和財務決策權，本集團認為不再是有魚錦鯉美元基金2號的主事人。於拆分日，本基金有以公允價值計量且其變動計入損益之資產13,265,000港元，銀行存款及現金3,145,000港元及負債5,607,000港元，包括第三方投資人於本基金的權益。由於拆分，本集團已將本集團應佔處置資產淨值與初始確認時於合營企業投資之公允價值之間的差額確認為1,538,000港元的出售收益。自二零一八年一月一日至拆分日，該基金為本集團貢獻虧損151,000港元。

(d) 收購附屬公司

於二零一八年十一月十六日，本公司已完成收購萬通保險及其附屬公司(「被收購集團」)60%已發行股本，代價約為79.26億港元。萬通保險從事承保長期保險業務。本集團已於收購日就資產和負債的公允價值作出暫時評估。此次收購符合集團擴大集團業務範圍的戰略，並形成涵蓋多種金融產品和服務的生態系統。收購產生的臨時商譽為37.33億港元，主要是為了提高被收購業務的全體員工的技能和技術，以及將實體整合至本集團現有業務預期將實現的協同效應。預計已確認商譽不能用以抵扣所得稅。下表總結了所收購資產及所承擔的負債以及為被收購集團支付的代價。

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

22 於附屬公司之權益(續)

(d) Acquisition of subsidiaries (Continued)

(d) 收購附屬公司(續)

		HK\$'000 千港元
Consideration:	代價：	
At acquisition date	於購買日	
Total consideration – cash	代價總額 – 現金	2,662,370
Total consideration – shares	代價總額 – 股份	5,264,000
		7,926,370
Assets and liabilities acquired	獲取的資產和負債	
Assets	資產	
Fixed assets	固定資產	114,637
Statutory deposits	法定存款	1,532
Intangible asset	無形資產	65,960
Value of business acquired	收購業務的價值	8,511,831
Investments	投資	42,696,966
Advance reinsurance premiums	預付再保險保費	10,396
Reinsurers' share of outstanding claims	未決賠款之再保險公司份額	29,329
Insurance and reinsurance receivables	應收保費及分保賬款	317,110
Other receivables	其他應收款項	496,492
Deposits with banks maturing after more than three months	逾三個月後到期的銀行存款	259,250
Cash and cash equivalents	現金及現金等值項目	1,425,347
Liabilities	負債	
Insurance contract provisions	保險合同準備金	38,533,932
Investment contract liabilities	投資合同負債	4,059,535
Outstanding claims	未決賠款	128,059
Reinsurance premium payables	應付再保險保費	433,529
Other payables	其他應付款項	622,021
Tax payable	應付稅項	6,566
Deferred tax liabilities	遞延稅項負債	712,783
Identifiable net assets acquired and liabilities assumed	已獲取的可識別淨資產及已承擔負債	9,432,425
<i>Add: Fair value of the remaining 40% non-controlling interest</i>	<i>加：剩餘40% 非控股權益的公允價值</i>	5,240,000
Goodwill recognised on acquisition	收購時確認的商譽	3,733,945
Cash consideration paid	已付現金代價	2,662,370
Less: cash and cash equivalent of the subsidiaries acquired	減：被收購附屬公司之現金及現金等值項目	(1,425,347)
Net cash and cash equivalent consideration received	已收現金及現金等值項目代價淨額	1,237,023

Notes to the financial statements

財務報表附註

22 INTERESTS IN SUBSIDIARIES (Continued)

(d) Acquisition of subsidiaries (Continued)

Due to the timing of the completion of the acquisition, the Group is unable to complete the valuation of the value of business acquired (“VOBA”). The assessment of the fair value of VOBA and the corresponding effects on the insurance contracts provisions at the acquisition date will be subject to finalisation and the accounting for the acquisition will be revised within one year in accordance with HKFRS 3. Non-controlling interest in YF Life was measured at fair value based on cash consideration paid by these investors in the acquisition. Please refer to note 11 (b) for acquisition cost have been charged to consolidated income statement.

Since the acquisition date, YF Life and its subsidiaries (the “Acquired Group”) has contributed HK\$878.5 million of total income and HK\$125.6 million of profit to the Group. For the purpose of disclosing the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition occurred as of the beginning of the current reporting period, it is considered impracticable to quantify the impact as the financial results of the Acquired Group are previously prepared on a different accounting principle compared to the Group’s accounting policy. The valuation of certain balances including insurance reserves and value of business acquired based on assumptions made on the acquisition date are not applicable to that of the beginning of the annual reporting period. As a result, the information is considered not being a fair indicator to illustrate the full year financial impact of the Acquired Group could have been contributed to the Group.

22 於附屬公司之權益(續)

(d) 收購附屬公司(續)

基於收購完成的時間，本集團無法完成收購業務的價值(「獲得業務的價值」)。對所獲得業務價值以及對保險合同準備金的相應影響的公平值評估將有待最終確定，收購之計賬亦將根據香港財務報告準則第3號在一年內修訂。萬通保險的非控股權益公平值計量，該公允價值乃根據共同投資者於收購事項中支付的現金代價。有關收購成本已於綜合收益表扣除，請參閱附註11(b)。

自收購日起，萬通保險及其附屬公司(「被收購集團」)已向本集團貢獻收入總額8.8億港元及溢利1.3億港元。為了披露合併實體於當前報告期間的收益和損益，倘若收購於當前報告期初發生，與本集團的會計政策相比，被收購集團的財務業績之前基於不同的會計準則編制，因此量化其影響被視為不可行的。基於獲得日所作假設的若干餘額(包括保險準備金及已獲得業務的價值)的估值不適用於年度報告期初。因此，該等資訊並不能視為表明被收購集團的全年財務表現可能已對本集團造成影響的公允指標。

Notes to the financial statements

財務報表附註

23 GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost	成本		
At 1 January	於一月一日	4,649	4,649
Additions	增置	3,733,945	—
Written off	核銷	(1,165)	—
At 31 December	於十二月三十一日	3,737,429	4,649
Accumulated impairment loss	累計減值虧損		
At 1 January	於一月一日	4,649	4,649
Charge for the year	本年度支出	—	—
Written off	核銷	(1,165)	—
At 31 December	於十二月三十一日	3,484	4,649
Carrying amount	賬面值		
At 31 December	於十二月三十一日	3,733,945	—

During the year, the addition of goodwill arises from the acquisition of YF Life. The recoverable amount of the cash generating units containing goodwill or intangible assets was determined based on the value-in-use calculation. This calculation uses cash flow projection which represents what management believes is the best estimate of what the cash generating units are able to achieve in their business life. The Directors determined the cash flow projection based on past performance and its expectation for market development. The Directors believed any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. Management of the Group determines that there are no impairments of its cash generating units containing goodwill and intangible assets.

年內新增商譽乃因收購萬通保險而產生，包含商譽或無形資產的現金產生單位的可收回金額乃根據根據價值計算厘定。該計算方法使用現金流量預測，此預測表明管理層認為現金產生單位在其商業活動中能夠實現的最佳估計。董事會根據過往表現及其對市場發展的預期厘定現金流量預測。董事會認為，該等假設的任何合理可能變動均不會導致賬面總面值超過可收回總額。本集團管理層確定其包含商譽或無形資產的現金產生單位並未發生減值。

Notes to the financial statements

財務報表附註

23 GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

(a) Goodwill (Continued)

In respect of insurance business, the recoverable amount was determined based on YF Life appraisal value, which consists of the adjusted net worth plus the present value of inforce business and the new business value after cost of capital. The amount of accumulated impairment loss written off for the year is related to a wholly owned subsidiary liquidated during the year.

(b) Other intangible assets

23 商譽及其他無形資產(續)

(a) 商譽(續)

就保險業務而言，可收回金額乃根據萬通保險評估價值厘定，其中包括經調整淨值加上有效業務現值及扣除資本成本後的新業務價值。本年度已核銷之累計減值虧損金額與本年度清算的一家全資附屬公司相關。

(b) 其他無形資產

		Trade Name 商標 HK\$'000 千港元	Trading Rights 交易權 HK\$'000 千港元	Club Membership 俱樂部會員 HK\$'000 千港元	Computer software 電腦軟件 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At cost	按成本					
At 1 January 2017	於二零一七年一月一日	—	6,550	2,930	18,924	28,404
Additions	增置	—	—	—	22,389	22,389
Exchange alignment	外幣報表折算差額	—	—	—	34	34
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	—	6,550	2,930	41,347	50,827
Acquisition of subsidiaries	收購附屬公司	65,960	—	—	—	65,960
Additions	增置	—	—	—	988	988
Exchange alignment	外幣報表折算差額	—	—	—	(24)	(24)
At 31 December 2018	於二零一八年十二月三十一日	65,960	6,550	2,930	42,311	117,751
Accumulated amortisation and impairment:	累計攤銷和減值：					
At and 1 January 2017	於二零一七年一月一日	—	6,000	—	892	6,892
Charge for the year	本年度支出	—	—	—	7,815	7,815
Exchange alignment	外幣報表折算差額	—	—	—	10	10
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	—	6,000	—	8,717	14,717
Charge for the year	本年度支出	—	—	—	9,541	9,541
Exchange alignment	外幣報表折算差額	—	—	—	(11)	(11)
At 31 December 2018	於二零一八年十二月三十一日	—	6,000	—	18,247	24,247
Carrying amount	賬面值					
At 31 December 2018	於二零一八年十二月三十一日	65,960	550	2,930	24,064	93,504
At 31 December 2017	於二零一七年十二月三十一日	—	550	2,930	32,630	36,110

23 GOODWILL AND OTHER INTANGIBLE ASSETS *(Continued)*

(b) Other intangible assets *(Continued)*

As at 31 December 2018, the Group had three (2017: three) trading rights in The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and one (2017: one) trading right in the Hong Kong Futures Exchange Limited (the “Futures Exchange”), of which two trading rights in the Stock Exchange and one trading right in the Futures Exchange were fully amortised as at 31 December 2010. The Group has one (2017: one) club membership with indefinite useful life similar to the trading rights.

Trade name acquired in the acquisition of YF Life, which is subject to annual impairment test. The relief-from-royalty approach is adopted to determine the fair value of trade name. At the end of each reporting period, the management of the Group reassessed the assumptions of this approach. As at 31 December 2018, the valuation of the Chinese trade name is determined based on the relevant value of new business estimated by YF Life. The trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite.

23 商譽及其他無形資產 *(續)*

(b) 其他無形資產 *(續)*

截至二零一八年十二月三十一日，本集團持有3個香港聯合交易所(聯交所)之交易權(二零一七年：3個)及1個香港期貨交易所有限公司(期交所)之交易權(二零一七年：1個)，其中聯交所的2個交易權及期交所的1個交易權已二零一零年十二月三十一日完全攤銷。本集團持有一個俱樂部會員資格(二零一七年：1個)，其使用期限與交易權利類似。

收購萬通保險時獲取的商標，須經年度減值測試。採用權利金節省專法確定商標的公允價值。於各報告期末，本集團管理層重新評估該方法的假設。於二零一八年十二月三十一日，中國商標的估值乃根據萬通保險估計的相關新業務價值厘定。本集團管理層認為該商標具有無限使用年限，因為預期其將無限期地為現金流入淨額作出貢獻。商標在其使用壽命確定為有限之前不會攤銷。

Notes to the financial statements

財務報表附註

24 DEFERRED ACQUISITION COSTS AND VALUE OF BUSINESS ACQUIRED

24 遞延保單獲得成本及收購業務的價值

		2018 二零一八年				2017 二零一七年			
		Value of business acquired 收購業務的 價值	Insurance contracts 保險合同	Investment contracts 投資合同	Total 總額	Value of business acquired 收購業務的 價值	Insurance contracts 保險合同	Investment contracts 投資合同	Total 總額
At 1 January	於一月一日	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	收購附屬公司	8,511,831	-	-	8,511,831	-	-	-	-
Amount deferred	遞延金額	-	275,243	7,146	282,389	-	-	-	-
Amortisation for the year	本年度攤銷	(73,674)	(48,272)	(154)	(122,100)	-	-	-	-
		8,438,157	226,971	6,992	8,672,120	-	-	-	-
Amortisation for the year allocated to fair value reserve	本年度分攤至公允價 值儲備的攤銷額	(99,901)	(14,119)	(1,919)	(115,939)	-	-	-	-
At 31 December	於十二月三十一日	8,338,256	212,852	5,073	8,556,181	-	-	-	-

The amount of deferred acquisition costs expected to be recognised as expense after more than one year is HK\$114,574,000 (2017: Nil).

遞延保單獲得成本之金額預計於一年後確認為費用114,574,000港元(二零一七年：零港元)。

Notes to the financial statements

財務報表附註

25 INVESTMENTS

25 投資

		At fair value through other comprehensive income 以公允價值計量 且其變動計入 其他綜合收益之 公允價值 HK\$'000 千港元	At fair value through profit or loss 以公允價值計量 且其變動計入 損益 HK\$'000 千港元	Held for trading 持作買賣 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Amortised cost 攤銷成本 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2018	二零一八年						
Debt securities:	債務證券：						
– Unlisted	– 非上市	10,337,261	1,915,313	–	–	15,188,481	27,441,055
Mortgage loans	抵押貸款	–	–	–	–	7,183,581	7,183,581
		10,337,261	1,915,313	–	–	22,372,062	34,624,636
Equity securities:	權益證券：						
– Unlisted	– 非上市	73,213	–	–	–	–	73,213
Fund Investment:	基金投資：						
– Unlisted (note (a))	– 非上市(附註(a))	–	1,996,567	–	–	–	1,996,567
Derivatives:	衍生工具：						
– Unlisted	– 非上市	–	–	–	–	–	–
Unit trusts:	單位信託：						
– Unlisted	– 非上市	–	6,938,302	–	–	–	6,938,302
Total	總額	10,410,474	10,850,182	–	–	22,372,062	43,632,718
Market value of listed securities	上市證券的市場值	–	–	–	–	–	–

Notes to the financial statements

財務報表附註

25 INVESTMENTS (Continued)

25 投資(續)

		Fair value at fair value through other comprehensive income 以公允價值計量 且其變動計入 其他綜合收益之 公允價值 HK\$'000 千港元	Designated at fair value through profit or loss 指定以公允價值 計量且其變動 計入損益 HK\$'000 千港元	Held for trading 持作買賣 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Loans and receivables 貸款及應收款 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2017	二零一七年						
Debt securities: – Unlisted	債務證券： – 非上市	–	–	–	192,721	–	192,721
Mortgage loans	抵押貸款	–	–	–	–	–	–
		–	–	–	192,721	–	192,721
Equity securities:	權益證券：	–	3,209	–	76,989	–	80,198
Fund investment: – Unlisted (note (a))	基金投資： – 非上市(附註(a))	–	–	–	622,488	–	622,488
Derivatives: – Unlisted	衍生工具： – 非上市	–	–	2,727	–	–	2,727
Total	總額	–	3,209	2,727	892,198	–	898,134
Market value of listed securities	上市證券的市場值	–	3,209	–	–	–	3,209

Notes:

(a) On 28 February 2018, the Group has entered a strategic fund management agreement with another well-established financial institution. By sharing the operating and financing decision making power through the agreement, the Group is no longer considered to be the principal of Majik Access USD Fund 2 LP. After the deconsolidation, the Group elects to measure its 34.04% investment holding in Majik Access USD Fund 2 LP held through a venture capital organisation, an indirect wholly owned subsidiary, at fair value through profit or loss as management measures the performance of this jointly controlled entity on a fair value basis and considered to be exempted from applying the equity method. The valuation process and fair value information for the joint venture measured at fair value through profit or loss set out in note 5. During the year, the Group has made an injection of approximately HK\$63,569,000 to the joint venture. As of 31 December 2018, the carrying value of the jointly controlled entity amounted to HK\$79.1 million.

