



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

(Incorporated in the Cayman Islands with limited liability | 於開曼群島註冊成立之有限公司)  
Stock Code 股份代號 : 256

## ANNUAL REPORT 年報 2019



*Create a New  
Synergy Benefits*

協同締造新效益



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## RISK MANAGEMENT COMMITTEE

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

## QUALIFIED ACCOUNTANT & COMPANY SECRETARY

FONG Chi Wah

## AUDITOR

BDO Limited

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited  
China CITIC Bank International Limited  
Industrial Bank Co., Ltd. Hong Kong Branch  
Luso International Bank  
Bank of Communications Co., Ltd. Hong Kong Branch  
Korea Development Bank Qingdao Branch

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
South Church Street  
Grand Cayman, KY1-1104  
Cayman Islands

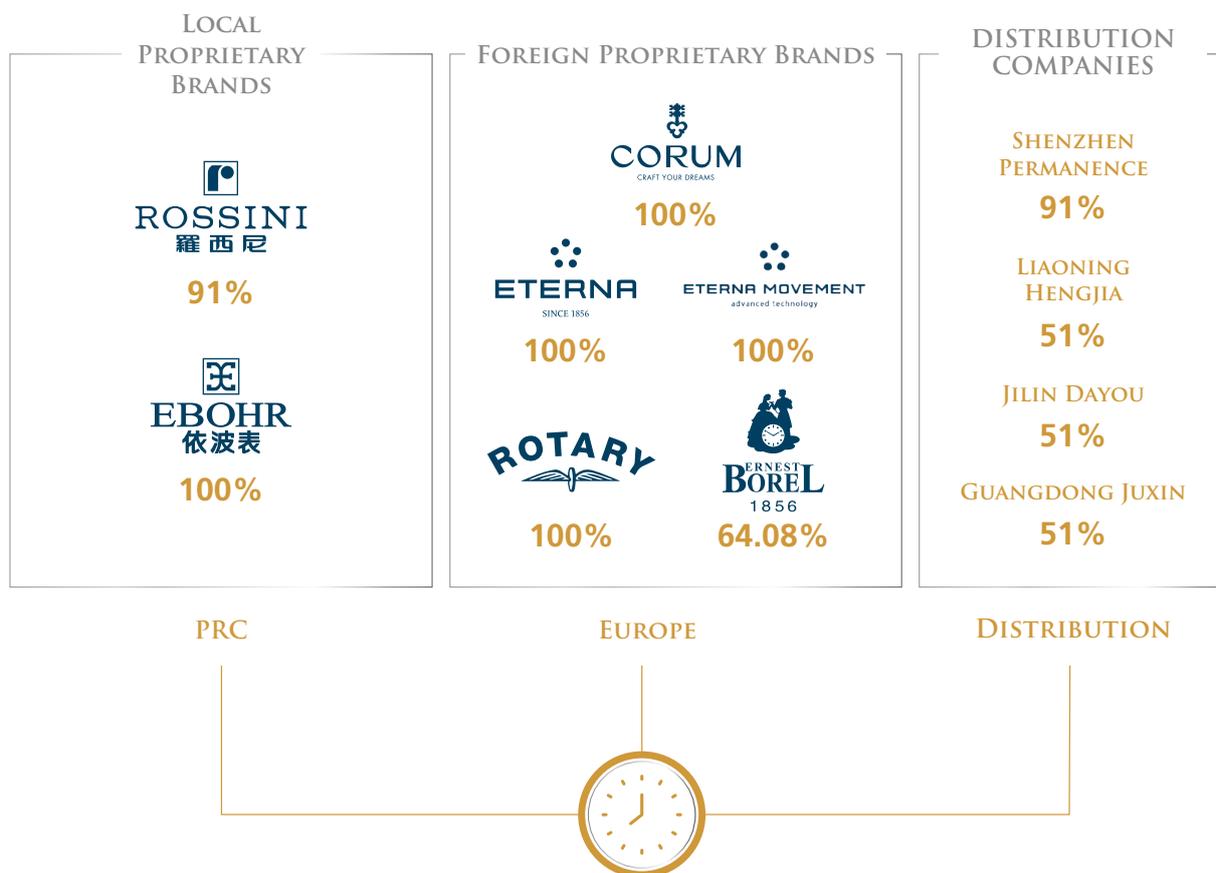
## PRINCIPAL OFFICE

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

## WEBSITES

[www.irasia.com/listco/hk/citychamp](http://www.irasia.com/listco/hk/citychamp)  
[www.citychampwj.com](http://www.citychampwj.com)

# OUR KEY GROUP COMPANIES



## WATCHES AND TIMEPIECES BUSINESSES

## BANKING AND FINANCIAL BUSINESSES



# FINANCIAL HIGHLIGHTS

Revenue  
HK\$'000



2015	3,476,354
2016	2,939,955
2017	2,982,701
2018	2,937,849
<b>2019</b>	<b>2,716,265</b>

Profit After Tax  
HK\$'000



2015	340,159
2016	63,840
2017	1,211,198
2018	241,448
<b>2019</b>	<b>71,181</b>

Total Assets  
HK\$'000



2015	6,838,556
2016	17,255,820
2017	21,855,671
2018	20,258,229
<b>2019</b>	<b>19,597,081</b>

Owners' Equity  
HK\$'000



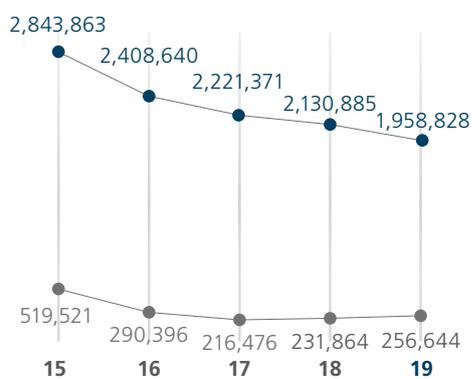
2015	4,043,253
2016	3,632,881
2017	4,804,881
2018	4,439,791
<b>2019</b>	<b>4,255,072</b>





Revenue by Proprietary  
and Non-proprietary Brands

HK\$'000



- Proprietary Brands
- Non-proprietary Brands

**HK\$2,716,265,000**

Revenue

**HK\$71,181,000**

Profit After Tax

## CHAIRMAN'S STATEMENT

The global political and economic conditions in 2019 have remained tough. On one hand, the macroeconomic picture remains uncertain amid escalation of trade tensions which has damaged economic growth and weighted on consumer sentiment and spending in Mainland China and the rest of the world. Hong Kong's social disturbances lasting throughout the second half of 2019 seriously affected the business environment and operation of society. On the other hand, the industry continues to undergo extensive transition driven by increased digitalization which is intensifying price competition. All these has contributed challenges for the Group.

While our Mainland China and overseas watch business was adversely affected, our private banking business has made progress towards our strategic goals and contributed significantly to the Group's performance in 2019.

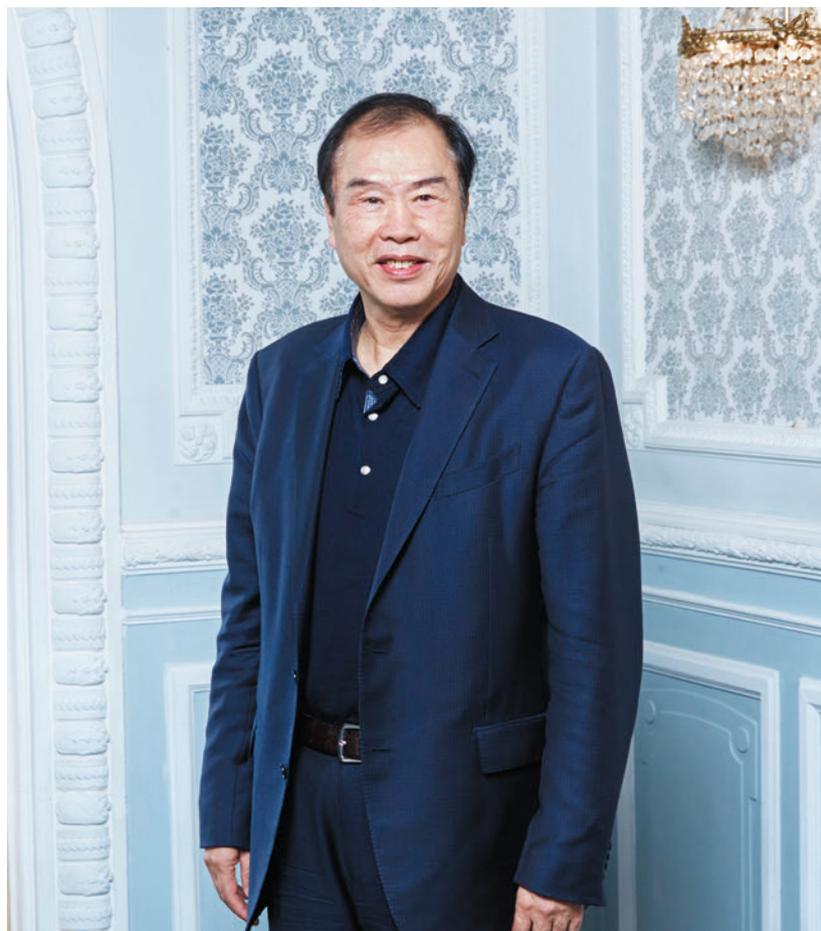
### RESULTS OVERVIEW

Revenue decreased by 7.5% to HK\$2.72 billion in 2019, versus HK\$2.94 billion generated in 2018. Profit attributable to the owners of the Company in 2019 decreased to HK\$44 million, which was HK\$157 million or 78% lower than HK\$201 million earned in 2018. Basic earnings per share were HK1.02 cents.

The Board, after due deliberation, resolved not to recommend a final dividend for the year ended 31 December 2019 to preserve sufficient funds to meet the financial needs of the Group.

### BUSINESS AND STRATEGIC DEVELOPMENT

For the watch business, we have a track record of operating watch business for over 30 years and profound foundation. Although we are currently encountering potential changes on consumer behaviors attributable to the pandemic and a number of challenges of tough market situations, we are still cautiously optimistic towards the industry we're operating in. Many cities in Mainland China will gradually launch various consumption simulation measures after the pandemic is relieved, in order to simulate consumption and release consumption needs. Our watch business will adopt implementations to tackle with the current situation, including aggressively exploring innovative distribution methods such as new e-commerce, and at the meanwhile opening up new income sources and reducing costs on the operational level.



For the banking and financial businesses, the performance of our banking business is encouraging. Bendura Bank has developed organically as shown by the improved level in assets under management, stable profitability, higher liquidity level and increased head count. We will deploy more resources in marketing, compliance and risk management, that are critical to stay competitive locally and internationally and generate long-term growth. We have strong confidence in the wealth management industry and will seize opportunities arising from the increasing wealth management needs in Mainland China.



## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE

Good environmental, Social and Governance, or ESG, practices have always been an integral part of the Group's business strategy and management approach. As a good corporate citizen, the Group contributes to the communities that we operate our businesses, especially in Mainland China. To adapt to the new requirements of the Listing Rules on ESG commencing after 2020, we will implement internal processes and systems including designation of a senior management member to head the ESG, implementation of the identification and review process and strengthening of relevant disclosures.

## RISK MANAGEMENT

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

The challenging global political and economic environment has led us to take measures to improve efficiency, to control costs where possible, and focus on core operations and identify potential corporate cooperation opportunities which benefit our development. These would make us stronger and serve us well in the longer term when market conditions improve.

Details of the progress we made in 2019 for individual companies and segments are set out in the MD&A of this Annual Report.

# CHAIRMAN'S STATEMENT

## OUTLOOK

The World Health Organization has declared the novel coronavirus a global pandemic, following the spread of the coronavirus rapidly around the world. To tackle this tremendous challenge, central banks all over the world have already introduced a number of effective policies to prevent the crisis from escalating and minimize the impact on the economic growth. Most countries, namely China, South Korea, the US and some European countries, have already taken urgent and aggressive administrative actions with the view to terminate the spread of the disease. Given the international efforts, it is likely that the coronavirus issue would be dealt with in the medium term.

Owing to the outbreak of the novel coronavirus in Mainland China in the beginning of 2020, the Mainland China economy has been damaged and the production and distribution are expected to improve in the longer term when the epidemic will be relieved. At that time, market conditions are expected to improve when the consumer confidence is recovered and the demand for watches in Mainland China and all over the world is expected to be normalized again.

Both local and foreign proprietary watch brand businesses would struggle at least in the first half of 2020 caused by the traditional retail, tourism, logistics and social atmosphere. They are expected to grow modestly in the second half of 2020 and beyond.

Bendura Bank's performance and assets under management are expected to be slightly affected by the novel coronavirus impact. Given the prudent asset allocation policy adopted by the Bank and the prudent investment attitude of its clients, we believe that Bendura Bank would be in a secure position and demonstrate resilience and sustainability even in the currently volatile financial market situation.

Looking ahead, in spite of the highly volatile market conditions, we would remain calm and apply courage and wisdom to take on the strong headwind challenges. We have full confidence that with our strengthened management team and razor-sharp focus on achieving our goals, we will be well along the road to recovery.

## ACKNOWLEDGEMENTS

Finally, I would like to thank all our employees for their hard work over the last financial year. Our Group is a global family where the unique contribution of every colleague is highly valued. I would also like to thank our business partners, our customers and our shareholders for their loyalty and support during these challenging times.