附註：

(a) 於二零一八年二月二十八日，本集團與另一家成熟的金融機構簽署了戰略基金管理協議。通過協議分享經營和財務決策權，本集團認為不再是有魚錦鯉美元基金2號的主事人。拆分後，本集團選擇以公允價值計量且其變動計入損益的方法計量通過風險資本組織(間接全資附屬公司)持有於有魚錦鯉美元基金2號的34.04%投資，因為管理層以公允價值基準計量該共同控制實體的業績，其被視為免除採用權益法。合營企業的估值流程及公允價值資料以公允價值計量且其變動計入損益，並於附註5所載。於年內，本集團已向合營企業注資約63,569,000港元。截至二零一八年十二月三十一日，共同控制實體的賬面值為7,910萬港元。

Notes to the financial statements

財務報表附註

25 INVESTMENTS (Continued)

Notes: (Continued)

- (b) Investments of HK\$3,760,043,000 (2017: Nil) have been pledged in favour of Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.
- (c) The portion of the investments that is expected to be recoverable within one year is HK\$7,793,141,000 (2017: HK\$332,627,000) and the portion that is expected to be recoverable after more than one year is HK\$35,839,577,000 (2017: HK\$565,507,000).
- (d) Fair value of individually impaired investments 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
Fair value through other comprehensive income debt securities	以公允價值計量且其變動計入其他綜合收益之債務證券	9,431,434	—
Amortised cost investment	攤銷成本投資	14,091,752	—

As at 31 December 2018, the investments were individually determined to be impaired on the basis of expected credit losses model. Impairment losses on these investments were recognised in the consolidated income statements in accordance with the policy set out in note 2(t)(i).

25 投資(續)

附註：(續)

- (b) 為數3,760,043,000港元(二零一七年：無)的投資已抵押於澳門金融管理局，以保證按照《澳門保險條例》作出技術準備金。
- (c) 預計一年內可收回的投資部分為7,793,141,000港元(二零一七年：332,627,000港元)，預計一年後可收回的部分為35,839,577,000港元(二零一七年：565,507,000港元)。
- (d) 個別已減值投資的公允價值如下：

於二零一八年十二月三十一日，基於預期信用損失模型的投資已個別釐定為減值。這些投資的減值虧損根據附註2(t)(i)所載列的會計政策在綜合收益中確認。

Notes to the financial statements

財務報表附註

25 INVESTMENTS (Continued)

Notes: (Continued)

- (e) The maturity profile of the Group's debt securities and loans and receivables is as follows:

25 投資(續)

附註：(續)

- (e) 本集團的債務證券及貸款及應收款的到期情況如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Fixed maturities due in	固定到期期限		
– 1 year or less	– 1年或更短	642,606	—
– 1 to 5 years	– 1至5年	2,723,688	—
– 5 to 10 years	– 5至10年	6,375,965	192,721
– More than 10 years	– 10年以上	17,698,796	—
		27,441,055	192,721
Mortgage loans due in	抵押貸款到期期限		
– 1 year	– 1年	153,501	—
– 2 years	– 2年	276,017	—
– 3 years	– 3年	365,502	—
– 4 years	– 4年	201,069	—
– 5 years	– 5年	817,215	—
– More than 5 years	– 5年以上	5,370,277	—
		7,183,581	—

25 INVESTMENTS (Continued)

Notes: (Continued)

- (f) Interests in collective investment schemes
- (i) Included in financial assets designated at fair value through profit or loss on the consolidated statement of financial position are certain investments in collective investment schemes which have been designed so that voting or similar rights are not the dominant factor in deciding who controls these schemes. These collective investment schemes include investments in unit trusts and limited liability partnership established by third parties. These schemes provide the Company with a variety of investment opportunities through managed investment strategies.

Owing to the passive nature of these investments, the maximum exposure to loss from these interests is limited to the associated equity price risk (see note 5) and the capital commitments. The maximum exposure to loss, which represents the maximum loss that the Group could be required to report as a result of its involvement with these collective investment schemes regardless of the probability of the loss being incurred, is equivalent to the carrying amount of these investments (see note 5).

- (ii) In addition, the Group's subsidiary, MassMutual Trustees Limited is the sponsor of Mass Mandatory Provident Fund scheme ('MPF scheme') as specified in the respective trust deeds. Management fee and trustee fee income that the Group recognised in profit or loss in return for the administration services provided to MPF Scheme that the Group sponsored amounted to HK\$4,185,000 (2017: Nil) for the year.

The policyholders invest directly into such MPF scheme, as such, the Group did not transfer any of its own assets into these schemes during the reporting period. Management actively monitor the compliance with the respective regulation requirements in order to minimize losses arising from reputational risk and regulatory compliance risk.

25 投資(續)

附註：(續)

- (f) 於集合投資計劃的權益
- (i) 指定在綜合財務狀況表中以公允價值計量且其變動計入損益的金融資產指在集合投資計劃中的某些投資，這些投資的設計使得投票或類似權利不是決定由誰控制這些計劃的主導因素。這些集合投資計劃包括於第三方建立的單位信託和有限責任合夥企業的投資。這些計劃通過管理投資策略為公司提供各種投資機會。

由於該等投資的被動性，這些利益的最大損失風險敞口僅限於相關的股權價格風險(參閱附註5)和資本承諾。最大損失風險是指本公司因參與這些集合投資計劃而須呈報的最大損失，不論所產生損失的可能性大小，該損失相當於這些投資的賬面值(參閱附註5)。

- (ii) 此外，本集團的附屬公司 — 美國萬通信託有限公司為相應信託契約所指明的大眾強制性公積金計劃(「強積金計劃」)的發起人。本集團在損益中確認的管理費及受託人費用，作為年內向本集團發起的強積金計劃提供行政服務的回報為4,185,000港元(二零一七年：零港元)。

保單持有人直接投資於該強積金計劃，因此，本集團於報告期內並無將其任何資產轉移至該等計劃。管理層積極監督與相應監管要求的合規情況，以儘量減少名譽風險和監管合規風險帶來的損失。

Notes to the financial statements

財務報表附註

26 ADVANCE REINSURANCE PREMIUMS

Analysis of movement in advance reinsurance premiums

		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	—	—
Acquisition of subsidiaries	收購附屬公司	10,396	—
Other movements	其他變動	256	—
At 31 December	於十二月三十一日	10,652	—

Advance reinsurance premiums are expected to be recovered within one year.

26 預付再保險保費

預付再保險保費變動分析

預付再保險保費預期可於一年內收回。

27 INSURANCE AND REINSURANCE RECEIVABLES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loans to policyholders	向保單持有人作出的貸款	1,710	—
Direct premium receivables	應收直接保費	4,744	—
Reinsurance receivables	應收再保險保費	237,158	—
		243,612	—

At 31 December 2018, none of the insurance and reinsurance receivables were past due or impaired.

All of the insurance and reinsurance receivables are expected to be recovered within one year.

27 應收保費及再保險賬款

於二零一八年十二月三十一日，應收保費及分保賬款均未逾期或減值。

所有應收保費及分保賬款預期可於一年內收回。

Notes to the financial statements 財務報表附註

28 OTHER ACCOUNTS RECEIVABLE AND ACCRUED INCOME

28 其他應收賬款及應計收入

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other accounts receivable arising from securities brokerage:	證券經紀產生的其他應收賬款：		
— Cash clients	— 現金客戶	55,842	61,609
— Margin clients	— 保證金客戶	16,930	26,120
— Clearing house, brokers, fund managers and dealers	— 清算所、經紀商、基金管理人及交易商	22,314	10,632
		95,086	98,361
Other accounts receivable arising from consultancy and advisory services	諮詢及顧問服務產生的其他應收賬款	1,959	1,720
Other service fees receivables	其他應收服務費	332	560
		97,377	100,641
Less: allowance for doubtful debts	減：呆賬準備	(1,507)	(26,403)
		95,870	74,238

The balances of other accounts receivable from consultancy and advisory services with accrued fees of approximately HK\$650,000 (2017: HK\$1,455,000) for on-going advisory projects which have not been billed.

來自諮詢及顧問服務的其他應收賬款結餘，含尚未入賬的持續諮詢項目的應計費用約650,000港元(二零一七年：1,455,000港元)。

The fair value of other accounts receivable approximates its carrying amount.

其他應收賬款之公允價值與其賬面值相若。

Notes to the financial statements

財務報表附註

28 OTHER ACCOUNTS RECEIVABLE AND ACCRUED INCOME (Continued)

(a) Ageing analysis of other accounts receivable

The ageing analysis of other accounts receivable net of allowance for doubtful debts as of the end of the reporting period 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
Current	流動	95,019	72,688
Less than 1 month past due	逾期1個月以下	370	767
1 to 3 months past due	逾期1至3個月	126	262
More than 3 months past due	逾期3個月以上	355	521
Amounts past due	逾期金額	851	1,550
		95,870	74,238

The Group has procedures and policies to assess the client's credit quality and defines credit limits for each client. All client acceptance and credit limit are approved by designated approvers according to the client's credit worthiness.

(b) Other accounts receivable which are past due but not impaired

Included in the Group's other accounts receivable balance are debtors with an aggregate carrying amount of HK\$851,000 (2017: HK\$1,550,000) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss.

28 其他應收賬款及應計收入(續)

(a) 其他應收賬款之賬齡分析

於報告期末之其他應收賬款(扣除呆賬撥備)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
Current	流動	95,019	72,688
Less than 1 month past due	逾期1個月以下	370	767
1 to 3 months past due	逾期1至3個月	126	262
More than 3 months past due	逾期3個月以上	355	521
Amounts past due	逾期金額	851	1,550
		95,870	74,238

本集團設有程序及政策評估潛在客戶之信貸質量，並界定各客戶之信貸限額。所有接納客戶之事宜及信貸限額須經指定批核人依據有關客戶之信用審批。

(b) 已逾期但未減值之其他應收賬款

本集團之其他應收賬款餘額包括賬面總值為851,000港元(二零一七年: 1,550,000港元)之應收賬款，該等款項於報告期末已逾期，且本集團並無就此作出減值虧損撥備。

28 OTHER ACCOUNTS RECEIVABLE AND ACCRUED INCOME (Continued)

(b) Other accounts receivable which are past due but not impaired (Continued)

As of 31 December 2018, approximately HK\$40,000 due from cash clients which are past due but not impaired represented client trades which are unsettled beyond the settlement date. No impairment loss was provided for these balances as either the Group held securities collateral for those balances with fair values in excess of the past due amounts or the balances have been settled subsequently. Collaterals held against such other accounts receivable are publicly traded securities. No such balance existed as of 31 December 2017.

Other accounts receivable from corporate clients of HK\$851,000 (2017: HK\$1,550,000) which are past due but not impaired represent other accounts receivable arising from provision of corporate finance, consultancy and advisory services which have not yet been settled and aged by their invoice date. No impairment loss was provided for these balances as these clients are trade counterparties with sound credit rating and/or reputation.

(c) Impairment of other accounts receivable

The Group has a policy for allowance for doubtful debts which is based on the evaluation of collectability, ageing analysis of accounts and management's judgement including the creditworthiness, collaterals and the past collection history of each client.

28 其他應收賬款及應計收入(續)

(b) 已逾期但未減值之其他應收賬款 (續)

截至二零一八年十二月三十一日，來自現金客戶之已逾期但未減值應收賬款40,000港元，指於結算日期後仍未清償之客戶賬款。由於本集團就該等餘額持有公允價值高於逾期款項之證券抵押品或結餘其後已清償，故並無就該等餘額作出減值虧損撥備。就該等其他應收賬款持有之抵押品為上市買賣證券。於二零一七年十二月三十一日，本集團不存在該類餘額。

來自企業客戶之已逾期但未減值其他應收賬款851,000港元(二零一七年：1,550,000港元)指提供企業融資、顧問及諮詢服務產生之其他應收賬款，其於發票日期起計仍未清償及已到期。由於該等客戶為信貸評級及／或聲譽良好之交易對手，故並無就該等餘額作出減值虧損撥備。

(c) 其他應收賬款之減值

本集團設有計提呆賬撥備之政策，有關政策以可收回性評估、賬項之賬齡分析及管理層對各客戶之信譽、抵押品及過往收款記錄之判斷為基礎。

Notes to the financial statements

財務報表附註

28 OTHER ACCOUNTS RECEIVABLE AND ACCRUED INCOME (Continued)

(c) Impairment of other accounts receivable (Continued)

The movement of the allowance for doubtful debts during the year 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	26,403	26,901
Provision for impairment loss recognised	已確認減值虧損之撥備	1,224	18
Amount recovered during the year	年內收回金額	—	(513)
Amount written off	已沖銷金額	(26,120)	(3)
At 31 December	於十二月三十一日	1,507	26,403

During the year, the Group has relaunched margin financing service after ceasing the service in 2004. The amount from margin clients in respect of margin service prior to the cession of this business in 2004, amounted to HK\$26,120,000, which had been fully impaired in prior year was written off. HK\$400,000 (2017: HK\$285,000) relates to individually impaired other accounts receivable arising from the business of dealing in securities. HK\$1.1 million relates to individually impaired other accounts receivable arising from the business of consultancy and advisory services.

(d) Balance with related parties

At 31 December 2018, the balance of other service fee receivables includes fund management fee of approximately HK\$248,000 (2017: Nil) due from a joint venture of the Group.

28 其他應收賬款及應計收入(續)

(c) 其他應收賬款之減值(續)

年內之呆賬撥備變動如下：

		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	26,403	26,901
Provision for impairment loss recognised	已確認減值虧損之撥備	1,224	18
Amount recovered during the year	年內收回金額	—	(513)
Amount written off	已沖銷金額	(26,120)	(3)
At 31 December	於十二月三十一日	1,507	26,403

年內，本集團重新推出於二零零四年停止服務的保證金融資服務。就二零零四年停業前保證金服務應收保證金客戶的金額為26,120,000港元，已沖銷早前全數減值金額。400,000港元(二零一七年：285,000港元)涉及因證券交易業務而產生的個別已減值其他應收賬款。110萬港元與個別已減值之諮詢及顧問及諮詢服務產生的其他應收賬款有關。

(d) 與關聯人士之結餘

於二零一八年十二月三十一日，其他應收服務費的結餘包括約為248,000港元(二零一七年：零港元)的應收本集團一家合營企業的基金管理費。

Notes to the financial statements

財務報表附註

29 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

29 其他應收款項、按金及預付款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
	Note 附註		
Utility and rental deposits	水電費及租金按金 (i)	36,831	8,289
Loans to agents and staff	向代理及員工作出的貸款 (ii)	26,773	2,000
Accrued investment income	應計投資收入 (ii)	374,123	19,909
Prepayment and other deposit	預付款及其他按金	10,888	6,827
Other receivable from non-controlling shareholders of a subsidiary	其他應收一家附屬公司非控股股東的款項 (iv)	32,836	—
Other deposits and receivables	其他按金及應收款項 (iii)	77,428	45,019
		558,879	82,044
Less: provision for impairment of other receivable	減：其他應收款項減值虧損之撥備 (iv)	(8,976)	(8,210)
		549,903	73,834

Notes:

- (i) The amount of utility and rental deposits expected to be recovered after more than one year is HK\$22,005,000 (2017: HK\$8,038,000).
- (ii) On 31 December 2018, interest bearing loans to staff included loans to key management of HK\$3,136,000 entered with a subsidiary of the Group.
- (iii) During the year, HK\$28,315,000 of other receivable is reclassified to other receivable from non-controlling shareholders of a subsidiary after the completion of acquisition of YF Life.
- (iv) Impairment of other receivables

Other receivable of HK\$8,976,000 (2017: HK\$8,210,000) is fully impaired as the recoverability of the balance is considered uncertain after credit assessment performed by management.

The movement of the allowance for doubtful debts during the year is as follows:

附註：

- (i) 水電費及租用按金預期將於一年後收回的金額為22,005,000港元(二零一七年：8,038,000港元)。
- (ii) 於二零一八年十二月三十一日，向員工作出的計息貸款包含向本集團一家附屬公司主要管理人員提供的貸款為數3,136,000港元。
- (iii) 於年內，其他應收款之28,315,000港元於收購萬通保險後重新分類至附屬公司非控股股東之其他應收款項。
- (iv) 其他應收款的減值

為數8,976,000港元(二零一七年：8,210,000港元)的其他應收款項已全數減值，因為管理層進行信貸評估後認為餘額的可收回性不確定。

年內之呆賬撥備變動如下：

		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	8,210	16,795
Expected credit loss recognised upon adoption of HKFRS 9	採用《香港財務報告準則》第9號後確認的預期信用損失	1,143	—
Reversal of impairment loss recognised	已確認減值撥回之撥備	(377)	—
Amount written off	已沖銷金額	—	(8,585)
At 31 December	於十二月三十一日	8,976	8,210

- (v) Except for those mentioned above in (i) and (iv), all of the other receivables are expected to be recovered within one year.

- (v) 除上文(i)和(iv)所述者外，所有其他應收款預計將在一年內收回。

Notes to the financial statements

財務報表附註

30 CASH AND CASH EQUIVALENTS, FIXED BANK DEPOSITS WITH ORIGINAL MATURITY OVER 3 MONTHS AND BANK BALANCE – TRUST AND SEGREGATED ACCOUNTS

30 現金及現金等值項目、原定期限多於三個月的定期銀行存款和銀行餘額 — 信託及獨立賬戶

		Note 附註	At 31 December 2018 於二零一八年 十二月三十一日 HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元
Bank balance – trust and segregated accounts	銀行餘額 — 信託及獨立賬戶			
Deposit with bank	銀行存款		440,117	340,029
Less: impairment allowance	減：減值準備	(iii)	(34)	—
		(i)	440,083	340,029
Fixed bank deposits with original maturity over 3 months	原定期限多於三個月的銀行定期存款			
Deposit with bank	銀行存款	(iv)	259,250	1,580,313
Less: impairment allowance	減：減值準備	(iii)	—	—
			259,250	1,580,313
Cash and cash equivalent	現金及現金等值項目			
Deposit with bank	銀行存款	(ii)	300	30,000
Fixed bank deposits with original maturity less than 3 months	原定期限少於三個月的銀行定期存款		1,455,350	1,739,627
Cash at bank and in hand	銀行及手頭現金		3,728,897	412,747
Less: impairment allowance	減：減值準備	(iii)	(318)	—
Cash and cash equivalent in the consolidated statement of financial position	綜合財務狀況表所示的現金及現金等值項目		5,184,229	2,182,374

Notes:

- (i) The Group maintains segregated accounts with authorised institutions to hold clients' money arising from its normal course of business of the regulated activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.
- (ii) The Group has made deposit with a bank as security deposit for bank overdraft facilities.

附註：

- (i) 本集團於認可機構開立獨立賬戶，以持有其正常受規管活動業務過程中產生之客戶款項。代客戶持有之現金受《證券及期貨條例下之證券及期貨(客戶款項)》規則限制及規管。
- (ii) 本集團已就銀行透支額度提供保證金作為銀行存款。

Notes to the financial statements

財務報表附註

30 CASH AND CASH EQUIVALENTS, FIXED BANK DEPOSITS WITH ORIGINAL MATURITY OVER 3 MONTHS AND BANK BALANCE – TRUST AND SEGREGATED ACCOUNTS (Continued)

Notes: (Continued)

- (iii) The expected credit loss provision is made based on assessment as disclosed in note 3. During the period, provision of HK\$2,195,000 was reversed.
- (iv) The Group has pledged fixed deposits of HK\$259,250,000 (2017: Nil) to banks in favour of the Autoridade Monetaria de Macau to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

(a) Reconciliation to liabilities arising from financing activities for disclosure purpose

The table below details changes in the Group's liabilities from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		Policyholders' deposit 保單持有人的 存款 HK\$'000 千港元	Preference shares 優先股 HK\$'000 千港元	Finance lease 融資租賃 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	–	–	2,227	2,227
Change from financing cash flow:	融資現金流之變動				
Proceeds from issue of preference share by a subsidiary	附屬公司發行優先股之所得款項	–	206,194	–	206,194
Payment made to finance lease obligation	融資活動現金流之變動	–	–	(1,075)	(1,075)
Total change in financing cash flows	支付融資租賃款項	–	206,194	1,152	207,346
New finance lease	新融資租賃	–	–	20,807	20,807
Finance charge on finance lease obligation	融資租賃融資成本	–	–	823	823
Fair value change	公允價值計變動	–	877	–	877
Exchange alignment	外幣報表折算差額	–	–	290	290
At 31 December 2017	於二零一七年十二月三十一日	–	207,071	23,072	230,143

30 現金及現金等值項目、原定期限多於三個月的定期銀行存款和銀行餘額 – 信託及獨立賬戶(續)

附註：(續)

- (iii) 根據附註3所披露評估計提預期信用損失。期間內，本公司撥回撥備為數2,195,000港元。
- (iv) 本集團已將為數259,250,000港元(二零一七年：零港元)的固定存款質押於澳門金融管理局，以保證按照《澳門保險條例》作出技術儲備。

(a) 出於披露目的就融資活動產生的負債進行對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量將在本集團的綜合現金流量表中分類為融資活動現金流量的負債。

Notes to the financial statements

財務報表附註

30 CASH AND CASH EQUIVALENTS, FIXED BANK DEPOSITS WITH ORIGINAL MATURITY OVER 3 MONTHS AND BANK BALANCE – TRUST AND SEGREGATED ACCOUNTS (Continued)

(a) Reconciliation to liabilities arising from financing activities for disclosure purpose (Continued)

		Policyholders' deposit 保單持有人的 存款 HK\$'000 千港元	Bank borrowings 銀行借款 HK\$'000 千港元	Preference shares 優先股 HK\$'000 千港元	Finance lease 融資租賃 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	—	—	207,071	23,072	230,143
Acquisition of subsidiaries	收購附屬公司	37,385,878	—	—	—	37,385,878
Change from financing cash flow:	融資現金流之變動					
Proceeds from issue of preference share by a subsidiary	附屬公司發行優先股之所得款項	—	—	108,117	—	108,117
Payment made to finance lease obligation	支付融資租賃款項	—	—	—	(5,043)	(5,043)
Policyholders' account deposits for investment contracts	保單持有人之投資合同之賬戶儲金	995,219	—	—	—	995,219
Policyholders' account withdrawals for investment contracts	保單持有人之投資合同之賬戶提取	(250,104)	—	—	—	(250,104)
Drawdown of bank loans	提取銀行貸款	—	1,220,000	—	—	1,220,000
Repayment of a bank loan	償還銀行貸款	—	(20,000)	—	—	(20,000)
Total change in financing cash flows	融資活動現金流之變動總額	745,115	1,200,000	108,117	(5,043)	2,048,189
Net change in lease obligation	融資租賃的淨變動	—	—	—	592	592
Finance charge and effective interest expenses	融資費用及實際利息	—	(1,774)	—	549	(1,225)
Fair value change	公允價值變動	—	—	400	—	400
Interest credited to policyholders' account balances	保單持有人賬戶餘額之應計利息	205,859	—	—	—	205,859
Cost of insurance charges	保險費用成本	(104,180)	—	—	—	(104,180)
Administrative fees	行政費用	(246,065)	—	—	—	(246,065)
Other reserve changes	其他儲備變動	26,763	—	—	—	26,763
Transfer to the other payable and accrual	撥入其他應付款項及應計費用	—	—	—	(3,916)	(3,916)
At 31 December 2018	於二零一八年十二月三十一日	38,013,370	1,198,226	315,588	15,254	39,542,438

30 現金及現金等值項目、原定期限多於三個月的定期銀行存款和銀行餘額 — 信託及獨立賬戶(續)

(a) 出於披露目的就融資活動產生的負債進行對賬(續)

Notes to the financial statements

財務報表附註

30 CASH AND CASH EQUIVALENTS, FIXED BANK DEPOSITS WITH ORIGINAL MATURITY OVER 3 MONTHS AND BANK BALANCE – TRUST AND SEGREGATED ACCOUNTS (Continued)

(b) Bank balances – trust and segregated account

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of business of the regulated activities. The Group has classified the "bank balances – trust and segregated accounts" under current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. As at 31 December 2018, client money maintained in segregated accounts amounted to HK\$440,083,000 (2017: HK\$340,029,000).

30 現金及現金等值項目、原定期限多於三個月的定期銀行存款和銀行餘額 – 信託及獨立賬戶(續)

(b) 銀行餘額 – 信託及獨立賬戶

本集團於認可機構開立獨立賬戶，以持有其正常受規管活動業務過程中產生之客戶款項。本集團已將「銀行餘額 – 信託及獨立賬戶」分類為綜合財務狀況表之流動資產項下，並因須就客戶款項之任何損失或不當挪用負責而確認相應之應付予有關各戶及其他機構之賬款。本集團不得使用客戶賬款結算其自身債務。代客戶持有之現金受《證券及期貨條例下之證券及期貨(客戶款項)》規則限制及規管。於二零一八年十二月三十一日，於獨立賬戶持有的客戶現金為440,083,000港元(二零一七年：340,029,000港元)。

31 INSURANCE CONTRACT PROVISIONS

31 保險合同準備金

		2018 二零一八年	2017 二零一七年
	Note 附註	HK\$'000 千港元	HK\$'000 千港元
Policyholders' deposits	保單持有人的存款	33,927,093	—
Future policyholders' benefits	未來保單持有人給付	5,417,950	—
Unearned revenue liability	未到期收入責任	17,093	—
		39,362,136	—

Notes to the financial statements

財務報表附註

31 INSURANCE CONTRACT PROVISIONS (Continued)

Notes:

(i) Policyholders' deposits

Analysis of movement in policyholders' deposits

		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	—	—
Acquisition of subsidiaries	收購附屬公司	33,369,995	—
Premiums received during the year	年內已收保費	903,008	—
Net fees and charges deducted from account balances	賬戶餘額中扣除的手續費和支出淨額	(339,964)	—
Interest credited to account balances	賬戶餘額之應計利息	179,714	—
Redemptions due for payment in current year	年內應償付之贖回額	(182,777)	—
Others movements	其他變動	(2,883)	—
At 31 December	於十二月三十一日	33,927,093	—

(ii) Future policyholders' benefits

Analysis of movement in future policyholders' benefits

		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	—	—
Acquisition of subsidiaries	收購附屬公司	5,163,936	—
Movement during the year	年內變動	254,014	—
At 31 December	於十二月三十一日	5,417,950	—

31 保險合同準備金 (續)

附註：

(i) 保單持有人的存款

保單持有人的存款變動分析

(ii) 未來保單持有人給付

未來保單持有人給付變動分析

Notes to the financial statements

財務報表附註

31 INSURANCE CONTRACT PROVISIONS (Continued)

Notes: (Continued)

(iii) Unearned revenue liability

		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	—	—
Acquisition of subsidiaries	收購附屬公司	—	—
Amount deferred	遞延金額	136,743	—
Amortisation for the year allocated to consolidated income statement	本年度分配至綜合收益表的攤銷額	(59,218)	—
		77,525	—
Amortisation for the year allocated to fair value reserve	本年度分配至公允價值儲備的攤銷額	(60,432)	—
At 31 December	於十二月三十一日	17,093	—

(iv) The amount of insurance contract provisions expected to be settled after more than one year is HK\$37,046 (2017: Nil).