**Hon Kwok Lung**

*Chairman*

Hong Kong, 30 March 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended 31 December		Variation %
	2019 HK\$'000	2018 HK\$'000	
Total revenue	<b>2,716,265</b>	2,937,849	-7.5
Operating expenses	<b>1,595,003</b>	1,587,536	0.5
Gross profit generated from non-banking and financial businesses	<b>1,255,622</b>	1,431,382	-12.3
Gross profit generated from banking and financial businesses	<b>456,613</b>	483,899	-5.6
EBITDA	<b>412,823</b>	541,853	-23.8
Profit before tax	<b>142,637</b>	347,112	-58.9
Net profit after tax	<b>71,181</b>	241,448	-70.5
Earnings per share attributable to owners of the Company			
– Basic	<b>1.02</b>	4.63	-78.0
– Diluted	<b>1.02</b>	4.63	-78.0

	As at 31 December		Variation %
	2019 HK\$'000	2018 HK\$'000	
Total assets	<b>19,597,081</b>	20,258,229	-3.3
Total liabilities	<b>14,936,192</b>	15,448,738	-3.3
Total equity	<b>4,660,889</b>	4,809,491	-3.1



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING RESULTS

For the year ended 31 December 2019, the Group recorded total revenue of approximately HK\$2,716,265,000 (31 December 2018: HK\$2,937,849,000), a decrease of HK\$221,584,000 or 7.5% over 2018.

Operating expenses (including selling and distribution expenses and administrative expenses) for the year ended 31 December 2019 was approximately HK\$1,595,003,000 (31 December 2018: HK\$1,587,536,000), an increase of HK\$7,467,000 or 0.5% over 2018.

Gross profit generated from non-banking and financial businesses for the year ended 31 December 2019 was approximately HK\$1,255,622,000 (31 December 2018: HK\$1,431,382,000), a decrease of HK\$175,760,000 or 12.3% over 2018.

Gross profit generated from banking and financial businesses for the year ended 31 December 2019 was approximately HK\$456,613,000 (31 December 2018: HK\$483,899,000), a decrease of HK\$27,286,000 or 5.6% over 2018.

The EBITDA for the year ended 31 December 2019 was approximately HK\$412,823,000 (31 December 2018: HK\$541,853,000), a decrease of HK\$129,030,000 or 23.8% over 2018.

Net profit after tax for the year ended 31 December 2019 was approximately HK\$71,181,000 (31 December 2018: HK\$241,448,000), a decrease of HK\$170,267,000 or 70.5% over last year.

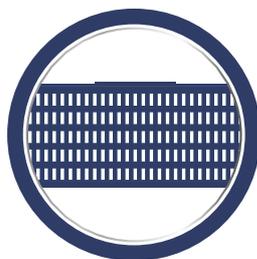
## PERFORMANCE

Our Group comprises three key divisions – watches and timepieces businesses, banking and financial businesses, and various investment businesses.



### WATCHES AND TIMEPIECES BUSINESSES

- I.A Local proprietary brands
- I.B Foreign proprietary brands
- I.C Non-proprietary brands
- I.D Others



### BANKING AND FINANCIAL BUSINESSES

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



### VARIOUS INVESTMENT BUSINESS

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



## WATCHES AND TIMEPIECES BUSINESSES

### I.A Local Proprietary Brands

#### ZHUHAI ROSSINI WATCH INDUSTRY LIMITED

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For the year ended 31 December 2019, Zhuhai Rossini Watch Industry Limited (“Rossini”), a 91% subsidiary of the Group, recorded revenue of HK\$942,562,000, a decrease of HK\$117,712,000, or 11.1% from HK\$1,060,274,000 in 2018. Net profit after tax attributable to owners of the Company for the year ended 31 December 2019 was HK\$164,133,000, representing a decrease of HK\$110,286,000 or 40.2%, from HK\$274,419,000 in 2018.

#### ROSSINI'S NO. OF DISTRIBUTION OUTLETS

Year 2017	3,857
Year 2018	3,765
Year 2019	3,441

Although sales from physical stores contributed approximately half of Rossini's total revenue in 2019, its proportion to Rossini's total revenue dropped in the past few years. On the contrary, in the past few years, the ever-going e-commerce in Mainland China has brought significant impact and challenges to the traditional retail model which watch industry has been heavily relying on for a long term. Creative exhibition models such as roving pop-up watch museum at shopping malls have been attempted to boost physical store sales and enhance the brand awareness.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Proportions to Rossini's total revenue by different types of sales

	31 December 2019	31 December 2018	31 December 2017
Physical stores	51.9%	55.6%	64.6%
E-commerce	39.5%	33.4%	27.5%
Other	8.6%	11%	7.9%

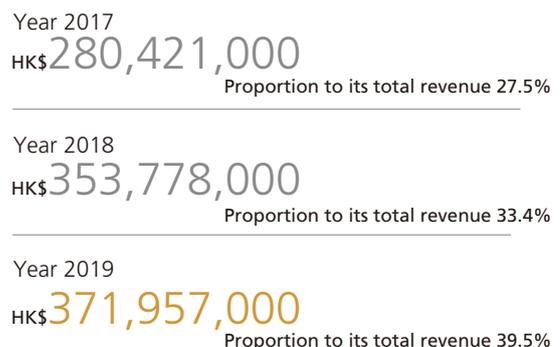
Note: Other types of sales mainly include industrial tourism and group purchase.

E-commerce sales continued to maintain a stable growth. For the year ended 31 December 2019, e-commerce sales increased to HK\$371,957,000 from HK\$353,778,000 last year, representing an increase of HK\$18,179,000 or 5.1%. Rossini's e-commerce is operated by a young and passionate team with more than 100 talents with the average age at 25. Supported by excellent product planning and creative marketing approach, all e-commerce platforms of Rossini recorded an aggregate sales of more than RMB50 million on the 11.11 Singles' Day. In addition to the existing online direct-sale stores, Rossini has also expanded its territory for occupying more market shares by opening online distributor on the leading e-commerce platforms including Taobao, Tmall and JD. E-commerce live-streaming took off in China in 2019. The shopping preferences of the Chinese consumers, especially the young generation, are influenced by key opinion leaders (KOL), who spread their views on social media live streaming apps. Rossini's e-commerce team seizes the current trend and is actively exploring new opportunities on such popular social media platforms including Xiaohongshu, Kuaisou and Tik Tok.

Rossini's industrial tourism hit record highs in terms of tourist arrivals and revenue in the first half of 2019. However, the industrial tourism suffered from significant drop in terms of tourist arrivals and revenue since August due to the significant cut-down in the number of Hong Kong-Zhuhai-Macau tourists staying away from the continuous social disturbances in Hong Kong. Throughout the year of 2019, the tourist number was approximately 370,000 and revenue was approximately HK\$71,124,000 (31 December 2018: HK\$89,342,000), representing a decrease of 20.4% over 2018.

Rossini upholds product quality as the life of an enterprise and a crucial factor to maintain sustainability. Rossini has been awarded "National Product and Service Quality Integrity Pilot Enterprise (全國產品和服務質量誠信示範企業)" for three consecutive years, "National Quality Inspection Stable and Qualified Product (全國質量檢驗穩定合格產品)" for eight consecutive years, and "National Quality Inspection Outstanding Enterprise Certificate (全國質量檢驗先進企業證書)" in 2019.

## ROSSINI'S REVENUE EARNED FROM E-COMMERCE SALES



## EBOHR GROUP

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

Revenue of EBOHR Group for the year ended 31 December 2019 was HK\$478,724,000, a decrease of HK\$117,855,000 or 19.8%, from HK\$596,579,000 in 2018. Net profit after tax for the year ended 31 December 2019 was HK\$7,121,000, representing a decrease of HK\$53,232,000 or 88.2%, compared with HK\$60,353,000 in 2018. The declining profitability was primarily attributable to several reasons. First, the sales dropped significantly, as the declining trend of sales from physical stores has continue, which dropped approximately 23.1% year on year. Second, the e-commerce sales did not perform well mainly affected by the continuous increase of online selling expenses. For the year ended 31 December 2019, the e-commerce sales decreased to HK\$133,093,000 from HK\$165,283,000 last year, representing a decrease of HK\$32,190,000 or 19.5%. Third, EBOHR’s new headquarters continued to incur more expenses relating to the depreciation of property and administrative expenses in 2019.

Depreciation of Renminbi also deteriorated the reduction in both revenue and net profit.

Mainland China is our home and remains the backbone of our business. Rossini and EBOHR Group continued to be the major sources of revenue and major contributors of net profits for the non-banking and financial businesses of the Group.

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

### EBOHR’S NO. OF DISTRIBUTION OUTLETS

Year 2017	3,155
Year 2018	3,082
Year 2019	2,926

### EBOHR’S REVENUE EARNED FROM E-COMMERCE SALES

Year 2017	HK\$ 185,508,000	Proportion to its total revenue 27.1%
Year 2018	HK\$ 165,283,000	Proportion to its total revenue 27.7%
Year 2019	HK\$ 133,093,000	Proportion to its total revenue 27.8%

# MANAGEMENT DISCUSSION AND ANALYSIS



## I.B Foreign Proprietary Brands

### ERNEST BOREL HOLDINGS LIMITED

The Group held 64.08% equity interest in Ernest Borel Holdings Limited ("Ernest Borel", together with its subsidiaries, the "Ernest Borel Group") as at 31 December 2019.

For the year ended 31 December 2019, Ernest Borel Group recorded revenue of approximately HK\$138,519,000, representing an increase of HK\$97,018,000 or 233.8% over HK\$41,501,000<sup>(note)</sup> in 2018. Net loss after tax attributable to the owners of the Company was HK\$50,117,000, representing an increase of HK\$24,344,000 or 94.5% over HK\$25,773,000<sup>(note)</sup> in 2018.

Mainland China remains as the core market of the Ernest Borel Group. Revenue from Mainland China was approximately HK\$107,123,000 for the year ended 31 December 2019, accounting for approximately 77.3% of its total revenue.

The extensive distribution network of the Ernest Borel Group covers retail markets in Mainland China, Hong Kong, Macau and Southeast Asian countries. As at 31 December 2019, Ernest Borel Group had more than 772 POS (31 December 2018: 779), comprising around 631 POS in Mainland China, around 55 POS in Hong Kong and Macau, and 86 POS in other countries mainly in Southeast Asia and European.

In 2019, Ernest Borel celebrated a decade of fruitful partnership with Brand Ambassador Kelly Chen in "Romantic Wonders" advertising campaign, to bring its brand awareness and influence to a wider and upper level.

### Other Foreign Proprietary Brands

Collectively, Corum, Eterna and the Dreyfuss Group Limited (the "Dreyfuss Group") contributed revenue and net loss after tax for the year ended 31 December 2019 of HK\$399,023,000 (31 December 2018: HK\$474,032,000) and HK\$77,550,000 (31 December 2018: HK\$113,963,000), respectively.

Asia, Europe and the USA have been the major markets for Corum. The fact is that Asian market sales represents around 60% of the turnover of Corum and negative externalities in the Asian macro environment have considerably damaged the overall sales performance of Corum. Due to the social disturbances lasted almost throughout the second half of 2019 in Hong Kong, the sales in this market recorded a severe decrease, leading the performance of the Asian sector to decrease by 20% year on year. In 2019, the situation in European market remained very delicate especially with the European political situation. Moreover, in order to adapt to the current business needs at the European market, there has been a continuous downward adjustment in marketing expenses, leading the brand still suffering from lack of exposure. In 2019, Corum recorded a decrease of sales from European market of approximately 34.3% over 2018. The US market remained in a stagnant situation, given the China-USA trade war has reduced the tourist arrivals to

Note: The Group acquired Ernest Borel on 18 September 2018. Revenue and net loss after tax attributable to the owners of the Company for the year ended 31 December 2018 only covered period from 1 October 2018 to 31 December 2018.

some extent and in turn imposed negative impact on its sales.

In 2019, Corum re-thought the brand's image and its global marketing strategy. After many months of reducing the marketing expenses by adapting the marketing costs to the current business needs, it was time to analyze the positioning of Corum as a brand, what is the market's perception of the brand, the mix products of the current collections and to adapt the way of doing the marketing in an external context which has drastically changed over the past decades with factors such as globalization, digitalization, social media, etc. This new marketing strategy has earned positive feedbacks from the markets, the retailers, clients and other stakeholders. Corum has also commenced the reorganization of the European markets. For a past few years, the level of sales in Europe has been decreasing and the business model established some years ago was not adapted well to the current business. In 2019, subsidiaries in Europe were streamlined, only keeping the after-sales services but flowing some other activities back to Corum's headquarter, which allows Corum's structure to be more suitable to the markets environment and its turnover.

The operation and management of Corum and Eterna have been integrated since 2017. 2019 is a year of transition for both Corum and Eterna since many operational and managerial projects were launched this year. The first important change was a new management model, shifting from the former structure with a CEO to a team management of four pillars, Operations, Sales and Marketing, Finance and Human Resources. Another important change was to manage the level of account receivables with an aim to increase Corum and Eterna's ability to collect the cash and enhance their liquidity. At the meanwhile, both Corum and Eterna also managed their inventories globally in order to increase the rotation of the stocks as well as to accelerate the transformation of stocks into cash inflows. It allowed both Corum and Eterna to transfer those aging and slow-moving assets into cash to enable them to reach a sustainable way of self-financing. All the strategic initiatives have been made with the focus of turning Corum and Eterna into a sales-oriented company with improved financial results. The strongest market of Eterna still remains in Europe, but there is also a growing presence in the Asian market.

In 2019, Eterna Movement still relied heavily on the intercompany orders from Corum and Eterna and revenue from such intercompany orders decreased compared to 2018. On the contrary, sales from third party augmented in 2019. Costs were further controlled. Eterna Movement currently faces loss and corresponding liquidity problem.

To improve the profitability, Eterna Movement needs to increase sales, increase the sales price but to the extend acceptable by the markets and reduce the production costs.

As UK is the Dreyfuss Group's largest single market, representing approximately 80% of its total turnover for the year ended 31 December 2019, the economic and political Brexit-related factors affecting its marketplace also heavily influence the Dreyfuss Group's overall performance. Sales in the UK market has continued to decline in 2019 following such extreme stresses on the UK retail landscape. The Dreyfuss Group's key strategy for the UK market is to increase the profitability of trade with the major customers. The Dreyfuss Group has continued to focus on building the relationships with major customers, with the objective of maximising the sales opportunities and establishing a sound basis for sales growth going forward. The Dreyfuss Group has been putting efforts in developing the international market in order to reduce its reliance in the UK market. Sales to the North America and MENA recorded considerable growth but the Asia region dropped as a whole. In 2019, with a primary focus on Germany, the European team continued to achieve modest growth by planting and developing distributor business in other countries including Scandinavia, Central and Eastern Europe.