31 保險合同準備金 (續)

附註：(續)

(iii) 未到期收入責任增加

(iv) 保險合同準備金預期在一年後收回的金額為37,046港元(二零一七年：零港元)。

32 INVESTMENT CONTRACT LIABILITIES

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Policyholders' deposits	保單持有人的存款	4,086,277	—
Future policyholders' benefits	未來保單持有人給付	45,946	—
Unearned revenue liability	未到期收入責任	(272)	—
		4,131,951	—

32 投資合同負債

Notes to the financial statements

財務報表附註

32 INVESTMENT CONTRACT LIABILITIES (Continued)

Notes:

(i) Policyholders' deposits

Analysis of movement in policyholders' deposits:

		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	—	—
Acquisition of subsidiaries	收購附屬公司	4,015,883	—
Contributions received during the year	年內已收供款	82,856	—
Net fee and charges deducted from account balances	賬戶餘額中扣除的手續費和支出淨額	(9,468)	—
Interest credited to account balances	賬戶餘額之應計利息	26,145	—
Redemptions due for payment in current year	年內應償付之贖回額	(28,443)	—
Others movements	其他變動	(696)	—
At 31 December	於十二月三十一日	4,086,277	—

(ii) Future policyholders' benefits

Analysis of movement in future policyholders' benefits:

		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	—	—
Acquisition of subsidiaries	收購附屬公司	43,652	—
Movement during the year	年內變動	2,294	—
At 31 December	於十二月三十一日	45,946	—

32 投資合同負債(續)

附註：

(i) 保單持有人的存款

保單持有人的存款變動分析：

		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	—	—
Acquisition of subsidiaries	收購附屬公司	4,015,883	—
Contributions received during the year	年內已收供款	82,856	—
Net fee and charges deducted from account balances	賬戶餘額中扣除的手續費和支出淨額	(9,468)	—
Interest credited to account balances	賬戶餘額之應計利息	26,145	—
Redemptions due for payment in current year	年內應償付之贖回額	(28,443)	—
Others movements	其他變動	(696)	—
At 31 December	於十二月三十一日	4,086,277	—

(ii) 未來保單持有人給付

未來保單持有人給付變動分析：

		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	—	—
Acquisition of subsidiaries	收購附屬公司	43,652	—
Movement during the year	年內變動	2,294	—
At 31 December	於十二月三十一日	45,946	—

Notes to the financial statements

財務報表附註

32 INVESTMENT CONTRACT LIABILITIES (Continued)

Notes: (Continued)

(iii) Unearned revenue liability

Analysis of movement in unearned revenue liability:

		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	—	—
Acquisition of subsidiaries	收購附屬公司	—	—
Amount deferred	遞延金額	8,726	—
Amortisation for the year allocated to consolidated revenue account	本年度分配至綜合收益賬的攤銷額	(783)	—
		7,943	—
Amortisation for the year allocated to fair value reserve	本年度分配至公允價值儲備的攤銷額	(8,215)	—
At 31 December	於十二月三十一日	(272)	—

(iv) The amount of investment contract liabilities expected to be settled after more than one year is HK\$3,907,083,000 (2017: Nil).

32 投資合同負債(續)

附註：(續)

(iii) 未到期收入責任

未到期收入責任變動分析

(iv) 保險合同負債預期在一年後收回的金額為3,907,083,000港元(二零一七年：零港元)。

Notes to the financial statements

財務報表附註

33 OUTSTANDING CLAIMS

33 未決賠款

		2018 二零一八年			2017 二零一七年		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		總額	再保險公司份額	淨額	總額	再保險公司份額	淨額
		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
Outstanding claims	未決賠款	91,838	(31,202)	60,636	—	—	—
Claims incurred but not reported	已發生但未報告的賠款	31,985	—	31,985	—	—	—
		123,823	(31,202)	92,621	—	—	—
Amount expected to be settled within one year	預期於一年內結清的金額	123,823	(31,202)	92,621	—	—	—

Analysis of movements in outstanding claims:

未決賠款變動分析：

		2018 二零一八年			2017 二零一七年		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		總額	再保險公司份額	淨額	總額	再保險公司份額	淨額
		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
Balance at 1 January	一月一日之餘額	—	—	—	—	—	—
Acquisition of subsidiaries	收購附屬公司	128,059	(29,329)	98,730	—	—	—
Current year claims	本年賠款	109,717	(25,070)	84,647	—	—	—
Current year claims paid	本年已付賠款	(64,251)	9,300	(54,951)	—	—	—
Previous year claims paid	往年已付賠款	(45,742)	13,897	(31,845)	—	—	—
Movement in incurred but not reported reserve	已發生但未報告的儲備變動	(3,960)	—	(3,960)	—	—	—
Balance at 31 December	於十二月三十一日之餘額	123,823	(31,202)	92,621	—	—	—

34 REINSURANCE PREMIUM PAYABLES

34 應付再保險保費

All of the reinsurance premium payables are expected to be settled within one year.

所有應付再保險保費預期可於一年內結清。

Notes to the financial statements

財務報表附註

35 OTHER ACCOUNTS PAYABLE

35 其他應付賬款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Accounts payable	應付賬款		
Cash and margin clients	現金和保證金客戶	481,554	400,247
Clearing house, fund managers, brokers and dealers	清算所、基金管理人、 經紀及證券商	40,310	52,328
		521,864	452,575

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting regulated activities, which amount to HK\$440,787,000 (2017: HK\$391,043,000).

應付賬款包括就於進行受規管活動過程中為客戶及其他機構收取及持有之信託及獨立銀行餘額而應付客戶及其他機構之款項440,787,000港元(二零一七年：391,043,000港元)。

All of the accounts payable are aged and due within one month or on demand.

所有應付賬款之賬齡為於一個月內到期或按要求償還。

Balance with related parties

與關聯方的結餘

At 31 December 2018, accounts payable of approximately HK\$38,430,379 (2017: HK\$18,667,000) are payable to certain key management personnel of the Company on normal terms of brokerage and wealth management business of the Group.

於二零一八年十二月三十一日，按本集團一般經紀及理財業務的一般條款，應付賬款之38,430,379港元(二零一七年：18,667,000港元)為應付若干本公司主要管理人員之款項。

36 OTHER PAYABLES AND ACCRUED EXPENSES

36 其他應付款項和應計開支

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Accrued staff costs	應計員工成本	95,211	33,245
Commission payables	應付佣金	195,483	—
Derivative financial instruments	衍生金融工具	49,280	—
Other payables and accruals	其他應付款項及應計費用	484,618	68,645
		824,592	101,890

All of the commission and other payables and derivative liabilities are expected to be settled within one year.

所有佣金及其他應付及衍生負債款項預期可於一年內結清。

Notes to the financial statements

財務報表附註

36 OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Balance with related parties

At 31 December 2018, accounts payable of approximately HK\$9,541,000 (2017: Nil) are payable to MMI who is a substantial shareholder of the Company and its affiliates.

37 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Tax payable in the statement of financial position represents:

36 其他應付款項和應計開支(續)

與關聯方的結餘

於二零一八年十二月三十一日，應付賬款之9,541,000港元(二零一七年：零港元)為應付本公司一家主要股東 — MMI及其聯營公司之款項。

37 於財務狀況表中之所得稅

(a) 財務狀況表內之應付稅項指：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅準備	9,117	—
Provisional Profits Tax paid	已付暫繳利得稅	(4,085)	—
		5,032	—
Balance of Profits Tax provision relating to prior years	以往年度利得稅準備結餘	—	43,744
		5,032	43,744
Macau Complementary Tax	澳門補充稅		
Balance of Complementary Tax provision for the year	本年度補充稅準備餘額	—	—
Overseas Tax	海外稅		
Balance of overseas provision for the year	本年度海外準備餘額	1,157	515
		6,189	44,259
Amount of tax payable expected to be settled within one year	預期於一年內結清的應付稅項	6,189	44,259
Amount of taxation payable expected to be settled after more than one year	預期於一年後結清的應付稅項	—	—

Notes to the financial statements

財務報表附註

37 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (Continued)

37 於財務狀況表中之所得稅(續)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities/ (assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

(b) 已確認遞延稅項資產及負債：

本年度於綜合財務狀況表確認之遞延稅項負債／(資產)部份及變動如下：

		Fair value adjustment to assets and liabilities related to acquisition of subsidiaries	Accelerated tax depreciation	Tax losses	Fair value adjustment on investment at fair value through profit and loss	Decelerated tax on expense/ expected credit loss incurred	Net unrealised gain on available for sales financial instruments	Total
		收購附屬公司相關資產與負債的公允價值調整 HK\$'000 千港元	提前稅項折舊 HK\$'000 千港元	稅項虧損 HK\$'000 千港元	以公允價值計量且其變動計入損益之投資的公允價值調整 HK\$'000 千港元	減緩費用／預計信用損失 HK\$'000 千港元	可供出售金融資產之未變現淨收益 HK\$'000 千港元	總額 HK\$'000 千港元
Deferred tax liabilities/ (assets) arising from:	以下各項產生之遞延稅項負債／(資產)：							
At 1 January 2017	於二零一七年一月一日	–	1,297	(1,297)	–	(508)	–	(508)
Exchange alignment (Credited)/charged to profit or loss	外幣報表折算差額在損益(計入)/列支	–	–	–	–	(18)	–	(18)
Charged to other comprehensive income	計入其他綜合收益	–	(470)	(173)	–	526	–	(117)
		–	–	–	–	–	820	820
At 31 December 2017	於二零一七年十二月三十一日	–	827	(1,470)	–	–	820	177
At 1 January 2018	於二零一八年一月一日	–	827	(1,470)	–	–	820	177
Upon adoption of HKFRS 9	採用《香港財務報告準則》第9號	–	–	–	820	(609)	(820)	(609)
Acquisition of subsidiaries (Credited)/charged to profit or loss	收購附屬公司在損益(計入)/列支	712,783	–	–	–	–	–	712,783
		(10,206)	(827)	1,470	(820)	425	–	(9,958)
At 31 December 2018	於二零一八年十二月三十一日	702,577	–	–	–	(184)	–	702,393

At 31 December 2018, no deferred tax asset has been recognised in respect of the tax losses of HK\$1,351 million (2017: HK\$848 million) to the extent that it is not probable that future taxable profit against which the losses can be utilised will be available subject to the approval of respective tax authorities in the relevant tax jurisdiction. The tax losses amounting to HK\$1,351 million (2017: HK\$835 million) do not expire under current tax legislation.

於二零一八年十二月三十一日，並無就稅項虧損13.5億港元(二零一七年：8.5億港元)確認遞延稅項資產，由於相關稅務司法權區及實體不大可能有未來應課稅溢利(須經各稅務機關批准)可利用該虧損抵銷。稅項虧損13.5億港元(二零一七年：8.4億港元)根據現行稅務法例不會屆滿。

Notes to the financial statements

財務報表附註

38 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

38 以公允價值計量且其變動計入損益之金融負債

		At 31 December 2018 於二零一八年 十二月三十一日 HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元
Designated at fair value through profit or loss	指定以公允價值計量且其變動計入損益		
Fund-linked note	基金連結式票據	—	78,063
Preference share liability (note 1)	優先股負債(附註1)	315,588	207,071
Third-party interests in consolidated funds (note 2)	納入合併範圍的基金的 第三方權益(附註2)	187,542	156,606
		503,130	441,740

Note:

- The total number of preference shares that can be issued under the agreement is 500,000 shares for a total proceed of US\$50,000,000. The subsidiary is obliged to redeem all issued preference shares in 5 years starting from the initial issuance date of the preference shares. At liquidation, after all creditors' claim is satisfied, the asset of the subsidiary should be first distributed to preference shareholders by redeeming all issued shares together with any unpaid preferred share dividends. The preference shares are due for settlement after more than a year from 31 December 2018. During the year, US\$13.9 million proceed obtained from the issue of preference shares at US\$100 per share by a subsidiary of the Group with the proceed being used to fulfil capital contribution to a consolidated fund managed by the Group.
- The third party interests in consolidated fund consist of third-party unit holders' interest in the consolidated fund which is reflected as a liability as the fund is to be dissolved and return all capital to investor in seventh or eighth anniversary of the respective final closing date of the respective funds. The end of term of the consolidated funds are more than a year from 31 December 2018.

附註：

- 根據協議可以發行的優先股總數為500,000股，總計50,000,000美元。附屬公司有義務在優先股初始發行日起5年內贖回所有已發行優先股。清算時，在所有債權人的賠款要求實現後，附屬公司的資產應首先通過贖回所有已發行股份以及任何未支付的優先股股息分配至優先股股東。自二零一八年十二月三十一日起超過一年後，優先股應結清。於年內，本集團附屬公司以每股100美元發行優先股獲得1,390萬美元，並繼續使用此款項用以就本集團管理的綜合基金提供注資。
- 合併基金的第三方權益包括第三方單位持有人於合併基金的權益，由於該基金將被解散，因此列示為負債；並在相應基金最終結算日的第七周年或第八周年將所有資本返還給投資者。合併基金的期限終止為自二零一八年十二月三十一日起一年以上。

Notes to the financial statements

財務報表附註

39 OBLIGATION UNDER FINANCE LEASE

The Group had obligations under finance leases repayable as follows:

39 融資租賃款項

本集團的應償還融資租賃款項如下：

		At 31 December 2018 於二零一八年十二月三十一日		At 31 December 2017 於二零一七年十二月三十一日	
		Present value of the minimum lease payment 最低租賃 付款之現值 HK\$'000 千港元	Total minimum lease payment 最低租賃 付款之總額 HK\$'000 千港元	Present value of the minimum lease payment 最低租賃 付款之現值 HK\$'000 千港元	Total minimum lease payment 最低租賃 付款之總額 HK\$'000 千港元
Within one year	1年內	3,401	3,453	7,694	7,789
After one but within 2 years	1年後但2年內	3,982	4,130	4,438	4,528
After 2 years but within 5 years	2年後但5年內	7,871	8,318	10,940	11,951
		<u>15,254</u>	<u>15,901</u>	<u>23,072</u>	24,268
Less: finance cost	減：融資成本		(647)		(1,196)
Present value lease obligation	租賃承擔現值		<u>15,254</u>		<u>23,072</u>

Notes to the financial statements

財務報表附註

40 BANK BORROWINGS

The bank loan was unsecured and repayable as follows:

	At 31 December 2018 於二零一八年 十二月三十一日 HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元
After 2 year but within 5 years	2年後但5年內 1,198,226	—

The Group's banking facilities are subject to the compliance of covenants including certain financial ratios and negative pledge against certain arrangement and transactions, as are commonly found in lending arrangements with financial institutions. If the Group breached any of the covenants and negative pledge against certain arrangement and transactions, the outstanding bank loan would become immediate due and payable. The Group regularly monitors its compliance with these covenants. As at 31 December 2018 the Group is in compliance with the covenants. Further details of the Group's management of liquidity risk are set out in note 5.

40 銀行借款

銀行借款為無擔保貸款，償還詳情如下：

正如與金融機構訂立的常見借貸安排一樣，本集團銀行備用信貸均受制於契諾合規，包括財務比率以及就某些安排和交易作出的限制抵押。如果本集團違反任何契諾以及就某些安排和交易作出的限制抵押，未償銀行貸款將立即到期並應償還。本集團會定期監察契諾的遵守情況。於二零一八年十二月三十一日，本集團與契諾規定合規。有關本集團流動資金風險管理工作的詳情，載列於附註5。

Notes to the financial statements

財務報表附註

41 CAPITAL AND RESERVES

41 資本和儲備

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 152 to 154. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

		Share capital	Capital Reserve	Shares held by share award scheme	Share-based payment reserve	Accumulated losses	Total
		股本	資本儲備	股份獎勵計劃持有股份	以股份為基礎的支付儲備	累計虧損	總額
		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
At 1 January 2017	於二零一七年一月一日	4,499,045	–	(97)	70	(290,387)	4,208,631
Share issued under share award scheme	根據股份獎勵計劃發行之股份	129,546	–	(129,546)	–	–	–
Share repurchase under share award scheme	根據股份獎勵計劃回購之股份	–	–	(260)	–	–	(260)
Equity settled share-based transactions	以權益結算的以股份為基礎的交易	–	–	–	56,712	–	56,712
Shares vested under share award scheme	根據股份獎勵計劃歸屬之股份	–	–	24,353	(26,039)	1,686	–
Total comprehensive income for the year	本年度綜合收益總額	–	–	–	–	(423,943)	(423,943)
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	4,628,591	–	(105,550)	30,743	(712,644)	3,841,140
Share issued for acquisition of subsidiaries	收購附屬公司所發行股份	5,200,000	64,000	–	–	–	5,264,000
Share repurchase under share award scheme	根據股份獎勵計劃回購之股份	–	–	(110,209)	–	–	(110,209)
Equity settled share-based transactions	以權益結算的以股份為基礎的交易	–	–	–	119,239	–	119,239
Shares vested under share award scheme	根據股份獎勵計劃歸屬之股份	–	–	132,529	(121,949)	(11,498)	(918)
Total comprehensive income for the year	本年度全面收益總額	–	–	–	–	(298,851)	(298,851)
At 31 December 2018	於二零一八年十二月三十一日	9,828,591	64,000	(83,230)	28,033	(1,022,993)	8,814,401

(a) 權益部份之變動

本集團綜合權益的每個組成部分的期初與期末結餘的對賬，載列於第152至154頁綜合權益變動表。下表載列本公司個別權益組成部分在年初與年末的變動詳情：

本公司

Notes to the financial statements

財務報表附註

41 CAPITAL AND RESERVES (Continued)

(b) Nature and purpose of reserves

(i) *Share held by share award scheme and share-based payment reserve*

The Company's shares held by Youyu Share Award Scheme Nominee Limited, TMF Trust (HK) Limited and Bank of Communications Trustee Limited for the share award schemes are presented as a deduction in equity as shares held for share award scheme.

Share-based payment reserve represents the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments.

(ii) *Asset revaluation reserve*

The asset revaluation reserve arose on the revaluation of the trading rights in the exchanges in Hong Kong in prior years. The carrying value of the trading rights have been fully amortised in previous years. The remaining revaluation reserve will be realised when the Group disposes of the trading rights.

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

41 資本和儲備(續)

(b) 儲備之性質及用途

(i) *就股份獎勵計劃持有之股份及以股份為基礎之付款儲備*

由有魚股份獎勵計劃代理人有限公司、達盟信託服務(香港)有限公司及交通銀行信託有限公司持有之本公司股份作為一個扣減項目在股本權益中呈報，列作就股份獎勵計劃而持有之股份。

以股份為基礎之付款儲備乃指向本公司僱員授出而尚未行使之購股權於授出日期之公允價值，其已根據以股份為基礎之付款而採納之會計政策確認。

(ii) *資產重估儲備*

資產重估儲備於重估過往年度於香港之交易所之交易權時產生。交易權之賬面值已於過往年度悉數攤銷。餘下重估儲備將於本集團出售交易權時變現。

(iii) *匯兌儲備*

匯兌儲備包括所有換算外國業務財務報表產生之匯兌差額。該儲備根據附註2(y)所載之會計政策予以處理。

41 CAPITAL AND RESERVES (Continued)

(b) Nature and purpose of reserves
(Continued)

(iv) Statutory and capital reserve

Statutory reserve

Pursuant to the Company Law of the PRC, in accordance with the relevant subsidiary's articles of association, 10% of the net profit of the relevant subsidiary, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory reserve until such time when this reserve reaches 50% of the registered capital of the subsidiary incorporated in PRC. The reserve appropriated can be used for expansion of business scale and capitalisation. If the statutory reserve is capitalised into registered capital, the remaining reserve is required to be no less than 25% of the subsidiary's registered capital before capitalisation.

Capital reserve

The capital reserve arose to recognise the difference between the fair value and the issue price of Company's share in relation to the completion of the acquisition of YF Life.

(c) Distributability of reserves

As at 31 December 2018, the Company did not have any reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the new Hong Kong Companies Ordinance (Cap. 622) (2017: nil).

(d) Dividend

No dividend was paid or proposed for the year ended 31 December 2018 (2017: nil), nor has dividend been proposed since the end of the reporting period.

41 資本和儲備(續)

(b) 儲備之性質及用途(續)

(iv) 法定和資本儲備

法定儲備

根據《中華人民共和國公司法》，按照相關附屬公司的公司章程，基於適用於中國企業的有關會計規則和財務條例（「中國會計準則」）確定的有關附屬公司淨溢利的10%，須轉入法定儲備，直至該儲備達到於中國註冊成立的附屬公司註冊資本的50%。所撥入的儲備可用於擴大業務規模和資本化。如果法定儲備轉為註冊資本，剩餘儲備在資本化前不少於附屬公司註冊資本的25%。

資本儲備

收購萬通保險後，確認本公司股份的公允價值與發行價格之間的差異而產生資本儲備。

(c) 儲備之可分派性

於二零一八年十二月三十一日，根據新香港《公司條例》(第622章)第6部的條文計算，本公司並無任何可供分派予本公司權益股東之儲備(二零一七年：無)。

(d) 股息

截至二零一八年十二月三十一日止年度，本公司並無派付或擬派股息(二零一七年：無)，而自報告期末起亦無建議派付任何股息。

Notes to the financial statements

財務報表附註

41 CAPITAL AND RESERVES (Continued)

(e) Share capital

Movements of the Company's ordinary shares are set out below:

		At 31 December 2018 於二零一八年十二月三十一日		At 31 December 2017 於二零一七年十二月三十一日	
		Number of shares 股份數目	Amount 金額 HK\$'000 千港元	Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Issued and fully paid	已發行及繳足				
Balance brought forward	承前結存	2,423,326,394	4,629,094	2,399,336,394	4,499,548
Shares issued under share award scheme	根據股份獎勵計劃發行之股份	—	—	23,990,000	129,546
Shares issued as consideration for the acquisition of YF Life	作為收購萬通保險之代價所發行股份	800,000,000	5,200,000	—	—
Balance carried forward	結轉結存	3,223,326,394	9,829,094	2,423,326,394	4,629,094

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Repurchase of Company's shares under share award scheme

During the year, the Group repurchased 19,952,000 number of Company ordinary share for a total consideration approximately of HK\$110,209,000 through Bank of Communications Trustee Limited for share award scheme purpose to be granted to the Group B Participant (Group B Grantees) as disclosed in note 42. The share repurchased is accounted for as shares held under share award scheme of the Company's reserve. The highest price paid per share repurchased is HK\$6 and the lowest price paid per share repurchased is HK\$5.5.

41 資本和儲備(續)

(e) 股本

本公司普通股之變動載列如下：

普通股股東有權收取不時宣派的股息，並且有權在本公司大會上按照每持有一股可投一票的比例參與投票。所有普通股在分佔本公司剩餘資產方面享有同等權益。

根據股份獎勵計劃回購股份

根據附註42所披露，本集團於年內通過交通銀行信託有限公司以代價約為110,209,000港元回購19,952,000份本公司普通股股份以授予B組參與者(B組承授人)。回購股份按本公司儲備的股份獎勵計劃持有的股份入賬。回購股份每股最高價格為6港元，回購股份每股最低價格為5.5港元。

41 CAPITAL AND RESERVES (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to meet its obligations and continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of share capital and reserves as shown in the statement of financial position. In respect of the Group's insurance operations in Hong Kong and Macau, the regulators are interested in ensuring that the subsidiary maintains an appropriate solvency position to meet its liabilities arising from claims maturities and surrenders from its life insurance contracts. Pursuant to the Hong Kong Insurance Ordinance and the Macau Insurance Ordinance, YF Life is required to meet the requirements on solvency margin. If YF Life fails to comply with the requirements, the regulators may require YF Life to submit a plan for the restoration of a sound financial position or a short term financial scheme as appropriate, to the satisfaction of the regulators. YF Life complied with the solvency margin requirements for the year ended 31 December 2018.

41 資本和儲備(續)

(f) 資本管理

本集團管理資本的主要目的是保障本集團可持續經營，從而藉着訂定與風險水平相稱的產品和服務價格並以合理成本獲得融資的方式，繼續為股東提供回報。

本集團的資本架構包括財務狀況表所示的股本及儲備。就本集團於香港及澳門的保險業務而言，監管機構欲確保該附屬公司維持適當的償付能力，以履行其人壽保險合同的賠款滿期及退保金所產生的負債。根據《香港保險條例》和《澳門保險條例》，萬通保險必須符合償付準備金的規定。如果萬通保險未能遵守規定，監管機構可要求萬通保險提交恢復健全財務狀況計劃或相關短期財務計劃，直至監管機構滿意位置。截至二零一八年十二月三十一日止年度，萬通保險已遵守償付準備金的規定。

Notes to the financial statements

財務報表附註

41 CAPITAL AND RESERVES (Continued)

(f) Capital management (Continued)

On the other hand, certain subsidiaries of the Group, Yunfeng Financial Markets Limited (“YFFM”), Yunfeng Securities Limited (“YFSL”) and Yunfeng Asset Management Limited (“YFAM”), is subject to externally imposed capital requirements. YFFM, YFSL and YFAM are regulated by the Securities and Futures Commission (the “SFC”) and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance. The management monitors YFFM, YFSL and YFAM’s liquid capital daily to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules (“FRR”) adopted by the SFC. Under the FRR, YFFM and YFSL must maintain its liquid capital in excess of HK\$3 million or 5% of their total adjusted liabilities whichever is higher. For YFAM, it must maintain its liquid capital in excess of HK\$100,000 or 5% of its adjusted liabilities whichever is higher. The required information was filed with SFC on a monthly or half yearly basis. YFFM, YFSL and YFAM were in compliance with the capital requirements imposed by FRR during the current and prior year

42 EMPLOYEE SHARE-BASED ARRANGEMENTS

(i) Share award scheme

On 17 October 2014, the board of directors approved the adoption of the share award scheme (the “2014 Share Award Scheme”). The purpose of the 2014 Share Award Scheme is to (i) encourage or facilitate the holding of shares by the selected participants; (ii) encourage and retain such individuals to work with the Company and the Group and (iii) provide additional incentive for them to achieve performance goals, and the share award scheme took effect on 30 October 2014. The awarded shares are awarded by issuing new ordinary shares. Before vesting, the awarded shares are held in a trust set up by the scheme. During the year, there is neither new issue nor outstanding share award under the 2014 Share Award Scheme.

41 資本和儲備(續)

(f) 資本管理(續)

另一方面，本公司若干附屬公司—雲鋒金融市場有限公司(「雲鋒金融市場」)、雲鋒證券有限公司(「雲鋒證券」)及雲鋒資產管理有限公司(「雲鋒資產」)毋須遵守外界制定之資本規定。雲鋒金融市場、雲鋒證券及雲鋒資產受證券及期貨事務監察委員會(「證監會」)所規管，並須根據證券及期貨條例遵守若干最低資本規定。管理層根據證監會採納之證券及期貨(財政資源)規則(「財政資源規則」)每日監察雲鋒金融市場、雲鋒證券及雲鋒資產之流動資金以確保其符合最低流動資金需求。根據財政資源規則，雲鋒金融市場及雲鋒證券市場須維持3,000,000港元或佔其經調整負債總額5%(以較高者為準)以上之流動資金。雲鋒資產須維持100,000港元或佔其經調整負債總額5%(以較高者為準)以上之流動資金。所需資料乃每月提交或每半年予證監會備案。雲鋒金融市場、雲鋒證券及雲鋒資產於本年度及上年度遵守財政資源規則所制定之資本規定。

42 僱員股份安排

(i) 股份獎勵計劃

於二零一四年十月十七日，董事會批准採納股份獎勵計劃(「2014股份獎勵計劃」)。股份獎勵計劃旨在(i)鼓勵或促進獲選參與者持有本公司股份；(ii)鼓勵及挽留有關個人於本集團工作；及(iii)向彼等提供額外獎勵，激勵其達成表現目標，股份獎勵計劃已於二零一四年十月三十日生效。獎勵股份乃透過發行新普通股授出。於歸屬前，該等獎勵股份由該計劃設立之受託人持有。年內未發行新股份，亦不存在2014股份獎勵計劃下的未行使股份獎勵。

42 EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

(i) Share award scheme (Continued)

With similar purpose of 2014 Share Award Scheme, on 12 December 2016, the board of directors approved the adoption of 2016 Share Award Scheme (the “2016 Share Award Scheme”) and the Company issue of 23,990,000 new ordinary shares of the Company to TMF Trust (HK) Limited to be granted to the Group A Participant (Group A Grantees) as disclosed in the announcement of the Company dated 24 January 2017. The share was issued at value of HK\$5.4 per share.

During the year, the Group repurchased 19,952,000 number of Company ordinary share through Bank of Communications Trustee Limited together with 48,000 shares already repurchased in 2017 for share award at a total consideration of approximately HK\$110,469,000. All 20,000,000 repurchased shares were granted to the Group B Participant (Group B Grantees).

The fair value of 2016 Share Award Scheme at the date of the grant are charged to staff costs and related expenses over the projected vesting period being the period for which the services from the employees are rendered with a corresponding credit to employee share-based payment reserve.

Upon vesting and transfer to the awardees, the related cost of the shares are credited to share held for share award scheme, and the related fair value of the shares are debited to share-based payment reserve.