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

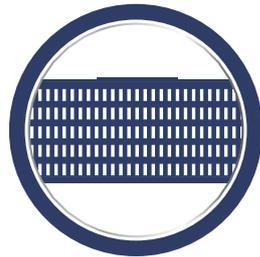
### **I.C Non-Proprietary Brands**

Currently, the Group held four distribution companies. Collectively, distribution companies contributed revenue and net profit after tax for the year ended 31 December 2019 of HK\$256,642,000 (31 December 2018: HK\$231,864,000) and HK\$11,598,000 (31 December 2018: HK\$6,663,000) respectively.

### **I.D Watches and Timepieces Businesses – Others**

Other non-major subsidiaries of the Group are also engaged in other non-major categories of watches and timepieces businesses, which collectively contributed revenue and net loss after tax for the year ended 31 December 2019 of HK\$34,267,000 (31 December 2018: HKD\$40,114,000) and HK\$20,491,000 (31 December 2018: HKD\$32,427,000), respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

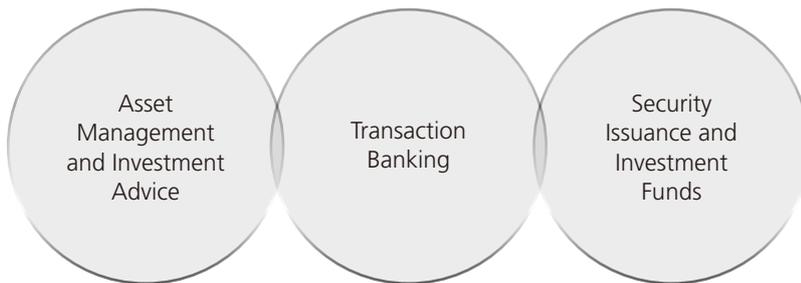


## BANKING AND FINANCIAL BUSINESSES

### II.A BENDURA BANK AG

• • •

**Bendura provides private banking services**



**Bendura speaks more than 20 languages**

Main



Other Languages



Against the backdrop of the challenging market environment, Bendura Bank AG (“Bendura Bank” or the “Bank”) looked back on a positive financial year. Negative interest rates and the continuously dense regulatory jungle also stretched the Bank in 2019. Revenue of the Bank and its subsidiaries (the “Bendura Group”) for the year ended 31 December 2019 was HK\$453,253,000, a decrease of HK\$27,111,000 or 5.6% from HK\$480,364,000 over 2018. Net profit of the Bendura Group after tax attributable to owners of the Company for the year ended 31 December 2019 was HK\$125,137,000, representing a decrease of HK\$28,928,000 or 18.8% from HK\$154,065,000 over 2018.

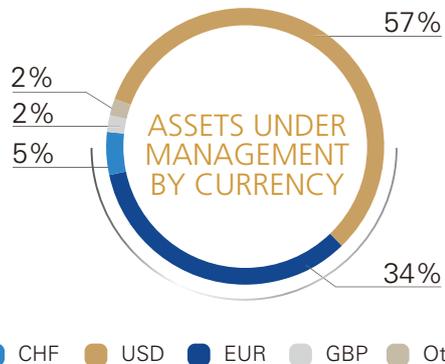
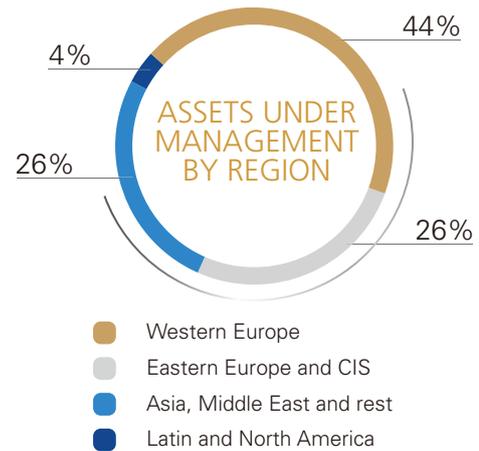
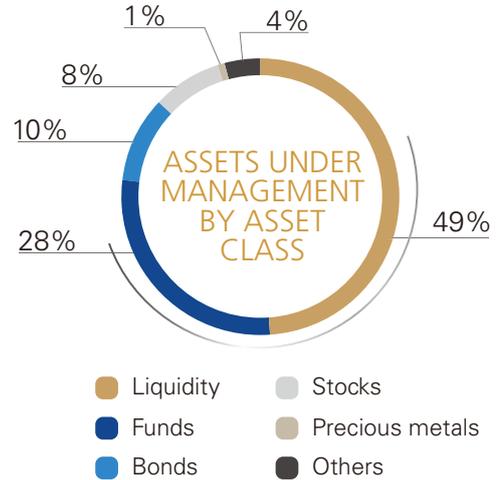
In interest-related business, the Bank continued to face negative interest rates in Swiss Francs and Euros. However, thanks to a further expansion of the loan portfolio, net interest income rose slightly from CHF22.6 million in 2018 to CHF23.3 million in 2019.

Net commission and fee income of the Bank recorded CHF23.7 million, showing a decrease of 9.9% over the previous year. As expected, the self-restraint measures imposed within the scope of the de-risking strategy initiated in 2018 had a negative impact on income from the transaction banking business segment.

Client’s assets under management of the Bank climbed by CHF174 million or 5.0% year on year, ending at CHF3,672 million in 2019.

### ASSETS UNDER MANAGEMENT

For the year ended	CHF'000,000
31 December 2017	3,575
31 December 2018	3,498
31 December 2019	<b>3,672</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

Due to lower income from foreign exchange transactions for clients and treasury activities, the Bank's income from financial transactions amounted to CHF7.1 million, showing approximately 12.3% below the previous year.

Business expenses of the Bank amounted to CHF30.4 million, representing an increase of 8.6% over previous year, partly due to higher personnel costs resulting from the increased headcount and the newly established Hong Kong representative office.

The positive operating results for 2019 enables the Bank to strengthen its capital base with a total capital ratio of 20.5% as at 31 December 2019, well above the average for the banking sector. The Bank also continues to maintain high liquidity due to substantial holdings of liquid assets, which is reflected in a liquidity coverage ratio (LCR) of 175%, well above the regulatory threshold.

Bendura Bank focuses its activities in the regions of Eastern Europe and Asia, hence a representative office has been set up in Hong Kong. The Bank has long-standing ties to this market and has employed Mandarin and Cantonese native speakers for the past nine years. The Hong Kong representative office celebrated its 1st anniversary in 2019 and serves as a visible "gateway" in the local market. The Hong Kong team has successfully expanded existing client relationships and established new clients, with a personal touch and direct communication key to this success. The Bank's strategy is to establish a footprint in Mainland China in the mid-term.

The board of directors of Bendura Bank has implemented code of conduct, which is aimed to providing high-quality banking services to clients. The main pillars of the code of conduct are principles for our conducts towards others, the aims of the Bank, dealing with business partners, avoiding conflicts of interest, handling information and the interaction with the environment, society, safety and security and health. The Bank is convinced that it is only by consistently following those principles that it can uphold and reinforce the Bank's reputation for integrity and prudent risk management.

Bendura Bank has strengthened their board of management. Five members, excluding Dr. Andreas Insam who will step down from the board of management in Autumn 2021, are at the midpoint of their professional careers. They are internal recruits with many years of experience with Bendura Bank. Not only does this benefit our clients in particular, it also shows the career opportunities within Bendura Bank.

With the significant extension of Bendura Bank, the enlarged premises can accommodate an extra of 150 employees so that Bendura Bank will accommodate up to 270 employees.

Bendura Bank is optimistic that it will continue to achieve profitability with its internationally broad and diversified business.

## II.B SHUN HENG FINANCE HOLDING (HONG KONG) LIMITED

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

For the year ended 31 December 2019, Shun Heng Finance Holding contributed revenue and net profit after tax attributable to owners of the Company of HK\$3,360,000 (31 December 2018: HK\$3,535,000) and HK\$1,430,000 (31 December 2018: net loss HK\$6,350,000) respectively.

## SHUN HENG SECURITIES LIMITED

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Shun Heng Securities Limited (“Shun Heng Securities”), a corporate licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the “SFO”), is mainly engaged in securities brokerage and margin businesses. Following Shun Heng Securities upgrading its online trading system which provides higher security and better user experience, the account opening number showed an increase in 2019.

In addition to the traditional brokerage business, Shun Heng Securities has actively seek opportunities to grow the underwriting business for overseas bonds issued by Chinese enterprises.

## HONG KONG METASEQUOIA CAPITAL MANAGEMENT LIMITED

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

Metasequoia Capital has launched two funds since its setting up, namely Global Opportunities Fund and Stable Growth Fund. Global Opportunities Fund invests mainly in securities markets in China, Hong Kong and the US, with assets under management from US\$10.24 million initially to approximately US\$13.13 million as at 31 December 2019. The Stable Growth Fund, launched in 2019, invests in domestic CNY bond and its assets under management reached approximately US\$10.43 million as at 31 December 2019. As at 31 December 2019, the aggregate assets under management of Metasequoia Capital was approximately US\$23,560,000 (31 December 2018: US\$11,311,000).

# MANAGEMENT DISCUSSION AND ANALYSIS



## VARIOUS INVESTMENT BUSINESS

### III.A Listed Equity Investment

#### CITYCHAMP DARTONG COMPANY LIMITED

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As at 31 December 2019, financial assets at fair value through other comprehensive income of the Group was HK\$422,861,000. HK\$135,176,000 was related to the listed equity investment in the equity share of Citychamp Dartong Company Limited (“Citychamp Dartong”). Citychamp Dartong is a company listed on the Shanghai Stock Exchange (Stock code: 600067) and engaged in real estate, enameled wire, banking and new energy. As at 31 December 2019, the Group owned 30,389,058 (31 December 2018: 30,389,058) shares of Citychamp Dartong at the market price of RMB3.98 per share (equivalent to HK\$4.45 per share) with the fair value of approximately HK\$135,176,000 (31 December 2018: HK\$128,730,000). The shares held by the Group accounted for 2.04% (31 December 2018: 2.04%) of the total issued share capital of Citychamp Dartong as at 31 December 2019. Such fair value accounted for 0.7% (31 December 2018: 0.6%) of the Group’s total assets.

The Group incurred a net profit on fair value change through other comprehensive income in investment in Citychamp Dartong of HK\$6,446,000 (31 December 2018: net loss HK\$109,229,000) for the year ended 31 December 2019, as a result of increase in the share price of Citychamp Dartong from RMB3.72 (equivalent to HK\$4.24) as at 1 January 2019 to RMB3.98 (equivalent to HK\$4.45) as at 31

December 2019. The Group recognised dividend income of HK\$3,448,000 (31 December 2018: HK\$3,577,000) from Citychamp Dartong for the year ended 31 December 2019.

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

#### MIN XIN HOLDINGS LIMITED

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Investment in Min Xin Holdings Limited (“Min Xin”) (Stock code: 222) was financial assets at fair value through other comprehensive income as the Company intends to hold the investment on a long-term basis.

Min Xin is mainly engaged in banking business, micro credit business, insurance, property investment and energy investment. As at 31 December 2019, the investment in Min Xin was HK\$282,080,000 (31 December 2018: HK\$492,759,000), i.e. 88,150,000 (31 December 2018: 88,150,000) shares at the market price of HK\$3.20 per share as at 31 December 2019. Such fair value of the investment accounted for 1.4% (31 December 2018: 2.4%) of the Group’s total assets. The shares held by the Group accounted for 14.76% (31 December 2018: 14.76%) of the total issued share capital of Min Xin as at 31 December 2019.

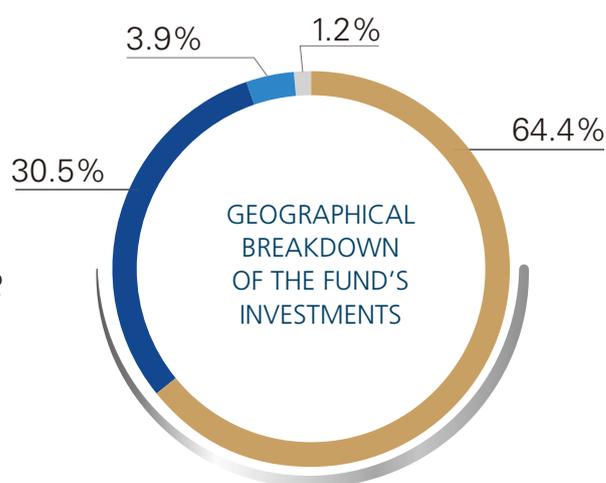
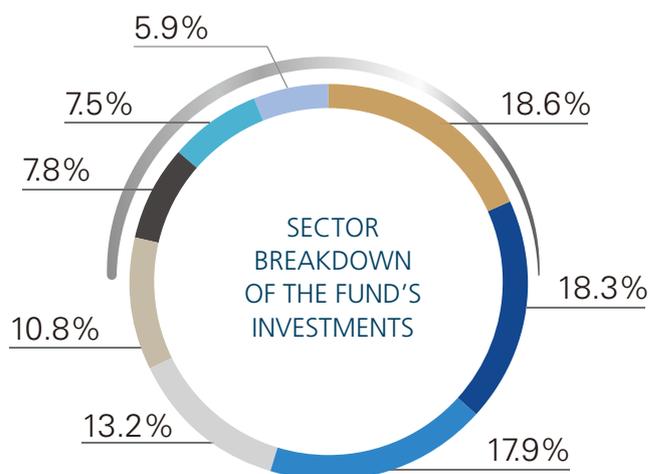
The Company incurred a net loss on fair value change through other comprehensive income in Min Xin's investment of HK\$210,679,000 for the year ended 31 December 2019 (31 December 2018: net loss HK\$14,104,000), as a result of decrease in the share price of Min Xin from HK\$5.59 as at 1 January 2019 to HK\$3.20 as at 31 December 2019. For the year ended 31 December 2019, the Company's dividend income from Min Xin was HK\$8,815,000 (31 December 2018: HK\$6,997,000).