42 僱員股份安排 (續)

(i) 股份獎勵計劃 (續)

與2014年股份獎勵計劃目的相似，於二零一六年十二月十二日，董事會批准通過2016年度股份獎勵計劃(「2016股份獎勵計劃」)，及誠如日期為二零一七年一月二十四日的公告所披露，本公司向達盟信託服務(香港)有限公司發行23,990,000股新普通股，以授予A組參與者(A組承授人)。新普通股以每股5.4港元發行。

本集團於年內通過交通銀行信託有限公司以代價約為110,469,000港元回購19,952,000份本公司普通股股份以及已於二零一七年回購之48,000份，用以股份獎勵計劃。所有20,000,000份回購股份已獲授予B組參與者(B組承授人)。

2016股份獎勵計劃獎勵股份於授出日期之公允價值在預計歸屬期(即有關僱員提供服務之期間)內攤作員工成本及相關開支，並相應記入以股份為基礎之僱員付款儲備。

於歸屬及轉讓予獲授人後，該等股份之有關成本記入就股份獎勵計劃所持之股份，而該等股份之有關公允價值則自以股份為基礎之付款儲備扣除。

Notes to the financial statements

財務報表附註

42 EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

42 僱員股份安排(續)

(ii) Details of the 2016 Share Award Scheme (to Group A Grantee)

(ii) 授予A組承授人2016年股份獎勵計劃詳情

Date of approval by Board	Date of award	Awarded Sum	Number of shares issued	Number of awarded shares awarded	Average fair value per share	Vesting period
董事會批准日期	授予日期	授予金額 HK\$'000 千港元	所發行股份 數目	已授予股份 獎勵數目	每股加權 公允價值 HK\$ 港元	歸屬期間
24 January 2017 二零一七年一月二十四日	24 January 2017 二零一七年一月二十四日	26,499	5,997,500	5,047,500	5.25	24 January 2017 – 4 May 2017 二零一七年一月二十四日至 二零一七年五月四日
24 January 2017 二零一七年一月二十四日	24 January 2017 二零一七年一月二十四日	26,499	5,997,500	5,047,500	5.25	24 January 2017 – 4 May 2018 二零一七年一月二十四日至 二零一八年五月四日
24 January 2017 二零一七年一月二十四日	24 January 2017 二零一七年一月二十四日	26,499	5,997,500	5,047,500	5.25	24 January 2017 – 4 May 2019 二零一七年一月二十四日至 二零一九年五月四日
24 January 2017 二零一七年一月二十四日	24 January 2017 二零一七年一月二十四日	26,499	5,997,500	5,047,500	5.25	24 January 2017 – 4 May 2020 二零一七年一月二十四日至 二零二零年五月四日
25 April 2018 二零一八年四月二十五日	25 April 2018 二零一八年四月二十五日	3,242	—	712,500	4.55	25 April 2018 – 4 May 2018 二零一八年四月二十五日至 二零一八年五月四日
25 April 2018 二零一八年四月二十五日	25 April 2018 二零一八年四月二十五日	3,242	—	712,500	4.55	25 April 2018 – 4 May 2019 二零一八年四月二十五日至 二零一九年五月四日
25 April 2018 二零一八年四月二十五日	25 April 2018 二零一八年四月二十五日	3,242	—	712,500	4.55	25 April 2018 – 4 May 2020 二零一八年四月二十五日至 二零二零年五月四日
25 April 2018 二零一八年四月二十五日	25 April 2018 二零一八年四月二十五日	3,242	—	712,500	4.55	25 April 2018 – 4 May 2021 二零一八年四月二十五日至 二零二一年五月四日

Details of the 2016 Share Award Scheme (to Group B Grantee)

授予B組承授人2016年股份獎勵計劃詳情

Date of approval by Board	Date of award	Awarded Sum	Number of shares issued	Number of awarded shares awarded	Average fair value per share	Vesting period
董事會批准日期	授予日期	授予金額 HK\$'000 千港元	回購股份 數目	已授予股份 獎勵數目	每股加權 公允價值 HK\$ 港元	歸屬期間
26 January 2018 二零一八年一月二十六日	26 January 2018 二零一八年一月二十六日	5,786	950,000	950,000	6.09	26 January 2018 – 2 February 2018 二零一八年一月二十六日至 二零一八年二月二日
21 May 2018 二零一八年五月二十一日	21 May 2018 二零一八年五月二十一日	94,298	19,050,000	19,050,000	4.95	21 May 2018 – 28 May 2018 二零一八年五月二十一日至 二零一八年五月二十八日

Notes to the financial statements

財務報表附註

42 EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

42 僱員股份安排(續)

(iii) Details of the 2016 Share Award Scheme vested, cancelled and modification of service condition to Group A Grantee

(iii) 已歸屬、取消及修改服務條件之 2016 股份獎勵計劃詳情

Grant date on 24 January 2017

授予日：二零一七年一月二十四日

Vesting date	歸屬日期	Number of awarded shares awarded 已授予股份獎勵數目	Number of awarded shares vested 已歸屬授予股份數目	Number of awarded shares cancelled 已撤銷授予股份數目	Number of awarded shares forfeited 已放棄授予股份數目	Number of awarded share remains outstanding 尚未行使已授予股份數目
		A	B	C	D	F=A-B-C-D
4 May 2017	2017年5月4日	5,047,500	4,510,000	450,000	—	87,500
4 May 2018	2018年5月4日	5,047,500	—	—	1,012,500	4,035,000
4 May 2019	2019年5月4日	5,047,500	—	—	1,012,500	4,035,000
4 May 2020	2020年5月4日	5,047,500	—	—	1,012,500	4,035,000
As of 31 December 2017	截至2017年12月31日	20,190,000	4,510,000	450,000	3,037,500	12,192,500
Movement for the year	本年度變動					
4 May 2017	2017年5月4日	—	—	87,500	—	—
4 May 2018	2018年5月4日	—	3,372,500	87,500	575,000	—
4 May 2019	2019年5月4日	—	—	162,500	700,000	—
4 May 2020	2020年5月4日	—	—	162,500	700,000	—
4 May 2017	2017年5月4日	5,047,500	4,510,000	537,500	—	—
4 May 2018	2018年5月4日	5,047,500	3,372,500	87,500	1,587,500	—
4 May 2019	2019年5月4日	5,047,500	—	162,500	1,712,500	3,172,500
4 May 2020	2020年5月4日	5,047,500	—	162,500	1,712,500	3,172,500
As of 31 December 2018	截至2018年12月31日	20,190,000	7,882,500	950,000	5,012,500	6,345,000

The awarded share remains outstanding due to service condition modification.

由於服務條件變化，已授予股份尚未行使。

Grant date on 25 April 2018

授予日：二零一八年四月二十五日

Vesting date	歸屬日期	Number of awarded shares awarded 已授予股份獎勵數目	Number of awarded shares vested 已歸屬授予股份數目	Number of awarded shares cancelled 已撤銷授予股份數目	Number of awarded shares forfeited 已放棄授予股份數目	Number of awarded share remains outstanding 尚未行使已授予股份數目
		A	B	C	D	F=A-B-C-D
4 May 2018	2018年5月4日	712,500	712,500	—	—	—
4 May 2019	2019年5月4日	712,500	—	12,500	—	700,000
4 May 2020	2020年5月4日	712,500	—	12,500	—	700,000
4 May 2021	2021年5月4日	712,500	—	12,500	—	700,000
As of 31 December 2018	截至2018年12月31日	2,850,000	712,500	37,500	—	2,100,000

Notes to the financial statements

財務報表附註

42 EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

(iv) Details of the 2016 Share Award Scheme vested, cancelled and modification of service condition to Group B Grantee

Vesting date	歸屬日期	Number of awarded shares 已授予股份 獎勵數目	Number of awarded shares vested 已歸屬授予 股份數目	Number of awarded shares cancelled 已撤銷授予 股份數目	Number of awarded shares forfeited 已放棄授予 股份數目	Number of awarded share remains outstanding 尚未行使已 授予股份數目
		A	B	C	D	F=A-B-C-D
2 February 2018	2018年2月2日	950,000	950,000	—	—	—
28 May 2018	2018年5月28日	19,050,000	19,050,000	—	—	—
As of 30 June 2018	截至2018年6月30日	20,000,000	20,000,000	—	—	—

42 僱員股份安排(續)

(iv) 已歸屬、取消及修改服務條件之2016 股份獎勵計劃詳情

43 INTERESTS IN STRUCTURED ENTITIES

Interest in consolidated structure entities

The Group had consolidated certain structured entities, mainly funds related to wealth management operation. For those structured entities where the Group is involved as manager or as investor, the Group assesses the extent of controlling power according to relevant group accounting policies.

As at 31 December 2018, the net assets of consolidated fund entities as detailed in note 22 amounted to HK\$550 million (2017: HK\$574 million) with net carrying interest held by the Group being HK\$362 million (2017: HK\$417 million).

Interests held by other investors in these consolidated structured entities, mainly fund entities were classified as financial liabilities at fair value through profit or loss of the consolidated statements of financial position with fair value change of financial liability at fair value through profit or loss presented in the consolidated income statements.

At year end, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

43 結構化實體的權益

合併結構化實體權益

本集團擁有若干合併入賬的結構化實體，主要包括為財富管理運營的基金產品。對於本集團作為管理人或投資者的該等結構化實體，本集團會根據相關的集團會計政策評估控制權。

於二零一八年十二月三十一日，綜合基金實體(詳見附註22)淨資產為5.5億港元(二零一七年：5.74億港元)，本集團持有淨資產為3.62億港元(二零一七年：4.17億港元)。

其他投資者持有合併結構化單位的權益，主要為基金實體，在綜合財務狀況表中劃歸為以公允價值計量且其變動計入損益之金融負債，以公允價值計量且其變動計入損益之金融負債之公允價值變動在綜合收益表內列示。

於年末，本集團重新評估對結構化實體的控制，並決定本集團是否仍為主事人。

43 INTERESTS IN STRUCTURED ENTITIES
(Continued)

Interest in unconsolidated structure entities

Among those structured entities held by the Group where the Group directly or indirectly involves as investment manager or in equivalent capacity, the Group regularly assesses and determines whether:

- the Group is acting as an agent or a principal in these investment funds;
- substantive removal rights held by other parties may remove the Group as an investment fund manager; and
- the investment interests held together with its remuneration from servicing and managing these structured entities create significant exposure to variability of returns in these investment funds

In the opinion of the directors, the variable returns that the Group to these structured entities is not significant and the Group is primarily acting as an agent. Therefore, the Group did not consolidate these structured entities.

The Group classified its investment in those unconsolidated entities as FVOCI investments with minimal loss exposure due to small investment amount involved.

43 結構化實體的權益(續)

未合併結構化實體權益

就本集團所持有並由本集團(作為投資管理人)直接或間接參與的投資基金，本集團定期評估及確定：

- 本集團是否作為該等投資基金的代理或主事人；
- 其他各方是否持有可免除本集團作為投資基金管理人職務之實質罷免權；及
- 所持投資權益連同服務及管理該等結構化實體的酬金是否使該等投資基金的回報承受重大變化風險。

董事認為，本集團於該等結構化實體的可變回報並不重大，且本集團主要擔當代理。因此，本集團並未合併這些結構化實體。

本集團將其於未合併實體的投資劃歸為以公允價值計量且其變動計入其他綜合收益投資，由於涉及投資額小，風險敞口亦很低。

Notes to the financial statements

財務報表附註

44 COMMITMENTS

(a) Capital commitments

As at 31 December 2018, the Group has a total of HK\$20.5 million (2017: HK\$0.6 million) capital commitment contracted but not provided for.

(b) Operating lease commitments

As lessee

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable 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	105,867	18,801
After one year but within five years	一年後但五年內	149,300	5,711
		255,167	24,512

The Group leases a number of offices under operating leases. The leases run for an initial period of one to five years. None of the leases includes contingent rentals.

44 承擔

(a) 資本承擔

截至二零一八年十二月三十一日，本集團合計承擔2,050萬港元(二零一七年：60萬港元)的已簽約但未備撥之資本承擔。

(b) 經營租賃承擔

作為承租人

於二零一八年十二月三十一日，根據不可撤銷經營租約之未來最低應付租賃款項總額如下：

本集團根據經營租賃租用多個辦公室。租期初步為期一至五年。概無租賃包括或然租金。

44 COMMITMENTS (Continued)

(c) Investment commitments

- (i) In the normal course of business, the Group enters into commitments to purchase certain investments and capital contribution commitments to third party managed fund investment. The Group has investment commitments contracted for amounted to HK\$2,760,775,000 (2017: HK\$990,600,000).
- (ii) As at 31 December 2018, the Group has capital commitment to a joint venture for an amount of US\$20 million with US\$9.8 million has been contributed.
- (iii) As disclosed in the announcement of the Company dated 4 February 2016, Yunfeng Financial Market Limited (“YFM”) (formerly known as Reorient Financial Markets Limited), a wholly owned subsidiary of the Company, entered into a joint venture agreement with Giant Investment Co., Ltd., and Jiangsu YuWell Technology Development Co., Ltd. (“Jiangsu Limited”) on that day. As disclosed in the circular of the Company dated 29 April 2016, the joint venture agreement was superseded and replaced by the amended and restated joint venture agreement entered among YFM, Hangzhou Dr. Herbs Electronics Commerce Company Limited and Jiangsu Limited on 13 April 2016. Upon establishment of the joint venture company after obtaining all necessary approval as defined and disclosed in the circular, YFM is committed to contribute RMB1,290,000,000 of the registered capital of the joint venture company.

44 承擔(續)

(c) 投資承擔

- (i) 在正常業務過程中，本集團作出購買若干投資的承諾，以及向第三方管理基金投資作出出資承諾。本集團已訂約的合同投資承諾為2,760,775,000港元(二零一七年：990,600,000港元)。
- (ii) 於二零一八年十二月三十一日，本集團已向一家合營企業作出資本承擔額2,000萬美元，已供款980萬美元。
- (iii) 誠如二零一六年二月四日刊發之本公司公告所披露，於當日，本公司的全資附屬公司雲鋒金融市場有限公司(「雲鋒金融市場」)(前稱瑞東金融市場有限公司)，與巨人投資有限公司及江蘇魚躍科技發展有限公司(「江蘇公司」)簽立有關成立合營企業的發起人協議。誠如二零一六年四月二十九日本公司通函所披露，於二零一六年四月十三日，雲鋒金融市場與杭州禾博士電子商務有限公司(「禾博士」)和江蘇公司簽立有關成立合營企業的經修訂及重列發起人協議取替及取代有關成立合營企業的發起人協議。誠如通函所定義及披露，雲鋒金融市場在合營企業取得所有必須的批准後為合營企業註冊資本承擔的出資金額為人民幣1,290,000,000元。

Notes to the financial statements

財務報表附註

45 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

The remuneration for key management personnel of the Group 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
Short term employee benefits	短期僱員福利	37,089	33,789
Post employment benefits	離職後福利	65	—
Equity compensation benefits	權益計酬福利	129,609	14,667
		166,763	48,456

Total remuneration is included in “staff costs” in note 11(a) to the financial statements.