### II.B Property Investment

The properties in Mainland China and Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the year under review. During the year, these investment properties generated rental income of HK\$9,915,000 (31 December 2018: HK\$9,586,000). Net Profit after tax from the property investment business for the year 31 December 2019 was HK\$7,974,000 (31 December 2018: HK\$2,900,000).

### III.C Other Marketable Securities

The Group has acted as the founder investor and invested USD5.12 million in "Metasequoia Investment Fund SPC – Global Opportunities Fund SP" (the "Fund") since 15 August 2017 in order to facilitate establishing the fund management business with an initial capital of USD10.24 million and the rest of the fund was subscribed by other investors with the capital of USD5.12 million. As of 31 December 2019, the total net asset value of the Fund was US\$13.13 million (31 December 2018: US\$10.42 million), which composed by US\$6.72 million and US\$6.41 million for the Group and other investors respectively. For the year ended 31 December 2019, the unrealized gain on fair value of the investment was approximately USD1,767,735 (31 December 2018: unrealized loss USD796,740).



- Communication Services
- Materials
- Information Technology
- Consumer Staples
- Consumer Discretionary
- Energy
- Real Estate
- Utilities

- Mainland China
- US
- Taiwan
- Hong Kong

# MANAGEMENT DISCUSSION AND ANALYSIS

## HEADQUARTER AND OTHERS

Losses from administrative expenses, finance costs and income tax of the headquarter and other non-major subsidiaries and/or non-major categories of businesses for the year ended 31 December 2019 was HK\$124,989,000 (31 December 2018: HKD\$118,515,000).

## FINANCIAL POSITION

### (1) Liquidity, Financial Resources and Capital Structure

As at 31 December 2019, the Group had non-pledged cash and bank balances of approximately HK\$4,785,483,000 (31 December 2018: HK\$7,701,743,000). Based on the borrowings of HK\$1,740,362,000 (31 December 2018: HK\$1,047,189,000), no corporate bonds<sup>(note)</sup> (31 December 2018: HK\$760,244,000), due to a shareholder of HK\$12,000,000 (31 December 2018: HK\$73,000,000), due to directors of HK\$22,241,000 (31 December 2018: nil) and shareholders' equity of HK\$4,255,072,000 (31 December 2018: HK\$4,439,791,000), the Group's gearing ratio (being borrowings plus corporate bonds, due to a shareholder and due to directors divided by shareholders' equity) was 41% (31 December 2018: 42%).

### (2) Charge on assets

As at 31 December 2019, the Group's borrowings were secured by:

- (a) corporate guarantees provided by certain subsidiaries within the Group;
- (b) equity interest of certain subsidiaries within the Group;
- (c) pledged bank deposits of HK\$111,763,000;
- (d) a legal charge over the Group's land and buildings with the carrying amount of HK\$95,180,000 (2018: HK\$120,711,000);  
and
- (e) certain of the Group's trade receivables with the carrying amounts of HK\$13,484,000 (2018: HK\$14,639,000).

Note: On 24 July 2019, the CHF100,000,000 3.625% corporate bonds were redeemed and repaid at the principal amount.

### (3) Capital commitment

Capital commitments as at 31 December 2019 were approximately HK\$482,652,000 in total (31 December 2018: HK\$270,000,000), for investment in an associate – Citychamp Allied International Limited and purchase of property, plant and equipment.

Except for the above, the Group had no other material capital commitments as at 31 December 2019.

## FINANCIAL REVIEW

### (1) Total assets

Total assets decreased to HK\$19,597,081,000 as at 31 December 2019 from HK\$20,258,229,000 as at 31 December 2018.

#### Cash and deposits

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000	<b>Increase/(decrease) Amount HK\$'000</b>	<b>%</b>
Cash and bank balances	<b>329,377</b>	395,444	(66,067)	-16.7
Cash held on behalf of clients	<b>104,227</b>	46,932	57,295	122.1
Sight deposits with central banks	<b>4,463,642</b>	7,259,367	(2,795,725)	-38.5

#### Due from banks

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000	<b>Increase/(decrease) Amount HK\$'000</b>	<b>%</b>
Due from banks on a daily basis	<b>4,720,429</b>	3,205,104	1,515,325	47.3
Due from banks other claims	<b>182,006</b>	185,557	(3,551)	-1.9
Valuation adjustments	<b>(1,237)</b>	(2,825)	1,588	56.2

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Investments

The investment as at 31 December 2019 included (a) trading portfolio investments of HK\$227,903,000; (b) derivative financial assets of HK\$10,275,000; (c) financial assets at amortised cost of HK\$1,307,960,000; and (d) financial assets at fair value through other comprehensive income of HK\$422,861,000 (the "Investments").

### (a) Trading portfolio investments of HK\$227,903,000

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000
<b>Equity Instruments</b>		
Listed equity instruments in Hong Kong at market value	<b>69,042</b>	42,793
Listed equity instruments outside Hong Kong at market value	<b>78,307</b>	35,429
<b>Total equity instruments</b>	<b>147,349</b>	78,222
<b>Debt instruments</b>		
Debt instruments of financial institutions listed outside Hong Kong	–	603
Unlisted debt instruments of financial institutions	<b>27,612</b>	12,890
<b>Total debt instruments</b>	<b>27,612</b>	13,493
<b>Investment fund units</b>		
Investment fund units listed outside Hong Kong	–	793
Unlisted investment fund unit	<b>46,758</b>	7,851
<b>Total investment fund units</b>	<b>46,758</b>	8,644
<b>Investments in other financial products</b>	<b>6,184</b>	23,247
<b>Total trading portfolio investments</b>	<b>227,903</b>	123,606

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

As at 31 December 2019, there were HK\$69,042,000 invested in a variety of listed equities in Hong Kong and HK\$78,307,000 invested in Mainland China and overseas markets.

The debt instruments of HK\$27,612,000 invested in the Mainland China by PRC company.

Trading assets of CHF 5.8 million (equivalent to HK\$46,758,000) represents the single investment by Bendura Bank in the form of an unlisted investment fund. Bendura Bank acquired above trading assets from a professional counterparty in March 2019. The investment policy of Bendura Bank AG includes strict implementation of the investment process and is subject to constant review by the investment committee.

Investments in other financial products consist of the financial product investments of HK\$6,184,000 invested by Eternal Brands.

(b) Derivative financial assets of HK\$10,275,000

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000
<b>Derivative financial assets</b>		
Forward and option contracts	<b>10,275</b>	7,694
	<b>10,275</b>	7,694

In the derivative financial assets of HK\$10,275,000, there were forward and option contracts conducted by Bendura Bank.

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

As at 31 December 2019, forward contracts of HK\$10,275,000 related to FX swaps entered by Bendura Bank. Based upon risk/return considerations, client deposits denominated in foreign currencies were, in part, no longer invested on the interbank market but were swapped into Swiss francs using currency swaps and deposited with the Swiss National Bank (SNB). Income from the interest component of currency swaps exceeded the expense of SNB negative interest and the reduced level of interest from banks.

At as 31 December 2018, derivative financial assets of HK\$7,694,000 related to forward and option contracts conducted by Bendura Bank.

(c) Other financial assets at amortised cost of HK\$1,307,960,000

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000
<b>Listed debt instruments, at amortised cost</b>		
<i>Issued by:</i>		
Governments and public sector	<b>82,373</b>	7,822
Financial institutions	<b>778,199</b>	716,747
Corporations	<b>447,388</b>	310,204
	<b>1,307,960</b>	1,034,773

## MANAGEMENT DISCUSSION AND ANALYSIS

Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,307,960,000. The portfolio was composed of 58 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium grade and are subject to low credit risk. The average remaining term of the held-to-maturity investment is 2.4 years. Largest single investments are bond issued by International Bank for Reconstruction and Development (CHF19 million) and followed by European Investment Bank (CHF12 million). Both are triple-A issuers. Risk concentration is analysed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 31 December 2019 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
China Merchants Bank/Lux	Fixed	Financial Institutions	19 June 2022	5,426
Deutsche Bank Ag	Floating	Financial Institutions	16 May 2022	7,591
Abn Amro Bank Nv	Floating	Financial Institutions	19 July 2022	7,746
Bank of Nova Scotia	Floating	Financial Institutions	5 October 2022	8,228
Intl Bk Recon & Develop	Fixed	Financial Institutions	19 March 2024	9,670
European Investment Bank	Floating	Financial Institutions	24 March 2021	11,631
Intl Bk Recon & Develop	Floating	Financial Institutions	18 March 2020	19,364
Other				92,845
Total				162,501
Equivalent to HK\$'000				1,307,960

Collectively, listed debt instruments, at amortised cost accounted for 6.7% of the Group's total assets.

As at 31 December 2018, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,034,773,000, the portfolio was composed of 57 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium grade and are subject to low credit risk. Largest single investments are bond issued by International Bank for Reconstruction and Development (CHF20 million) and followed by European Investment Bank (CHF12 million). Both are triple-A issuers. Risk concentration is analyzed and presented to the senior management on a monthly basis.

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

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Mondelez International	Fixed	Corporations	30 March 2020	5,000
Deutsche Bank AG	Floating	Financial Institutions	16 May 2022	7,869
Bank of Nova Scotia	Floating	Financial Institutions	5 October 2022	8,566
ABN AMRO Bank N.V.	Floating	Financial Institutions	19 July 2022	7,863
Industrial & Commercial Bank of China, London	Floating	Financial Institutions	14 December 2022	4,914
European Investment Bank	Floating	Financial Institutions	24 March 2021	11,825
Intl Bk Recon & Develop	Floating	Financial Institutions	18 March 2020	19,658
Others				64,323
Total				130,018
Equivalent to HK\$'000				1,034,773

(d) Other financial assets at fair value through other comprehensive income of HK\$422,861,000

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000
Listed equity instruments in Hong Kong	<b>282,080</b>	492,759
Listed equity instruments outside Hong Kong	<b>135,176</b>	128,730
Unlisted equity investment	<b>5,605</b>	5,711
	<b>422,861</b>	627,200

Listed equity instruments of HK\$135,176,000 related to investment in Citychamp Dartong and HK\$282,080,000 related to investment in Min Xin. Details of investments in Citychamp Dartong and Min Xin are set out from pages 20 to 21 of this annual report.

**(3) Total liabilities**

Total liabilities decreased to HK\$14,936,192,000 as at 31 December 2019 from HK\$15,448,738,000 as at 31 December 2018, mainly attributable to a decrease in due to clients.

**Due to clients**

	<b>31 December 2019 HK\$'000</b>	31 December 2018 HK\$'000	<b>Increase/(decrease)</b>	
			Amount	%
			HK\$'000	
Due to clients – precious metals	<b>56,762</b>	73,950	(17,188)	-23.2
Other amounts due to clients, mainly bank deposits	<b>11,906,290</b>	12,430,641	(524,351)	-4.2

# MANAGEMENT DISCUSSION AND ANALYSIS

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

Gross profit from non-banking and financial businesses was HK\$1,255,622,000, a decrease of HK\$175,760,000, or 12.3%.

## (5) EBITDA

EBITDA was HK\$412,823,000, a decrease of HK\$129,030,000 or 23.8%.

## (6) Selling and distribution expenses

Total selling and distribution expenses was HK\$817,889,000, a decrease of HK\$31,662,000 or 3.7%.

## (7) Administrative expenses

Total administrative expenses was HK\$777,114,000, an increase of HK\$39,129,000 or 5.3%.

## (8) Share of profit of associates

The share of profit of Fair Future Industrial Limited ("Fair Future"), a 25% owned associate of the Group, was HK\$17,675,000, representing an increase of HK\$9,288,000 or 110.7%. Fair Future is one of the leading OEM quartz watch manufacturers in Mainland China.

## (9) Finance costs from non-banking business

Finance costs from non-banking business was HK\$95,320,000, representing an increase of HK\$29,492,000 or 44.8%. It was composed of the interest charged on corporate bonds and the interest charged on bank borrowings, bank overdrafts and lease liabilities.

## (10) Profit attributable to owners of the Company

Net profit attributable to owners of the Company was HK\$44,246,000, a decrease of HK\$157,126,000 or 78.0%.

## (11) Inventories

Inventories was HK\$2,257,966,000, a decrease of HK\$56,579,000 or 2.4%.

## OUTLOOK

The global political and economic environment is becoming more complex and fluid, rising the overall level of risks and challenges faced by the watch industry as well as the banking and financial industry.

Setting aside the political and economic influence, the novel coronavirus impact on Mainland China, the US and Europe leads to a further uncertainty about the prospect of global economic growth and of global growth in retail sales in 2020.

Having been seriously affected by the social disturbances, the weak Hong Kong economy is additionally damaged by the novel coronavirus impact. The intense atmosphere also weighs on consumer confidence and on in-bound tourism. Given the international efforts, it is likely that the epidemic would be dealt with in the medium term and the market conditions are expected to improve when the consumer confidence is recovered and the demand for watches in Mainland China and all over the world is expected to be normalized again. The Group will monitor the developments of the novel coronavirus situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.

Fortunately, Bendura Bank's performance is only slightly affected by the global political, economic and novel coronavirus impact. Bendura Bank may suffer from the decrease in assets under management due to decrease in asset prices. In spite of increasingly strict regulatory requirements and strong competition, Bendura Bank manages to grow its assets under management, loan portfolio and total assets. By strengthening the human resources in areas such as marketing, compliance and risk management, and their professionalism, Bendura Bank is growing and further developing its businesses in Europe and Asia, in particular in the short term. The longer-term performance of Bendura Bank is still dependent upon the global economic growth and interest rate scenarios.

In view of the strong headwind challenges, the Group has considered the current operating environment as one of the toughest scenarios in the last few decades. The directors are prepared to put into all their efforts, working closely with senior management and advisors, to make sure the Group is in a secure position and at the same time to identify opportunities so as to generate sustainable long-term growth for the Group.

## EMPLOYEES AND REMUNERATION POLICY

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

As at 31 December 2019, the Group had approximately 4,100 fulltime staff in Hong Kong and Mainland China and approximately 300 fulltime staff in Europe. The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits, and incentive bonuses are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes. Employees of Group's Subsidiaries in Mainland China also participate in social insurance scheme administrated and operated by local authorities and contributions are made according to the local laws and regulations.

## APPRECIATION

Our financial performance and strategic moves reflected the joint efforts of the board and management in successfully pursuing our mission. I would like to express my deep gratitude to our employees, customers, suppliers, bankers, professional consultants, business partners, and shareholders for their support.

**Shang Jianguang**

*Executive Director & CEO*

Hong Kong, 30 March 2020

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS



**HON KWOK LUNG, *BBS***  
*Chairman*



**SHANG JIANGUANG**  
*Chief Executive Officer*

Mr. Hon Kwok Lung, aged 65, joined the Board in April 2004. He is the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Hon was the Chairman of Citychamp Dartong Company Limited ("Citychamp Dartong"), the shares of which are listed on the Shanghai Stock Exchange with stock code 600067 in the Mainland China, during the period from November 2001 to January 2017. Mr. Hon is still the actual controller of Citychamp Dartong. Citychamp Dartong is principally engaged in property development and manufacturing and sale of enamelled copper wires in Mainland China. Mr. Hon has extensive business experience in Mainland China, Hong Kong and Europe. Mr. Hon is an Executive Member of All-China Federation of Returned Overseas Chinese Committee and the Executive Vice President of China Federation of Overseas Chinese Entrepreneurs. Mr. Hon is also appointed as director of various subsidiaries of the Company, including Bendura Bank AG. Mr. Hon is father of Mr. Hon Hau Wong, father-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim and brother-in-law of Mr. Lam Toi Man.

Mr. Shang Jianguang, aged 68, joined the Board in November 2004. He is a member of the remuneration committee and the nomination committee of the Company. Mr. Shang has been appointed as the chairman of Ernest Borel Holdings Limited (stock code: 1856, "Ernest Borel"), a subsidiary of the Company, with effect from 12 October 2018. Mr. Shang is also appointed as director of various subsidiaries of the Company, including Bendura Bank AG, and the General Manager of Zhuhai Rossini Watch Industry Limited and EBOHR Luxuries International Limited. Mr. Shang, graduated in Fuzhou University majoring in Chemistry, is a qualified senior engineer in the Mainland China. Prior to joining the Group, he assumed senior posts in various large companies, and was General Manager and Director of Min Xin Holdings Limited (stock code: 222). He also served as a director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, from December 2007 to January 2020. Mr. Shang has extensive knowledge and experience in corporate and investment management.



#### **SHI Tao**

Mr. Shi Tao, aged 56, joined the Board in April 2004. Mr. Shi holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Engineering from Wuhan University of Technology (formerly known as Wuhan Industrial University). Mr. Shi has years of business experience in the Mainland China. He was an Executive Director of New Capital International Investment Limited (“New Capital”), a company listed on the main board of the Stock Exchange. Mr. Shi is a member of the risk management committee of the Company and director of various subsidiaries of the Group.



#### **LAM Toi Man**

Mr. Lam Toi Man, aged 62, joined the Board in April 2004. Mr. Lam has various years of experience in property development in Mainland China. Mr. Lam was the General Manager of Zhejiang Huashun Real Estate Investment Co., Ltd. and an Executive Director and the General Manager of Hangzhou Yuanhua Mart Construction Co., Ltd. Mr. Lam is the brother-in-law of Mr. Hon Kwok Lung, uncle of Mr. Hon Hau Wong and uncle-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim. Mr. Lam is a member of the risk management committee of the Company and director of various subsidiaries of the Group.



#### **BI Bo**

Mr. Bi Bo, aged 40, joined the Board in August 2010. Mr. Bi received a degree of Master of Science (Finance) from The Johns Hopkins University in May 2006. Prior to joining the Group, he was a senior actuarial assistant (supervisor) in Carefirst Bluecross Blueshield, working on actuarial valuation and risk management of insurance company. He qualifies as an associate of the Society of Actuaries (ASA) in 2009. He also has years of experience in M&A activities. Mr. Bi is also a member of the risk management committee of the Company and director of various subsidiaries of the Group.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS



### SIT Lai Hei

Ms. Sit Lai Hei, aged 42, joined the Board in November 2004. She was appointed as a Non-executive Director of the Company in November 2004 and re-designated as an Executive Director of the Company on 26 March 2012. Ms. Sit graduated in Fuzhou University taking Marketing as her major and is a qualified assistant engineer in Mainland China. Ms. Sit is also a Director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, and the legal representative and director of Fujian Fengrong Investment Co., Ltd. Ms. Sit is the daughter-in-law of Mr. Hon Kwok Lung, a niece-in-law of Mr. Lam Toi Man and sister-in-law of Mr. Hon Hau Wong and Mr. Teguh Halim. Ms. Sit is also the chairman of the risk management committee of the Company and director of various subsidiaries of the Group.



### HON Hau Wong

Mr. Hon Hau Wong, aged 42, joined the Board in August 2014. Mr. Hon graduated from Tongji University and holds a bachelor degree in Engineering Management. He had also served as the Deputy Chairman of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, since August 2006, and have been elected to be the Chairman of Citychamp Dartong since January 2017. He has extensive experience in the real estate industry in Mainland China. He is currently a member of Fujian Province Committee of the Chinese People's Political Consultative Conference and a standing member of Beijing Haidian Committee of the Chinese People's Political Consultative Conference. Mr. Hon Hau Wong is a son of Mr. Hon Kwok Lung, a nephew of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Teguh Halim.



### Teguh HALIM

Mr. Teguh Halim, aged 38, joined the Group in October 2008 and has been appointed as an Executive Director of the Company since 23 January 2018. Before being appointed as an Executive Director of the Company, he was an Vice President of the Company. Mr. Halim is also the director of several subsidiaries of the Company engaged in watch business. Mr. Halim has also been appointed as the vice chairman of Ernest Borel with effect from 12 October 2018. He has gained years of experience in the watch manufacturing and distribution industry and business management. Mr. Halim graduated from Ohio State University as bachelor of science in business administration majoring in accounting. Mr. Halim is the son-in-law of Mr. Hon Kwok Lung, nephew-in-law of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei and Mr. Hon Hau Wong.

## INDEPENDENT NON-EXECUTIVE DIRECTORS



### **FUNG Tze Wa**

Mr. Fung Tze Wa, aged 63, joined the Board in April 2004. He is the chairman of the audit committee and the remuneration committee, and a member of the nomination committee of the Company. Mr. Fung is a Certified Public Accountant and a director of an accounting firm in Hong Kong. Mr. Fung has many years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. He has been appointed as an independent non-executive director of Imperium Group Global Holdings Limited (stock code: 776), formerly known as JF Household Furnishings Limited, since October 2012, Freeman Fintech Corporation Limited (stock code: 279) since January 2017 and Shen Yuan Holdings Limited (stock code: 851) since May 2018. The shares of the above companies are listed on the Stock Exchange.



### **KWONG Chun Wai, Michael**

Dr. Kwong Chun Wai, Michael, aged 55, joined the Board in April 2004 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Kwong is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing, a business strategist specialising in the area of marketing and business administration. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University (US) in 2001.

# DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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### ZHANG Bin

Mr. Zhang Bin, aged 55, joined the Board in November 2014 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Zhang is currently a partner of Beijing Hylands Law Firm ("Hylands"). He obtained a degree of Bachelor of Laws from Fudan University in Shanghai in 1986 and was qualified as a lawyer in China in 1988 and had served as a legal advisor in a large scale state-owned enterprise for years upon his graduation. Before joining Hylands in 2008, he worked in law firms in Beijing, London and Hong Kong. Mr. Zhang is involved in a wide range of areas of practice and has accumulated tremendous experiences in legal affairs in respect of financial investments, real estates and intellectual property rights.



### Rudolf Heinrich ESCHER

Mr. Rudolf Heinrich Escher, aged 63, joined the Board in January 2017 and is also appointed as a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Escher graduated from Zurich University of Applied Sciences with a Business Administration Degree in 1982. He also attended the International Executive Program at the Institute of European Political Studies, INSEAD, Fontainebleau, France in 2001. Before joining the Company, he had been working for Credit Suisse for almost 37 years until retirement on 31 December 2016. His latest position in Credit Suisse was Vice Chairman, Private Banking Asia Pacific in the Asia Pacific division with focus on Ultra High Net Worth Individuals. Mr. Escher held various roles in Credit Suisse in different countries and has accumulated tremendous experience in the banking and financial industry.

## SENIOR MANAGEMENT



### FONG Chi Wah

Mr. Fong Chi Wah, aged 57, is the Chief Financial Officer and Company Secretary of the Company. Mr. Fong is also a director of various subsidiaries of the Company, including Bendura Bank AG. Mr. Fong is a fellow member of HKICPA, a fellow member of CPA Australia, a Chartered Financial Analyst, a member of the Institute of Certified Management Accountants, Australia and a fellow of the Hong Kong Institute of Directors. Mr. Fong has over 25 years of extensive experience in various sectors of the financial industry, including direct investment, project and structured finance, and capital markets with focus on Mainland China and Hong Kong. Mr. Fong was a director of Baring Capital (China) Management Limited and held various management positions in ING Bank. He joined the Company in September 2004.



### LU Jun

Mr. Lu Jun, aged 56, has been appointed as the Vice President of the Company since October 2014. He currently serves as the General Manager of Guangzhou Five Goat Watch Company Limited, the Chairman of The Dreyfuss Group Limited and the CEO of Eterna Movement AG, all of which are subsidiaries of the Company. Mr. Lu holds a master degree in Executive Master of Business Administration from Tianjin University of Finance & Economics. He had been working for Tianjin Watch Factory (currently known as Tianjin Seagull Watch Co., Ltd, "Tianjin Seagull") since 1983 and acting as the General Manager of Tianjin Seagull for almost four years before joining the Company. Mr. Lu has engaged in the domestic and overseas watch industry for more than 30 years and possesses tremendous experiences in business administration and international trading.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2019 except with the details disclosed below:

### (i) CG Code E.1.2

CG Code E.1.2 stipulates that the Chairman of the board of directors (the "Board") should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 May 2019 (the "AGM 2019") due to other business engagement.

### (ii) CG Code A.6.7

CG Code A.6.7 stipulates that independent non-executive directors should attend general meetings. Three Independent Non-executive Directors did not attend the AGM 2019 due to other business engagements outside Hong Kong.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by Directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019.

## BOARD OF DIRECTORS

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

## Size, Composition and Diversity of the Board

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

<b>Name of Director</b>	<b>Position</b>	<b>Date of first appointment to the Board</b>	<b>Date of last re-election as Director</b>
HON Kwok Lung	Chairman/Executive Director	08/04/2004	30/05/2019
SHANG Jianguang	Chief Executive Officer/Executive Director	18/11/2004	26/05/2017
SHI Tao	Executive Director	08/04/2004	30/05/2019
LAM Toi Man	Executive Director	08/04/2004	30/05/2019
BI Bo	Executive Director	24/08/2010	30/05/2019
SIT Lai Hei	Executive Director	18/11/2004	28/05/2018
HON Hau Wong	Executive Director	29/08/2014	26/05/2017
Teguh HALIM	Executive Director	23/01/2018	28/05/2018
FUNG Tze Wa	Independent Non-executive Director	08/04/2004	28/05/2018
KWONG Chun Wai, Michael	Independent Non-executive Director	08/04/2004	28/05/2018
ZHANG Bin	Independent Non-executive Director	26/11/2014	28/05/2018
Rudolf Heinrich ESCHER	Independent Non-executive Director	20/01/2017	26/05/2017

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

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

Profiles of Directors are set out in the pages 30 to 34 of this annual report.

## Board Diversity Policy

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

A board diversity policy (the "Board Diversity Policy") was approved and adopted by the Company in order to set out the approach to achieve diversity of the Board, a summary of which is set forth on page 65 of this annual report.