During the year, amount of approximately HK\$554,000 (2017: HK\$763,000) transaction and management fee related to key management personnel’s securities brokerage and wealth management transaction is waived by the Group.

(b) Transactions with other related parties

45 重大關聯人士交易

(a) 與主要管理人員的交易

本集團之主要管理人員酬金如下：

	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	37,089	33,789
Post employment benefits	65	—
Equity compensation benefits	129,609	14,667
	166,763	48,456

酬金總額計入財務報表附註11(a)「員工成本」。

本年度內，本集團豁免與主要管理人員證券經紀及財富管理交易有關的約554,000港元(二零一七年：763,000港元)交易及管理費用。

(b) 與其他關聯方的交易

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Brokerage fee income (note (i))	經紀費收入(附註(i))	151	243
Advisory fee income (note (ii))	諮詢費收入(附註(ii))	970	2,750
Interest expense (note (iii))	利息支出(附註(iii))	356	107
Investment management fee paid (note (iv))	已付投資管理費(附註(iv))	7,188	—
Transitional services fee paid (note (v))	已付過渡服務費(附註(v))	1,465	—
Policy endorsement fee paid (note (vi))	已付保單批單費(附註(vi))	888	—
Management fee income from a joint venture	合營企業的管理費收入	2,021	—

**45 MATERIAL RELATED PARTY
TRANSACTIONS** *(Continued)*

(b) Transactions with other related parties
(Continued)

Note:

- (i) During the year ended 31 December 2018, the Group provided brokerage services to a company where our chairman, Mr. Yu Feng (“Mr. Yu”) is a director and substantial shareholder and Mr. Huang Xin (“Mr. Huang”), our executive director, is a director.

During the year ended 31 December 2017, the Group provided brokerage services to (i) a company where our former independent non-executive director, Dr. Wong Yau Kar, David, GBS, JP, is an independent non-executive director; and (ii) a company where Mr Johnson Ko, Mr. Ko, our former non-executive director, is a substantial shareholder and an executive director; and (iii) a company where Mr. Yu is a director and substantial shareholder.

- (ii) During the year ended 31 December 2018, the Group provided advisory services to (i) companies where Mr. Ko is a substantial shareholder or as an executive director and (ii) a company where Mr. Huang, is the chairman.

During the year ended 31 December 2017, the Group provided advisory services to (i) a company where our executive director, Mr. Huang Xin (“Mr. Huang”), is the chairman; (ii) a company where Mr. Ko is a substantial shareholder; (iii) a company where our former independent non-executive director, Dr. Wong Yau Kar, David, GBS, JP, is an independent non-executive director.

- (iii) During the year, the Group incurred interest expense for cash custodian transactions with key management personnel.

- (iv) The Group paid an investment management fee to an affiliate of a substantial shareholder who appointed a director to the board of the Company, for management service provided to YF Life’s investment portfolio.

45 重大關聯人士交易(續)

(b) 與其他關聯方的交易(續)

附註：

- (i) 於二零一八年十二月三十一日止年度，本集團向一間公司(本公司主席虞鋒先生(「虞先生」)為董事及主要股東，黃鑫(「黃先生」)為執行董事)提供經紀服務。

於二零一七年十二月三十一日止年度，本集團向(i)一間公司(本公司之獨立非執行董事黃友嘉博士，GBS，JP為該公司之獨立非執行董事)；(ii)一間公司(本集團前任非執行董事高振順先生「高先生」為該公司之主要股東及執行董事)及；(iii)一間公司(虞先生為董事及主要股東)提供經紀服務。

- (ii) 於二零一八年十二月三十一日止年度，本集團向(i)公司(高先生為該公司之主要股東及執行董事職務)及；(ii)一間公司(黃先生為該公司主席)提供諮詢服務。

於二零一七年十二月三十一日止年度，本集團向(i)一間公司(本公司執行董事黃鑫(「黃先生」)為該公司主席)；(ii)一間公司(高先生為該公司之主要股東)；(iii)一間公司(本公司之前獨立非執行董事黃友嘉博士，GBS，JP為該公司之獨立非執行董事)提供諮詢服務。

- (iii) 於年內，本集團向重要管理人員進行現金託管交易時產生利息支出。

- (iv) 本集團就向萬通保險的投資組合提供的管理服務向一名主要股東(委任為本公司董事會董事)的聯屬公司支付了投資管理費。

Notes to the financial statements

財務報表附註

45 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with other related parties *(Continued)*

Note: (Continued)

- (v) The fee is paid to a substantial shareholder, who appointed a director to the board of the Company, for certain treasury and financial reporting services relating to investment or portfolio management and other information technology related services to YF Life.
- (vi) The fee is paid to an affiliate of a substantial shareholder, who appointed a director to the board of the Company, for the provision of claims payment endorsement to the life insurance outstanding policies of YF Life until such policies mature.
- (vii) As of 31 December 2018, amount of US\$2.1 million (2017: US\$1.65 million) investment commitment is made by key management personnel to the funds managed or jointly managed by the Group.

45 重大關聯人士交易(續)

(b) 與其他關聯方的交易(續)

附註：(續)

- (v) 就萬通保險有關的投資或投資組合管理及其他資訊技術相關服務的某些資金和財務報告服務，向一名主要股東(委任為本公司董事會董事)支付該筆費用。
- (vi) 為萬通保險的人壽保險未付保單提供賠款支付批單，直至該等保單逾期，向一名主要股東(委任為本公司董事會董事)的一家聯營公司支付該筆費用。
- (vii) 於二零一八年十二月三十一日，主要管理人員對本集團管理或共同管理的基金作出210萬美元(二零一七年：165萬美元)的投資承諾。

Notes to the financial statements

財務報表附註

46 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

46 於二零一八年十二月三十一日公司層面之財務狀況報表

		Note 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Note 50) (附註 50)
Assets	資產			
Interests in subsidiaries	於附屬公司之權益		9,756,849	1,009,119
Other receivable and prepayment	其他應收款項及預付款項		35,590	46,677
Fixed bank deposits with original maturity more than 3 months	原定期限多於三個月的銀行定期存款		—	1,505,766
Cash and cash equivalents	現金及現金等值項目		258,270	1,329,331
Total assets	資產總額		10,050,709	3,890,893
Liabilities	負債			
Accrued expenses and other payables	應計費用及其他應付款項		38,082	49,753
Bank borrowings	銀行借款	40	1,198,226	—
Total liabilities	負債總額		1,236,308	49,753
NET ASSETS	資產淨值		8,814,401	3,841,140
EQUITY	權益			
Share capital	股本	41(a)	9,828,591	4,628,591
Reserves	其他儲備	41(a)	(1,014,190)	(787,451)
TOTAL EQUITY	權益總值		8,814,401	3,841,140

Approved and authorised for issue by the Board on 28 March 2019 and are signed on its behalf by:

於二零一九年三月二十八日獲董事會批准及授權刊發並由下列代表簽署：

Li Ting
李婷

Executive Director and Chief Executive Officer
執行董事及行政總裁

Huang Xin
黃鑫

Executive Director
執行董事

Notes to the financial statements

財務報表附註

47 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2018, the directors consider the immediate parent and ultimate holding company of the Company to be Yunfeng Financial Holdings Limited which is incorporated in the Cayman Islands and beneficially owned as to 29.85% and 70.15% by Mr. Ma Yun and Mr. Yu Feng, respectively. Yunfeng Financial Holdings Limited does not produce financial statements available for public use.

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

47 直接和最終控權方

董事認為本公司於二零一八年十二月三十一日之直接母公司及最終控股公司為雲鋒金融控股有限公司，該公司於開曼群島註冊成立，並由馬雲先生及虞鋒先生實際擁有29.85%及70.15%股權。雲鋒金融控股有限公司並無編製財務報表以供公眾人士使用。

48 已頒佈但尚未在截至二零一八年十二月三十一日止年度生效的修訂、新標準和詮釋所產生的可能影響

截至本財務報表刊發日，香港會計師公會已頒布數項在截至二零一八年十二月三十一日止年度尚未生效，亦沒有在本財務報表採用的修訂、新標準和詮釋。這些準則變化包括下列可能與本集團有關的項目。

	Effective for accounting periods beginning on or after 在以下日期或之後 開始的會計期間生效
HKFRS 16, Leases 《香港財務報告準則》第16號「租賃」	1 January 2019 2019年1月1日
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i> 香港(國際財務報告詮釋委員會)第23號「所得稅處理的不確定性」	1 January 2019 2019年1月1日
Annual Improvements to HKFRSs 2015-2017 Cycle 《香港財務報告準則》的年度改進(2015至2017年度周期)	1 January 2019 2019年1月1日
Amendments to HKAS 28, <i>Long-term interest in associates and joint ventures</i> 《香港會計準則》第28號修訂「於聯營公司及合營企業的長期權益」	1 January 2019 2019年1月1日

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

HKFRS 16, Leases

As disclosed in note 2(p), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

48 已頒佈但尚未在截至二零一八年十二月三十一日止年度生效的修訂、新標準和詮釋所產生的可能影響(續)

本集團正在評估這些修訂、新標準和詮釋對初始採用期間的影響。截至目前為止，本集團已識別《香港財務報告準則》第16號的某些方面會對合併財務報表造成重大影響。有關預計影響的更多詳情載列於下文。儘管針對《香港財務報告準則》第16號的評估已大致完成，但初始採用該等準則的實際影響可能有所不同，因為截至目前已完成的評估是基於本集團現時可取得的資料。在該等準則於本集團截至二零一九年六月三十日止六個月中期財務報告初始採用前，本集團可能會識別更多的影響。本集團還可能在該財務報告初始採用該等準則前，改變其會計政策的選擇，包括過渡方案。

《香港財務報告準則》第16號「租賃」

如在附註2(p)中所披露，本集團現分類租賃為融資租賃和經營租賃，本集團會按租賃的分類而採納不同的會計方法來處理租賃安排。本集團會以承租人身份簽訂租賃合同。

預計《香港財務報告準則》第16號對出租人根據他們在租賃的權利和義務的會計處理方法未有重大影響。但是，當採納《香港財務報告準則》第16號，承租人將毋須分辨融資租賃及經營租賃。另外，視乎實際情況，承租人將以現行相同的融資租賃會計法處理所有租賃，即在租賃之生效日承租人將按未來最低租賃付款之現值確認及計算租賃負債，亦會同時確認另一「可使用權利」資產。在初始確認該資產及負債後，承租人將按租賃負債的結餘確認應計利息支出，以及可使用權利資產的折舊，而並不是現行會計政策按租賃期限分期確認為經營租賃的租金支出。視乎實際情況，承租人可選擇不採納此會計模式計算短期租賃(即租賃期是12個月或以下)以及低價值資產之租賃，即仍繼續按租賃期限分期確認為經營租賃的租金支出。

Notes to the financial statements

財務報表附註

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As disclosed in note 44(b), at 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$255,167,000 for properties, the majority of which is payable between 1 and 5 years after the reporting date. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to HK\$231,896,000 and HK\$223,156,000 respectively, after taking account the effects of discounting, as at 1 January 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

48 已頒佈但尚未在截至二零一八年十二月三十一日止年度生效的修訂、新標準和詮釋所產生的可能影響(續)

《香港財務報告準則》第16號將主要影響本集團作為租約承租人就物業、廠房及設備(現時分類為經營租約)的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租期內於損益表確認開支的時間。

《香港財務報告準則》第16號於二零一九年一月一日或之後開始的年度生效。根據《香港財務報告準則》第16號，本集團計劃視乎實際情況代替之前針對哪些現有安排是或包含租賃進行的評估。因此，本集團僅會將《香港財務報告準則》第16號的新租賃定義應用於初始採納日或之後訂立的合同。此外，本集團計劃選擇使用可行權益方法，對於短期租賃和低價值資產租賃不採用新會計模型。

本集團計劃選擇使用經調整追溯法採用《香港財務報告準則》第16號，並將初始採納的累積影響確認為於二零一九年一月一日的股本期初結餘的調整及不會重列比較數字。根據附註44(b)的披露，於二零一八年十二月三十一日，本集團簽訂不可撤銷經營租約項下就物業的未來最低租賃款項將為255,167,000港元，大部分須於報告日期後一至五年內支付。因此，在採納《香港財務報告準則》第16號後，於考慮截至二零一九年一月一日的折現影響後，租賃負債及相應使用權資產的期初結餘將分別調整至231,896,000港元及223,156,000港元。

除租賃負債及使用權資產的確認外，本集團預期於初始採納《香港財務報告準則》第16號時作出的過渡調整並不重大。然而，上述會計政策的預期變動可能會對本集團二零一九年以後的財務報表產生重大影響。

Notes to the financial statements

財務報表附註

49 RECONCILIATION BETWEEN HKFRSS AND US GAAP

The consolidated financial statements are prepared in accordance with HKFRSSs, which differ from certain aspects from US GAAP. The effects of material differences between the financial statements of the Group prepared under HKFRSSs and US GAAP are as follows:

49 《香港財務報告準則》與美國公認會計準則的對賬

合併財務報表乃根據《香港財務報告準則》編制，與美國公認會計準則的某些方面不同。根據《香港財務報告準則》與美國公認會計準則編制的本集團財務報表的重大差異影響如下：

		As at 31 December 2018 截至二零一八年十二月三十一日		
		HKFRSS adjustments 《香港財務報告準則》調整		Amounts under US GAAP
Consolidated statement of financial position	綜合財務狀況表	Insurance- related balances reclassification ^[1] 保險相關餘額 重新分類 ^[1]	Difference in Impairment basis ^[2] 減值基準 差異 ^[2]	美國公認會計 準則下的金額 HK\$'000 千港元
Assets	資產			
Property and equipment	物業及設備			133,946
Deferred tax assets	遞延稅項資產		(62)	122
Statutory deposits	法定存款			3,285
Investments in an associate	於聯營公司的投資			64,846
Deferred acquisition costs and value of business acquired	遞延保單獲得成本及 收購業務的價值	410,402		8,966,583
Goodwill and Intangible assets	商譽及無形資產			3,827,449
Investments	投資		20,849	43,653,567
Advance reinsurance premiums	預付再保險保費			10,652
Reinsurers' share of outstanding claims	未決賠款之再保險公司份額			31,202
Insurance and reinsurance receivables	應收保費及再保險賬款	(71,873)		171,739
Other account receivable and accrued income	其他應收賬款及應計收入			95,870
Other receivables	其他應收款項	(1,016)	22	548,909
Bank balance — Trust and segregated accounts	銀行餘額 — 信託及獨立賬戶		34	440,117
Deposits with banks maturing after more than three months	逾三個月後到期的銀行存款			259,250
Cash and cash equivalents	現金及現金等值項目		318	5,184,547
Total assets	資產總額			63,392,084

Notes to the financial statements

財務報表附註

49 RECONCILIATION BETWEEN HKFRSS AND US GAAP (Continued)

49 《香港財務報告準則》與美國公認會計準則的對賬(續)

		As at 31 December 2018 截至二零一八年十二月三十一日		
		HKFRSs adjustments 《香港財務報告準則》調整		Amounts under US GAAP
Consolidated statement of financial position	綜合財務狀況表	Insurance- related balances reclassification ^[1] 保險相關餘額 重新分類 ^[1]	Difference in Impairment basis ^[2] 減值基準 差異 ^[2]	美國公認會計 準則下的金額 HK\$'000 千港元
Liabilities	負債			
Insurance contract provisions	保險合同準備金	4,127,204		43,489,340
Investment contract liabilities	投資合同負債	(4,131,951)		—
Outstanding claims	未決賠款			123,823
Reinsurance premium payables	應付再保險保費			314,011
Financial liability at fair value through profit or loss, other account payable and finance lease obligation	以公允價值計量且其變動計入損益之 金融負債、其他應付賬款及 融資租賃款項			1,040,248
Other payables	其他應付款項	346,246		1,170,838
Tax payable	應付稅項			6,189
Deferred tax liabilities	遞延稅項負債			702,577
Bank borrowings	銀行借款			1,198,226
Total liabilities	負債總額			48,045,252
Total net assets	淨資產總額			15,346,832
Capital and reserves	資本和儲備			
Share capital	股本			9,829,094
Reserves	儲備	(2,392)	12,822	(597,894)
Non-controlling interest	非控股權益	(1,594)	8,339	6,115,632
Total equity	權益總額			15,346,832

Notes to the financial statements

財務報表附註

49 RECONCILIATION BETWEEN HKFRSS AND US GAAP (Continued)

49 《香港財務報告準則》與美國公認會計準則的對賬(續)

		As at 31 December 2018 截至二零一八年十二月三十一日		
		HKFRSs adjustments 《香港財務報告準則》調整		Amounts under US GAAP
Consolidated income statement	綜合財務狀況表	Insurance- related balances reclassification ^[1] 保險相關餘額 重新分類 ^[1]	Difference in Impairment basis ^[2] 減值基準 差異 ^[2]	美國公認會計 準則下的金額 HK\$'000 千港元
Income	收入			
Premiums and fee income	保費及費用收入			761,673
Premiums ceded to reinsurer	分出保費	55,309		(43,840)
Net premium and fee income	保費及費用收入淨額			717,833
Change in unearned revenue liability	未到期收入責任變動	17,218		(68,250)
Net earned premium and fee income	滿期保費及費用收入淨額			649,583
Brokerage commission, interest and other service income	經紀佣金、利息收入和其他服務收入			7,118
Subscription, management and rebate fee income	認購、管理費及回扣收入			9,978
Consultancy and advisory fee	顧問及諮詢費			13,092
Net investment income and other income	投資收入和其他收入淨額	(38,442)	17,077	392,480
Overlay adjustment	覆蓋調整	9,288		—
Reinsurance commission and profit	再保險佣金和溢利	(1,823)		5,020
Total income	收益總額			1,077,271
Benefits, losses and expenses	收益、虧損和費用			
Net policyholders benefit	淨保戶給付	(1,536)		(288,546)
Commission and related expenses	佣金和相關費用			(256,201)
Management and other expenses	管理及其他開支	(2,993)	(2,576)	(553,182)
Change in future policyholder benefits and deferral and amortisation of deferred acquisition costs	未來保單持有人給付及遞延保單獲得成本的遞延和攤銷變化	(30,634)		(126,652)
Total benefits, losses and expenses	收益、虧損和費用總額			(1,224,581)
Finance cost	融資成本			(26,496)
Share of result of in associates	聯營公司業績份額			(1,241)
Loss before taxation	除稅前虧損			(175,047)
Tax credit	稅項抵免		424	42,204
Loss after taxation	除稅後虧損			(132,843)
(Loss)/profit attributable to:	下列各方應佔(虧損)/溢利:			
Equity shareholders of the Company	本公司擁有人	3,832	6,586	(193,984)
Non-controlling interests	非控股權益	2,555	8,339	61,141
				(132,843)

Notes to the financial statements

財務報表附註

49 RECONCILIATION BETWEEN HKFRSS AND US GAAP (Continued)

Notes:

- [1] Major differences in relation to insurance-related balance are summarised as follows: financial reinsurance adjustments arising from different classification of reinsurance contracts under HKFRS and US GAAP; difference in value of business acquired recognised under HKFRS and US GAAP and corresponding differences on insurance contract provisions; difference in measurement of deferred acquisition costs and unearned revenue liability due to different amortisation under HKFRS and US GAAP; other miscellaneous differences due to different accounting principles under HKFRS and US GAAP.
- [2] Difference arises from different impairment methodology and basis (expected credit loss model vs. incurred loss model) under HKFRS and US GAAP.

50 COMPARATIVE FIGURES

After the completion of the YF Life acquisition, the Group is largely dominated by the insurance business. Accordingly, consolidated statement of financial position, consolidated income statement, cash flow statements, and disclosure notes have been rearranged to conform to the current year's presentation.

51 CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2018 and 31 December 2017.

52 NON-ADJUSTMENT EVENTS AFTER THE REPORTING PERIOD

There is no material non-adjustment event after the reporting period.

49 《香港財務報告準則》與美國公認會計準則的對賬(續)

附註：

- [1] 保險相關餘額的主要差異概述如下：財務再保險調整(再保險合同抵銷收入／費用的重新分類與根據美國公認會計準則(而不是根據擴大後的集團會計政策)的相關保險合同收入／費用的重新分類)；根據美國公認會計準則及《香港財務報告準則》確認收購的業務價值差異及相應的儲備差異；根據美國公認會計準則和《香港財務報告準則》使用不同的折舊和不同的精算計算方法計算的遞延保單獲得成本和未到期收入責任的計量差異；因《香港財務報告準則》和美國公認會計準則下的不同會計原則導致的其他雜項差異。
- [2] 差異源自基於《香港財務報告準則》及美國公認會計準則下不同的減值方法及基準(預期信用損失模型與已發生損失模型)。

50 比較數字

收購萬通保險完成後，本集團主要由保險業務主導。因此，綜合財務狀況表、綜合收益表、現金流量表及披露附註已作出重列，以符合本年度呈列方式。

51 或然負債

本集團於二零一八年及二零一七年十二月三十一日並無任何重大或然負債。

52 報告期後的非調整事件

在報告期後，並無重大非調整事項。

Five Year Financial Summary 五年財務概要

		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
RESULTS	業績					
Premiums and fee income	保費及費用收入	761,673	—	—	—	—
Brokerage commission, interest and other service income	經紀佣金、利息及其他服務收入	7,118	6,163	3,846	11,059	24,580
Subscription, management and rebate fee income	認購、管理及其他回退費收入	9,978	3,791	—	—	—
Consultancy and advisory income	顧問及諮詢費	13,092	11,110	42,274	182,908	182,908
Placing and underwriting commission	配售及承保佣金	—	—	—	—	3,080
Profit/(loss) before taxation	除稅前溢利/(虧損)	(195,935)	(378,168)	(324,869)	(77,869)	759,327
Taxation	稅項	41,780	(1,138)	8,327	(79,172)	(450)
Profit/(loss) for the year	本年度溢利/(虧損)	(154,155)	(379,306)	(316,542)	(157,041)	758,877
Attributable to:	下列各方應佔：					
Equity shareholder of the company	本公司權益股東	(204,402)	(379,054)	(316,688)	(152,419)	758,856
Non-controlling interest	非控股權益	50,247	(252)	146	(4,622)	21
Profit/(loss) for the year	本年度溢利/(虧損)	(154,155)	(379,306)	(316,542)	(157,041)	758,877
Basic (loss)/earnings per share (HK\$)	每股基本(虧損)/盈利(港元)	(0.08)	(0.16)	(0.13)	(0.21)	1.73
ASSETS AND LIABILITIES	資產和負債					
Property and equipment	物業及設備	133,946	17,035	21,418	13,930	5,289
Goodwill and intangible assets	商譽及無形資產	3,827,449	36,110	21,512	550	550
Interest in associates	聯營公司權益	64,846	—	—	—	27,311
Investments	投資	43,632,718	898,134	310,123	410,620	982,814
Other assets	其他資產	15,374,451	4,251,766	4,572,544	4,662,424	344,879
Total liabilities	負債總額	(47,703,753)	(1,063,713)	(481,474)	(326,181)	(339,942)
		15,329,657	4,139,332	4,444,123	4,761,343	1,020,901
Share capital	股本	9,829,094	4,629,094	4,499,548	4,499,548	614,919
Reserves	儲備	(608,324)	(489,762)	(56,532)	260,759	400,015
Non-controlling interests	非控股權益	9,220,770 6,108,887	4,139,332 —	4,443,016 1,107	4,760,307 1,036	1,014,934 5,967
Total equity	權益總額	15,329,657	4,139,332	4,444,123	4,761,343	1,020,901

Five Year Financial Summary

五年財務概要

Note 1: the 5 years financial summary is rearranged to conform with 2018 presentation.

Note 2: The Group adopted HKFRS 9, Financial instrument, including the amendments to HKFRS 9, Prepayment features with negative compensation, from 1 January 2018. As a result, the Group has changed its accounting policies in relation to financial instruments. As allowed by HKFRS 9, the Group has not restated information related to prior years. Differences in the carrying amounts of the financial assets resulting from the adoption of HKFRS 9 were recognised in retained earnings and reserves at 1 January 2018. There was no difference in carrying amounts of the financial liabilities. Prior to 1 January 2018, figures were stated in accordance with policies applicable in those years.

附註 1: 五年財務概要已進行重述，以符合二零一八年的呈列。

附註 2: 本集團自2018年1月1日已採用《香港財務報告準則》第9號「金融工具」，包括《香港財務報告準則》第9號修「負補償提前還款特徵」。因此，本集團已變更了其有關金融工具的會計政策。如《香港財務報告準則》第9號所定，本集團並無重述有關過往年度的資料。採納《香港財務報告準則》第9號產生的金融資產賬面價值差異於2018年1月1日於保留盈利及儲備中確。金融負債的賬面價值並無差異。於2018年1月1日前，有關數字乃根據當年適用的政策列示。

Definitions

釋義

In the annual report, the following expressions shall have the following meanings unless the context required otherwise:

於本年報內，除文義另有所指外，下列詞彙具有以下涵義：

“Audit Committee”	the audit committee of the Company	「審核委員會」	本公司之審核委員會
“Barings Investment Advisory Agreement”	the Fourth Amended and Restated Investment Advisory Agreement dated 15 December 2017 and entered into by and between Barings LLC and YF Life	「霸菱投資諮詢協議」	由 Barings LLC 及萬通保險於二零一七年十二月十五日訂立之第四份經修訂及重述之投資諮詢協議
“Board”	the board of Directors	「董事會」	董事會
“CEO”	the chief executive officer of the Group	「行政總裁」	本集團之行政總裁
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules	「企管守則」	上市規則附十四所載之相關企業管治守則
“Company”	Yunfeng Financial Group Limited	「本公司」	雲鋒金融集團有限公司
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, as it may be amended from time to time)	「公司條例」	《公司條例》(香港法例第 622 章) (經不時修訂)
“Directors”	the directors of the Company	「董事」	本公司董事
“Group”	the Company and its subsidiaries	「本集團」	本公司及其附屬公司
“HKIA”	the Hong Kong Insurance Authority, whether the individual appointed under the IO or body corporate established under the IO	「保監局」	香港保險業監管局，不論為根據保險條例獲委任的個人或根據保險條例成立的法人團體
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC	「香港」	中華人民共和國香港特別行政區
“IO”	the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong) or the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as the case may be, as it may be amended from time to time	「保險條例」	《保險公司條例》(香港法例第 41 章) 或《保險業條例》(香港法例第 41 章) (視情況而定)，經不時修訂
“Jade Passion”	Jade Passion Limited	「Jade Passion」	Jade Passion Limited
“Key Imagination”	Key Imagination Limited	「Key Imagination」	Key Imagination Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange	「上市規則」	香港聯合交易所有限公司證券上市規則
“MMI”	MassMutual International LLC	「MMI」	MassMutual International LLC
“MMLIC”	Massachusetts Mutual Life Insurance Company	「MMLIC」	Massachusetts Mutual Life Insurance Company

Definitions

釋義

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules	「標準守則」	上市規則附十所載之上市公司董事進行證券交易的標準守則
“Nomination Committee”	the nomination committee of the Company	「提名委員會」	本公司提名委員會
“Policies Endorsement Fee Agreement”	the policies endorsement fee agreement dated 15 December 2017 and entered into by and between MMLIC and YF Life	「保單附加擔保費用協議」	由MMLIC及萬通保險於二零一七年十二月十五日訂立之保單附加擔保費用協議
“PRC”	the People’s Republic of China	「中國」	中華人民共和國
“Remuneration Committee”	the remuneration committee of the Company	「薪酬委員會」	本公司薪酬委員會
“SFC”	the Securities and Futures Commission of Hong Kong	「證監會」	香港證券及期貨事務監察委員會
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as it may be amended from time to time	「證券及期貨條例」	《證券及期貨條例》(香港法例第571章)(經不時修訂)
“Share(s)”	ordinary share(s) of the Company	「股份」	本公司普通股股份
“Shareholder(s)”	holder(s) of the Shares	「股東」	股份持有人
“Stock Exchange”	The Stock Exchange of Hong Kong Limited	「聯交所」	香港聯合交易所有限公司
“Transitional Services Agreement”	the transitional services agreement dated 15 December 2017 and entered into by and between YF Life and MMI	「過渡服務協議」	由萬通保險和MMI於二零一七年十二月十五日訂立之過渡服務協議
“Year”	the year ended 31 December 2018	「本年度」	截至二零一八年十二月三十一日之年度
“YF Life”	YF Life Insurance International Limited, formerly known as MassMutual Asia Limited, a non-wholly-owned subsidiary of the Company	「萬通保險」	萬通保險國際有限公司，前稱萬通保險亞洲有限公司，本公司之非全資擁有附屬公司
“YF Life Group”	YF Life and its subsidiaries	「萬通保險集團」	萬通保險及其附屬公司
“YFHL”	Yunfeng Financial Holdings Limited	「雲鋒金融控股」	雲鋒金融控股有限公司