# CORPORATE GOVERNANCE REPORT

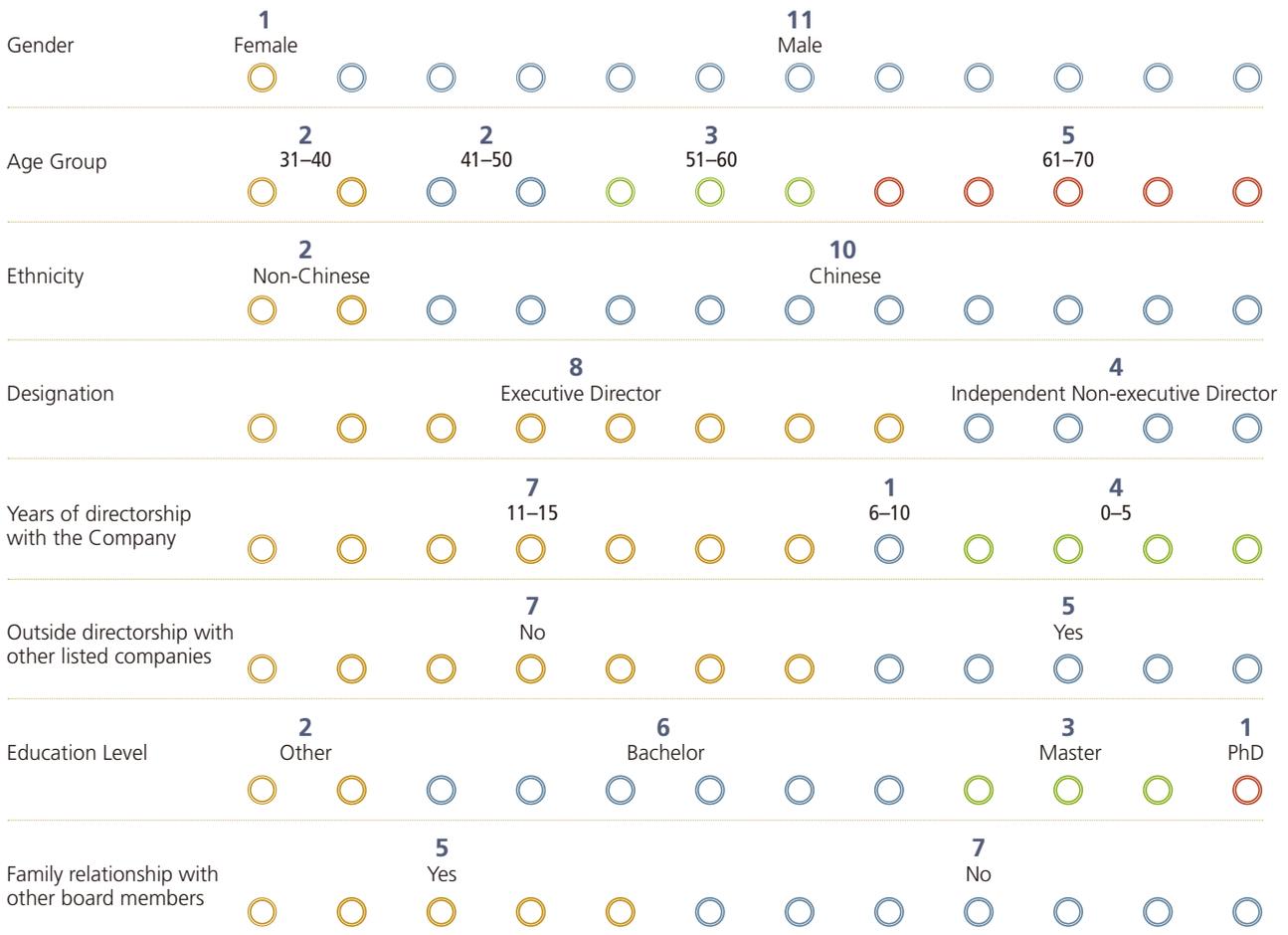
With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All board appointments will be made on a merit basis but the Company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

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

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

## Board Diversity

(no. of members)



## **Nomination of Board Members and Nomination Policy**

The Company approved and adopted a nomination policy (the “Nomination Policy”), aiming to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. The Nomination Policy sets out, among others, factors that will be given due consideration to in assessing, selecting and recommending candidates for directorship to the Board and the nomination procedures, details of which are set out on pages 62 to 64 of this annual report.

## **Independent Non-executive Directors**

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

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

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

## **Chairman and Chief Executive Officer**

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

## **AGM, Board Meetings and Board Practices**

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

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

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2019, four board meetings and one general meeting were held and the individual attendance of each Director is set out below:

Name of Members	Attendance/Number of Meetings Held	
	Board Meetings	AGM 2019
<b>Executive Directors:</b>		
HON Kwok Lung	4/4	0/1
SHANG Jianguang	4/4	1/1
SHI Tao	4/4	0/1
LAM Toi Man	4/4	1/1
BI Bo	4/4	1/1
SIT Lai Hei	4/4	0/1
HON Hau Wong	3/4	1/1
Teguh HALIM	4/4	1/1
<b>Independent Non-executive Directors:</b>		
FUNG Tze Wa	4/4	1/1
KWONG Chun Wai, Michael	4/4	0/1
ZHANG Bin	4/4	0/1
Rudolf Heinrich ESCHER	4/4	0/1

## Re-election of Directors

All Independent Non-executive Directors of the Company were appointed for a specific term and are subject to the relevant provisions of the Articles of Association of the Company whereby the Directors shall retire by rotation.

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

## Continuing Professional Development

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

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

## Directors' participation of continuous professional development



Directors	Attending trainings organised by the Company	Attending outside trainings/seminars	Reading monthly updates and reference materials
<b>Executive Directors</b>			
Hon Kwok Lung			✓
Shang Jianguang	✓	✓	✓
Shi Tao	✓		✓
Lam Toi Man	✓		✓
Bi Bo	✓		✓
Sit Lai Hei		✓	✓
Hon Hau Wong			✓
Teguh Halim	✓		✓
<b>Independent Non-executive Directors</b>			
Fung Tze Wa		✓	✓
Kwong Chun Wai, Michael		✓	✓
Zhang Bin	✓		✓
Rudolf Heinrich Escher			✓

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

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

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

During the year, we organised a director training session on recent Stock Exchange consultation papers and relationship of independent non-executive directors and executive directors conducted by external consultants to enable the Directors to keep abreast with the most recent regulatory development and reinforce a strong corporate governance culture in the Company.

# CORPORATE GOVERNANCE REPORT

## Communication with Directors

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

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

## Insurance for Directors and Officers

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

## Directors' Shareholding Interests

Directors' interests in the securities of the Company as at 31 December 2019 are disclosed in page 53 of this annual report.

## BOARD COMMITTEES

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



## Audit Committee

The details of the audit committee of the Company and its work performed during the year ended 31 December 2019 are set out on pages 58 to 60 of this annual report.

## Risk Management Committee

The details of the risk management committee of the Company and its work performed during the year ended 31 December 2019 are set out on pages 66 to 70 of this annual report.

## Remuneration Committee

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

### Independent Non-executive Directors

Fung Tze Wa (*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Rudolf Heinrich Escher

### Executive Directors

Hon Kwok Lung

Shang Jianguang

The Remuneration Committee makes recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also makes recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The Remuneration Committee ensures that no Director or any of his/her associates is involved in deciding his/her own remuneration.

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

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

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

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

## Nomination Committee

The details of the Nomination Committee of the Company and its work performed during the year ended 31 December 2019 are set out on pages 61 to 65 of this annual report.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Mr. Fong Chi Wah is the Chief Financial Officer and Company Secretary of the Company. The Company Secretary supports the Chairman in promoting the highest standards of corporate governance and facilitates the effective functioning of the Board and its committees. All Directors have direct access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that board procedures are followed and for facilitating timely and appropriate information flows among Directors. The Company Secretary also plays an essential role in the communication with investors, regulators and other stakeholders. The Company Secretary and the assistant company secretary participate in a variety of trainings organized by the professional accounting and company secretarial associations. During 2019, the Company Secretary undertook over 20 hours of relevant professional training respectively to update their skills and knowledge.

The biography of the Company Secretary is set out in the Senior Management section in the page 35 of this annual report.

## INTERNAL AUDIT

The Group Internal Audit, an independent department reports directly to the audit committee of the Company and administratively to the Chief Executive Officer of the Company. The Company maintains adequate oversight of the risk through strengthening the rules of procedures of internal control and corporate governance. The audit committee reviews the internal audit reports and activities of the department as well as the adequacy and effectiveness of the internal audit function, at least annually.

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

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

## EXTERNAL AUDITOR

The Group's external auditor for the year ended 31 December 2019 was BDO Limited ("BDO"). The audit committee reviews and monitors the independence of the external auditor to ensure the effectiveness of the audit process in accordance with applicable standards and the objectivity of the financial statements. BDO has made a written declaration to the audit committee that they are independent with respect to the Company and that they are not aware of any matters which may reasonably be thought to bear on their independence. The following table illustrates the fees paid/payable by the Group to BDO in the past two years for audit and non-audit services:

	2019	2018
Audit services	<b>HK\$4,800,000</b>	HK\$4,600,000
Non-audit services	<b>HK\$300,000</b>	HK\$300,000
Total	<b>HK\$5,100,000</b>	HK\$4,900,000

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

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for preparing the financial statements for the year ended 31 December 2019, which give a true and fair view of the Group's state of affairs, results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2019, the Board:

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

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

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

## DIVIDEND POLICY

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

## SHAREHOLDERS' RIGHT

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

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

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

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

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

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

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

The most recent general meeting was the AGM 2019 held at Tang Room I, Third Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 30 May 2019. At the AGM 2019, separate resolutions were proposed on each substantially separate issue including the re-election of individual directors. The procedures for demanding a poll were explained in the circular to shareholders despatched together with the Annual Report 2018. The major items discussed at the AGM 2019 were:

- receiving and adopting the audited consolidated financial statements and the report of the directors and the independent auditor's report for the year ended 31 December 2018;
- re-electing Directors;
- re-appointing the auditor and authorising the Board to fix their remuneration;
- approving a general mandate to authorise the Directors to make share buy-backs; and
- approving a general mandate to authorise the Directors to allot and issue shares.

The poll results were posted on the websites of both the Company ([www.irasia.com/listco/hk/citychamp](http://www.irasia.com/listco/hk/citychamp)) and the Stock Exchange on the same day after the AGM 2019.

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

Key shareholders' events in 2019 are set out below.

<b>Events</b>	<b>Date</b>
Announcement in respect of annual results for the year ended 31 December 2018	29 March 2019
Publication and despatch of annual report 2018	25 April 2019
AGM 2019	30 May 2019
Announcement in respect of unaudited interim results for the six months ended 30 June 2019	29 August 2019
Publication and despatch of interim report 2019	23 September 2019

Important shareholders' dates in the coming 2020 are set out below:

<b>Events</b>	<b>Date</b>
Announcement in respect of annual results for the year ended 31 December 2019	30 March 2020
Publication and despatch of annual report 2019	29 April 2020
Annual general meeting 2020	30 June 2020

There was no change to the Memorandum and Articles of Association of the Company during the year ended 31 December 2019.

# CORPORATE GOVERNANCE REPORT

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

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

## **MATERIAL EVENTS AFTER CLOSURE OF FINANCIAL YEAR**

Material events after closure of financial year are set out in note 55 to the consolidated financial statements.

# REPORT OF THE DIRECTORS

The Board of directors of the Company are pleased to present their report and the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2019.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are engaged in manufacturing and distribution of watches and timepieces, property investments, and banking and financial businesses. Details of the principal activities of the principal subsidiaries are set out in note 54 to the consolidated financial statements. There were no other significant changes to the Group’s principal activities during the year.

## FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2019 and the financial positions of the Group as at that date are set out in the consolidated financial statements on pages 146 to 313.

## BUSINESS REVIEW

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

<b>Required disclosures</b>	<b>Relevant sections</b>
a fair review of the Group’s business for the year ended 31 December 2019	Chairman’s Statement (pages 6 to 8) Management Discussion and Analysis (pages 9 to 29)
a description of the principal risks and uncertainties facing the Group	Risk Management Committee Report (pages 66 to 70)
particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2019 (if any)	Material events after Closure of Financial Year (page 48)
an indication of likely future development in the Group’s business	Outlook (pages 8 and 28)
an analysis using financial key performance indicators	Management Discussion and Analysis (pages 9 to 29)
a discussion on (i) the Group’s environmental policies and performance; and (ii) the Group’s compliance with the relevant laws and regulations that have a significant impact on the Group	Environmental, Social and Governance Report 2019 published separately by the Company
an account of the Group’s key relationships with its stakeholders that have a significant impact on the Group and on which the Group’s success depends	Environmental, Social and Governance Report 2019 published separately by the Company

# REPORT OF THE DIRECTORS

## SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 314 to 315. This summary does not form part of the audited consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and of the Group during the year are set out in notes 26 and 27 to the consolidated financial statements, respectively. Further details of the Group's principal investment properties are set out on page 316 of this annual report.

## SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 41 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

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

## PERMITTED INDEMNITY PROVISION

During 2019, the permitted indemnity provision was in force for the benefits of directors. The Company has arranged appropriate directors' and officers' liability insurance for the directors and officers of the Group in respect of potential losses or liabilities which the directors and officers may incur in the performance of their duties.

## SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 December 2019 are set out in note 54 to the consolidated financial statement.

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

The Company did not buy back any Company's listed shares (whether on the Stock Exchange or otherwise) during the year ended 31 December 2019.

## RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 43 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

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

As at 31 December 2019, the Company had reserves of HK\$824,358,000 being the aggregate of retained profits and share premium account, available for cash distribution and/or distribution in specie.

## MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the total sales/purchases	
	Sales	Purchases
Top five customers	14%	–
Top five suppliers	–	22%
The largest customer	6%	–
The largest supplier	–	8%

## DIRECTORS

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

### Executive Directors:

Mr. Hon Kwok Lung, *Chairman*  
Mr. Shang Jianguang, *Chief Executive Officer*  
Mr. Shi Tao  
Mr. Lam Toi Man  
Mr. Bi Bo  
Ms. Sit Lai Hei  
Mr. Hon Hau Wong  
Mr. Teguh Halim

### Independent Non-executive Directors:

Mr. Fung Tze Wa  
Dr. Kwong Chun Wai, Michael  
Mr. Zhang Bin  
Mr. Rudolf Heinrich Escher

# REPORT OF THE DIRECTORS

In accordance with Article 116 of the Articles of Association of the Company, one-third of the directors for the time being shall retire from office, provided that every director shall be subject to retirement by rotation at least once every three years as prescribed by the Listing Rules.

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

## DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company as at the date of this report are set out on pages 30 to 35 of the annual report.

## DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2019.

## DIRECTORS SERVICE CONTRACTS

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

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

## DIRECTORS' REMUNERATION

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

Details of the remuneration of the Directors of the Company are set out in note 15 to the consolidated financial statements.

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

At 31 December 2019, the interests or short positions of the Directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules, were as follows:

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

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

Notes:

- (1) The 3,017,389,515 shares comprise of 1,640,128,000 shares held by Full Day Limited ("Full Day"), which is wholly-owned by Mr. Hon Kwok Lung, and 1,377,261,515 shares held by Sincere View International Limited ("Sincere View"), which is owned as to 80% by Mr. Hon Kwok Lung and 20% by his spouse.
- (2) 1,374,000 shares were held by Mr. Hon Kwok Lung's spouse, Ms. Lam Suk Ying.
- (3) The 200,000,000 shares were held by Qiangda Limited, a wholly-owned subsidiary of Fengrong Investment (Hong Kong) Company Limited ("Fengrong Hong Kong"). Fengrong Hong Kong is wholly owned by Fujian Fengrong Investment Company Limited ("Fujian Fengrong"), which is owned as to approximately 68.5% by Ms. Sit Lai Hei.
- (4) Mr. Hon Hau Wong is deemed to have an interest in 200,000,000 shares which were held by Qiangda Limited, a wholly-owned subsidiary of Fengrong Hong Kong. Fengrong Hong Kong is wholly owned by Fujian Fengrong which is owned as to approximately 31.5% by Ms. Lu Xiaojun, the spouse of Mr. Hon Hau Wong.

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

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

## REPORT OF THE DIRECTORS

Notes:

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

### Senior Management’s long position in shares of the Company

Save as disclosed above, as at 31 December 2019, no person had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

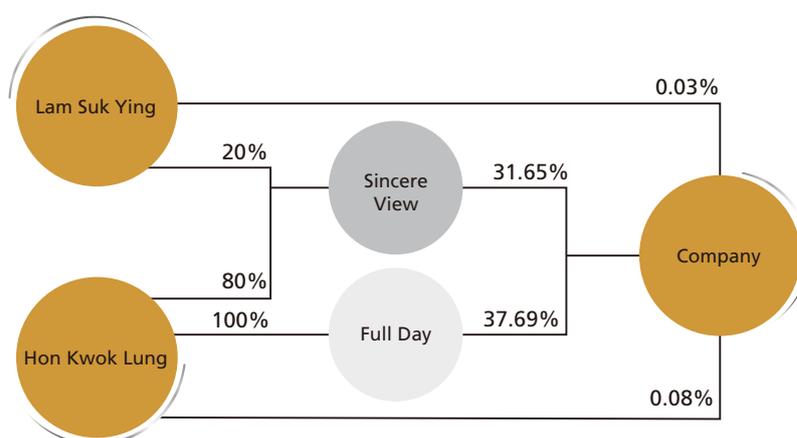
### SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2019, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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

Note:

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



Save as disclosed above, as at 31 December 2019, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed “Directors, chief executive and senior management’s interests and short positions in shares and underlying shares” above, had registered an interest or short position in shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## CONNECTED TRANSACTION

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

## SHARE OPTION SCHEME

At the general meeting held on 30 May 2008, the shareholders of the Company adopted a share option scheme (the “Share Option Scheme”) for a period of 10 years commencing on the adoption date. The purpose the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors of the Company consider that the Share Option Scheme will provide the eligible participants with opportunity to acquire proprietary interests in the Company and will encourage such eligible participants to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole. Particulars of the Share Option Scheme are set out in note 42 to the consolidated financial statements.

All the share options under the Share Option Scheme have been exercised or lapsed by the end of 2018.

## DIRECTORS’ INTERESTS IN A COMPETING BUSINESS

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

# REPORT OF THE DIRECTORS

## SUFFICIENCY OF PUBLIC FLOAT

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

## CORPORATE GOVERNANCE

A report on the corporate governance practices of the Company is set out on pages 36 to 48 of this annual report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER OF THE COMPANY

On 16 July 2019, the Company and a syndicate of banks (the "Syndicated Banks") entered into a facility agreement (the "Syndicated Loan Agreement"), with Hang Seng Bank Limited ("Hang Seng") as the mandated lead arranger, pursuant to which the Syndicated Banks have agreed to grant a term loan facility in the amount up to US\$150,000,000 (the "Syndicated Loan") to the Company for a term of 36 months.

Pursuant to the Syndicated Loan Agreement, it will be an event of default if (1) Mr. Hon Kwok Lung ("Mr. Hon") together with his direct family members and Ms. Sit Lai Hei (the "Hon Family") fail to maintain (i) directly or indirectly, at least 60% of the beneficial shareholding interest in the issued share capital of the Company; or (ii) control over the management and business of the Company and its subsidiaries (excluding Bendura Bank AG and its subsidiaries and Shun Heng Finance Holding (Hong Kong) Limited and its subsidiaries; or (2) Mr. Hon (or another member of the Hon Family) is not the chairman of the Board of the Company. On and at any time after the occurrence of such event which is continuing, Hang Seng as the agent may, and shall if so directed by the Syndicated Banks whose commitments aggregate 66 $\frac{2}{3}$ % or more of the total commitment, by notice to the Company, (i) cancel the commitments (and reduce them to zero); (ii) declare that all or part of the Syndicated Loan, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; (iii) declare that all or part of the Syndicated Loan be payable on demand; and/or (iv) exercise or direct Hang Seng as the security agent to exercise any or all of its rights, remedies, powers or discretions under the Syndicated Loan Agreement.

Details are set out in the announcement of the Company dated 16 July 2019.

## AUDITOR

The financial statements for the year ended 31 December 2019 have been audited by BDO Limited.

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

ON BEHALF OF THE BOARD

**Hon Kwok Lung**

*Chairman*

Hong Kong, 30 March 2020

# AUDIT COMMITTEE REPORT

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

## Independent Non-executive Directors

Fung Tze Wa (*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Rudolf Heinrich Escher

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

## AUTHORITY AND DUTIES

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

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

#### **Oversight of the financial reporting system and internal control procedures**

- review the Company's financial controls and internal control systems
- discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function
- consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings
- where an internal audit function exists, ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness
- review the Group's financial and accounting policies and practices
- review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response
- ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter
- report to the Board on the matters related to the Listing Rules

#### **Employees' Concerns**

- review the Company's arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters. The committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action

# AUDIT COMMITTEE REPORT

## Work Done in 2019

During 2019, two meetings were held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Fung Tze Wa ( <i>Committee Chairman</i> )	2/2
Kwong Chun Wai, Michael	1/2
Zhang Bin	2/2
Rudolf Heinrich Escher	2/2

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

During the year under review, the Audit Committee met with the Company's external auditor, the Board and senior management. The Audit Committee reviewed the financial statements (including interim and annual results) and other information to shareholders, the accounting system, the system of internal controls, independency of the external auditor, effectiveness and objectivity of the audit process and performed other duties set out in the terms of reference. They assisted the Board in reviewing and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting functions of the Group and internal audit, company secretarial and corporate governance functions of the Company. The Audit Committee also reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the six months ended 30 June 2019 and the year ended 31 December 2019.

In 2019, the Audit Committee visited Ernest Borel Holdings Limited and Ernest Borel (Guangzhou) Trading Co., Ltd. and discussed with the management on the matters related to system of accounting and financial reporting, internal controls and risk management.

# NOMINATION COMMITTEE REPORT

The Nomination Committee currently comprises following members:

## **Executive Directors**

Hon Kwok Lung (*Committee Chairman*)  
Shang Jianguang

## **Independent Non-executive Directors**

Fung Tze Wa  
Kwong Chun Wai, Michael  
Zhang Bin  
Rudolf Heinrich Escher

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

## **AUTHORITY AND DUTIES**

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

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

The full updated version of the terms of reference of Nomination Committee is available on the website of the Stock Exchange and the website of the Company.

# NOMINATION COMMITTEE REPORT

## Work Done in 2019

During 2019, one meeting was held and the individual attendance of each member is set out below:

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

During the year under review, the Nomination Committee:

- reviewed the nomination policy of the Company (the “Nomination Policy”).

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

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

## Nomination Policy

### Nomination Criteria

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

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

### Nomination Procedures

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

# NOMINATION COMMITTEE REPORT

## Nomination Policy

### Nomination Procedures

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

### Review

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

- reviewed the board diversity policy of the Company (the “Board Diversity Policy”).

The Board has approved and adopted the Board Diversity Policy in order to set out the approach to achieve diversity on the Board.

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

- reviewed the structure, size, composition and diversity of the Board;
- assessed the independence of independent non-executive directors of the Company; and
- made recommendation to the Board to re-appoint retiring directors.

# RISK MANAGEMENT COMMITTEE REPORT

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

## **Executive Directors**

Sit Lai Hei (*Committee Chairman*)

Shi Tao

Lam Toi Man

Bi Bo

## **AUTHORITY AND DUTIES**

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

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

## Work Done in 2019

During 2019, 2 meetings were held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Sit Lai Hei ( <i>Committee Chairman</i> )	2/2
Shi Tao	0/2
Lam Toi Man	2/2
Bi Bo	2/2

## Risk Assessment

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

## Principal Risks and Uncertainties

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

Economy risk	
Key Challenges	<ul style="list-style-type: none"> <li>Numerous challenges for both macro-economic outlook and market conditions, domestically or globally may result in a decrease in consumer spending in watches and may lead to a material adverse effect upon the Group's business and results of operations</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Redefine the strategic mix to deal with the ever-changing economy</li> <li>Closely monitor the impact of the recent economic trend</li> <li>Explore different revenue streams and value-added services for our customers</li> </ul>

Industry risk	
Key Challenges	<p><u>watches and timepieces businesses</u></p> <ul style="list-style-type: none"> <li>Rapid changing market trends and competition amongst different players domestically or globally</li> <li>Highly competitive market, and the pricing of and demand for our watches are greatly affected by the intensity of competition</li> <li>Strong competitive edge in terms of financial positions, technology, design, customer relationship of our competitors</li> </ul> <p><u>banking and financial businesses</u></p> <ul style="list-style-type: none"> <li>Intense competition</li> </ul>
Key Controls	<p><u>watches and timepieces businesses</u></p> <ul style="list-style-type: none"> <li>Strengthen our products, distributions and our marketing as a whole</li> </ul> <p><u>banking and financial businesses</u></p> <ul style="list-style-type: none"> <li>Maintain a strong team of compliance, risk management and internal audit so that it can remain a secure and sustainable institution</li> </ul>

# RISK MANAGEMENT COMMITTEE REPORT

E-commerce risk	
Key Challenges	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>Reshape the traditional distribution model of the segment of watches and timepieces</li> </ul>
Key Controls	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>Invest providently to maintain its competitive competence across all e-commerce platforms</li> <li>Invest in e-commerce and new marketing approaches, such as social media and mobile marketing in the foreseeable future</li> </ul>

Interest rate risk	
Key Challenges	<ul style="list-style-type: none"> <li>Fluctuate of the fair value or cash flows of a financial instrument due to changes in market interest rates</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Manage by taking into account market conditions and controlled at a reasonable level</li> <li>Keep monitoring the trend of interest rate of the global capital markets and adjust the mix of fixed-rate interest-bearing loans accordingly</li> <li>Optimize the maturity structure of deposits and take the initiative to manage sensitive gaps in interest rates for the overall objective of achieving steady growth both in net interest income and economic value within a tolerable level of interest rate risk</li> </ul>

Exchange rate risk	
Key Challenges	<ul style="list-style-type: none"> <li>Sales are dominated in Renminbi and some of our purchases are made in other currencies such as Swiss Francs</li> <li>Fluctuate in exchange rates of foreign currencies may affect our customers' purchasing power and their wiliness to purchase watches</li> <li>Affects the fair value of future cash flows of a financial instrument</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Monitor the foreign exchange exposure continuously</li> </ul>

Legal risk	
Key Challenges	<ul style="list-style-type: none"> <li>If we fail to comply with relevant laws and regulations, it may result in imposition of conditions on or the suspension of sales or seizure of products, or significant penalties or claims. In the event that the countries in which we operate increase the stringency of such laws and regulations, our operating costs may increase and we may not be able to pass these additional costs onto our customer</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Review the Group's compliance with applicable legal and regulatory requirements including the internal rules and directives, the Listing Rules, the Companies Ordinance and the Securities and Futures Ordinance during the process of reviewing the financial statements</li> <li>Engage external legal advisors to assist in managing the legal risks</li> </ul>

Intellectual property rights risk	
Key Challenges	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>Insufficient protection with various government authorities of the different jurisdictions in which we conduct business</li> </ul>
Key Controls	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>Dedicate to work with professionals to protect our intellectual property rights all over the world</li> </ul>

### Operational risk

Key Challenges	<ul style="list-style-type: none"> <li>• Potential of loss resulting from impact of external events and/or inadequacies in the areas of internal processes, manpower and systems</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>• Achieve “industrial strength” process and standards for all activities, and benchmark practices against peers, other industries and regulatory requirements</li> <li>• Manage by means of internal control procedures and directives</li> </ul>

### Credit risk

Key Challenges	<p><u>watches and timepieces businesses</u></p> <ul style="list-style-type: none"> <li>• Large proportion of customers’ credit terms are mainly on credit and the credit period is generally for a period of one to six months for major customers</li> <li>• Affect the account receivable by the general economic conditions in the geographies in which the Group operates</li> </ul> <p><u>banking business</u></p> <ul style="list-style-type: none"> <li>• Determines based on the combination of the internal and external credit rating, the average debt recovery, peer review information and comparison with publically available date</li> <li>• Subject to concentration risk</li> </ul>
Key Controls	<p><u>watches and timepieces businesses</u></p> <ul style="list-style-type: none"> <li>• Trade only with recognized and creditworthy parties</li> <li>• Set limits on the exposure to any counterparty and credit risk</li> <li>• Follow up the delinquent account receivable based on established internal system</li> </ul> <p><u>banking business</u></p> <ul style="list-style-type: none"> <li>• Grant collateralized loans generally</li> <li>• Approve and monitors the loans by the relevant managers, the credit committee and ultimately the board of the directors of Bendura Bank</li> <li>• Implement a framework to provide a holistic view of the credit risks, which assess credit risks against key criteria</li> <li>• Employ the standardized processes to oversee compliance with the risk requirements</li> <li>• Monitor the financial position of the borrowers regularly</li> </ul>

### Investment risk

Key Challenges	<ul style="list-style-type: none"> <li>• Fluctuate of the fair values or future cash flows of a financial instrument due to the changes in its market price, other than those unlisted equity investments held for strategic purposes and those valued at quoted market prices at the end of reporting period</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>• Monitor the price fluctuation of the listed equity instruments</li> <li>• Establish appropriate exit strategies</li> </ul>

# RISK MANAGEMENT COMMITTEE REPORT

## Liquidity risk

Key Challenges	<ul style="list-style-type: none"> <li>On the operational level, cash inflow from operational activities might not be sufficient to meet the needs of cash outflow for financing purpose.</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Maintain adequate liquidity at all times in all geographical locations and for all currencies, and hence to be in a position to meet obligations as they fall due</li> <li>Analyze Liquid assets, liquidity coverage ratio and leverage ratio against the regulatory requirements and present to the board and senior management on a monthly basis</li> <li>Project cash flows in major currencies and consider the level of group's liquidity management policy</li> </ul>

## Inventory risk

Key Challenges	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>slow-moving inventory and volume of obsolete may materially and adversely affected financial position and performance</li> </ul>
Key Controls	<u>watches and timepieces businesses</u> <ul style="list-style-type: none"> <li>Closely monitor the level and aging of inventories and implement measures to reduce inventories to a normal level on a timely basis</li> <li>Enhance sales efficiency at distribution outlet level</li> <li>Improve overall inventory management with more rapid information exchange between the distribution outlet, the regional sale office and the headquarters to maintain inventory at an optimal level</li> </ul>

## Concentration risk

Key Challenges	<u>banking businesses</u> <ul style="list-style-type: none"> <li>Subject to concentration risk if the bond portfolio is not diversified</li> </ul>
Key Controls	<u>banking businesses</u> <ul style="list-style-type: none"> <li>Diversify the bond portfolio of Bendura Bank with different maturity, geography, segment and currency</li> <li>Analyse the risk concentration on assets and liabilities sides</li> <li>Present the report on different attributes of the bond portfolio to the board and senior management of the bank on a monthly basis</li> </ul>

## Epidemic risk

Key Challenges	<ul style="list-style-type: none"> <li>Subject to epidemic risk due to the outbreak of Coronavirus (COVID-19), revenue from watches and timepieces businesses in Mainland China, Hong Kong and Europe are affected</li> </ul>
Key Controls	<ul style="list-style-type: none"> <li>Continue to monitor closely the development of the epidemic, assess and react actively its impacts on the Group's financial position and operating results</li> <li>Arrange the staff to apply shift timeslot to avoid the risk of cross-infection and minimize the epidemic risk</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



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

**致冠城鐘錶珠寶集團有限公司股東**  
*(於開曼群島註冊成立之有限公司)*

## OPINION

We have audited the consolidated financial statements of Citychamp Watch & Jewellery Group Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 146 to 313, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

### Impairment assessment on goodwill and intangible assets

Refer to notes 5, 30 and 29 to the consolidated financial statements and the significant accounting policies in notes 4.6, 4.7 and 4.12 to the consolidated financial statements

## 意見

本核數師(以下簡稱「我們」)已審計載於第146至313頁冠城鐘錶珠寶集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此等綜合財務報表包括於二零一九年十二月三十一日之綜合財務狀況表,以及截至該日止年度之綜合全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括主要會計政策概要)。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則真實而公平地反映 貴集團於二零一九年十二月三十一日之綜合財務狀況以及 貴集團截至該日止年度之綜合財務表現及綜合現金流量,並已遵守香港公司條例之披露規定妥為編製。

## 意見基礎

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

## 關鍵審計事項

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

### 商譽及無形資產之減值評估

參照綜合財務報表附註5、30及29以及綜合財務報表附註4.6、4.7及4.12之主要會計政策

As at 31 December 2019, the Group had goodwill and intangible assets with carrying amounts of HK\$1,065,051,000 and HK\$52,089,000 respectively arising from the acquisitions of banking, financial and watch businesses.

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

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

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

### Our response

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

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

### Revenue recognition relating to sales of goods

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

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

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

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

於二零一九年十二月三十一日，貴集團擁有賬面值分別為1,065,051,000港元及52,089,000港元之商譽及無形資產，乃由於收購銀行、金融及鐘錶業務所致。

管理層將每年至少一次就商譽及無限可使用年期之無形資產之金額進行減值評估，並將於有跡象顯示具有有限可使用年期之無形資產可能減值時進行減值評估。就評估減值而言，管理層按其較高公平值減出售成本及使用價值評估該等資產之可收回金額。該等資產獲分配至現金產生單位（「現金產生單位」），而各個現金產生單位之可收回金額由管理層根據現金流量預測按使用價值或按公平值減出售成本計算。

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

管理層總結，根據減值評估，於本年度並無確認減值虧損。

### 我們的回應

我們關於管理層就商譽及無形資產之減值評估程序如包括以下方面：

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

### 有關銷售貨品之收入確認

參照綜合財務報表附註7及綜合財務報表附註4.19之主要會計政策

貴集團大部分收入來自銷售鐘錶及時計產品。

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

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

## Our response

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

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

## OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## 我們的回應

我們關於銷售貨品之收入確認之審計程序包括：

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

## 年報之其他資料

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

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

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

## 董事就綜合財務報表須承擔之責任

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

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

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

## 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 the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

董事負責監督貴集團財務報告過程，並在審核委員會協助下履行彼等之責任。

## 核數師就審計綜合財務報表承擔之責任

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

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

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

- 識別及評估綜合財務報表由於欺詐或錯誤而導致之重大錯誤陳述風險，設計及執行審計程序以應對該等風險，以及獲取充分及適當審計憑證為我們之意見提供基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或僭越內部控制，故因未能發現欺詐而導致之重大錯誤陳述風險高於因未能發現錯誤而導致之重大錯誤陳述風險。
- 瞭解有關審計之內部控制，以設計在各類情況下適當之審計程序，但並非旨在對貴集團內部控制之成效發表意見。
- 評估董事所用會計政策之恰當性及作出會計估計及相關披露之合理性。

- 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.
- 總結董事採用持續經營會計基礎是否恰當，並根據已獲得之審計憑證，總結是否存在重大不明朗因素涉及可能令 貴集團之持續經營能力嚴重成疑之事件或情況。倘我們得出結論認為存在重大不明朗因素，我們須於核數師報告中提請使用者注意綜合財務報表內之相關披露，或倘相關披露不足，則修訂我們之意見。我們之結論以截至核數師報告日期所獲得之審計憑證為基礎。然而，未來事件或情況可能導致 貴集團不再持續經營。
- 評估綜合財務報表(包括披露)之整體列報、架構及內容，以及綜合財務報表是否已中肯反映相關交易及事件。
- 就 貴集團內實體或業務活動之財務資料獲得充足及適當之審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們為我們之審計意見承擔全部責任。

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

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

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

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

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

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

## **BDO Limited**

*Certified Public Accountants*

### **Lui Chi Kin**

Practising Certificate Number P06162  
Hong Kong, 30 March 2020

## **香港立信德豪會計師事務所有限公司**

*執業會計師*

### **呂智健**

執業證書號碼 P06162  
香港，二零二零年三月三十日

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 綜合全面收入表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest income from banking business	銀行業務之利息收入		220,821	221,648
Interest expenses from banking business	銀行業務之利息開支		(37,359)	(40,817)
<b>Net interest income from banking business</b>	<b>銀行業務之利息收入淨額</b>	7a	<b>183,462</b>	180,831
Service fees and commission income from banking business	銀行業務之服務費及佣金收入		280,627	325,614
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支		(68,066)	(89,253)
<b>Net service fees and commission income from banking business</b>	<b>銀行業務之服務費及佣金收入淨額</b>	7b	<b>212,561</b>	236,361
Trading income from banking business	銀行業務之交易收入	7c	57,230	63,172
Service fees and commission income from financial business	金融業務之服務費及佣金收入	7d	3,195	3,342
Interest income from financial business	金融業務之利息收入	7d	165	193
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	7e	2,249,737	2,444,364
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	7e	9,915	9,586
<b>Total revenue</b>	<b>總收入</b>		<b>2,716,265</b>	2,937,849
Cost of sales from non-banking and financial businesses	非銀行及金融業務之銷售成本		(1,004,030)	(1,022,568)
Other income and other net gains or losses	其他收入及其他收益或虧損淨額	8	104,393	79,486
Selling and distribution expenses	銷售及分銷費用		(817,889)	(849,551)
Administrative expenses	行政費用		(777,114)	(737,985)
Share of loss of joint ventures	應佔合營企業虧損	24	(1,343)	(2,678)
Share of profit of associates	應佔聯營公司溢利	25	17,675	8,387
Finance costs from non-banking business	非銀行業務之財務費用	9	(95,320)	(65,828)
<b>Profit before income tax</b>	<b>除所得稅前溢利</b>	10	<b>142,637</b>	347,112
Income tax expense	所得稅開支	11	(71,456)	(105,664)
<b>Profit for the year</b>	<b>本年度溢利</b>		<b>71,181</b>	241,448

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Other comprehensive income</b>	<b>其他全面收入</b>			
Items that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目			
– Remeasurement of net defined benefit obligations	– 重新計量定額福利責任淨額	14.2	2,490	33,025
– Change in fair value of financial assets at fair value through other comprehensive income	– 按公平值計入其他全面收入之金融資產公平值變動	19	(204,233)	(123,352)
– Revaluation gain upon transfer of owner occupied land and building to investment properties	– 將自用土地及樓宇轉撥至投資物業時之重估收益	27	–	57,128
– Deferred tax arising from transfer of owner occupied land and building to investment properties	– 將自用土地及樓宇轉撥至投資物業產生之遞延稅項	39	–	(22,212)
			<b>(201,743)</b>	(55,411)
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類至溢利或虧損之項目			
– Exchange differences on translation to presentation currency	– 換算呈列貨幣之匯兌差額		(91,282)	(162,086)
– Share of exchange differences on translation of associates	– 應佔聯營公司匯兌差額	25	(108)	(117)
			<b>(91,390)</b>	(162,203)
<b>Other comprehensive income for the year</b>	<b>本年度其他全面收入</b>		<b>(293,133)</b>	(217,614)
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>		<b>(221,952)</b>	23,834
<b>Profit for the year attributable to:</b>	<b>以下人士應佔本年度溢利：</b>			
Owners of the Company	本公司擁有人		44,246	201,372
Non-controlling interests	非控股權益		26,935	40,076
			<b>71,181</b>	241,448
<b>Total comprehensive income for the year attributable to:</b>	<b>以下人士應佔本年度全面收入總額：</b>			
Owners of the Company	本公司擁有人		(243,713)	(9,083)
Non-controlling interests	非控股權益		21,761	32,917
			<b>(221,952)</b>	23,834
<b>Earnings per share attributable to owners of the Company</b>	<b>本公司擁有人應佔每股盈利</b>			
– Basic	– 基本	13	<b>HK1.02 cents</b> 1.02 港仙	HK4.63 cents 4.63 港仙
– Diluted	– 攤薄		<b>HK1.02 cents</b> 1.02 港仙	HK4.63 cents 4.63 港仙

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 綜合財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Assets</b>	<b>資產</b>			
Cash and deposits	現金及存款	16	4,897,246	7,701,743
Due from clients	應收客戶款項	17	2,093,250	1,575,438
Due from banks	應收銀行款項	17	4,901,198	3,387,836
Trading portfolio investments	交易組合投資	18	227,903	123,606
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之 金融資產	19	422,861	627,200
Derivative financial assets	衍生金融資產	20	10,275	7,694
Trade receivables	應收賬款	21	478,262	571,424
Other financial assets at amortised cost	按攤銷成本列賬之其他金融資產	22	1,307,960	1,034,773
Inventories	存貨	23	2,257,966	2,314,545
Income tax recoverable	可收回所得稅		7,706	13,269
Interests in joint ventures	所佔合營企業權益	24	1,096	2,439
Interests in associates	所佔聯營公司權益	25	115,486	102,919
Property, plant and equipment	物業、廠房及設備	26	1,148,049	1,036,736
Investment properties	投資物業	27	182,186	179,133
Prepaid land lease payments	預付土地租賃款項	28	–	47,605
Intangible assets	無形資產	29	52,089	53,310
Goodwill	商譽	30	1,065,051	1,071,552
Deferred tax assets	遞延稅項資產	39	11,626	9,437
Other assets	其他資產	31	416,871	397,570
<b>Total assets</b>	<b>總資產</b>		<b>19,597,081</b>	20,258,229
<b>Liabilities</b>	<b>負債</b>			
Due to banks	應付銀行款項		17,968	4,181
Due to clients	應付客戶款項	32	11,963,052	12,504,591
Derivative financial liabilities	衍生金融負債	20	54,788	20,866
Trade payables	應付賬款	33	411,427	324,106
Contract liabilities	合約負債	34	18,565	30,918
Corporate bonds	公司債券	35	–	760,244
Income tax payables	應付所得稅		55,577	73,867
Borrowings	借貸	36	1,740,362	1,047,189
Provisions	撥備	37	–	476
Lease liabilities	租賃負債	38	83,975	–
Deferred tax liabilities	遞延稅項負債	39	59,881	60,369
Due to a shareholder	應付一名股東之款項	47	12,000	73,000
Due to directors	應付董事款項	47	22,241	–
Other liabilities	其他負債	40	496,356	548,931
<b>Total liabilities</b>	<b>總負債</b>		<b>14,936,192</b>	15,448,738

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Notes 附註		
<b>Equity</b>	<b>權益</b>			
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔權益</b>			
Share capital	股本	41	<b>435,189</b>	435,189
Reserves	儲備	43	<b>3,819,883</b>	4,004,602
			<b>4,255,072</b>	4,439,791
Non-controlling interests	非控股權益		<b>405,817</b>	369,700
<b>Total equity</b>	<b>權益總額</b>		<b>4,660,889</b>	4,809,491
<b>Total liabilities and equity</b>	<b>負債及權益總額</b>		<b>19,597,081</b>	20,258,229

The consolidated financial statements on pages 146 to 313 were approved and authorised for issue by the board of directors on 30 March 2020 and are signed on its behalf by:

第146至313頁之綜合財務報表於二零二零年三月三十日獲董事會批准及授權刊發，並由以下董事代表簽署：

**Hon Kwok Lung**  
韓國龍  
Director  
董事

**Shang Jianguang**  
商建光  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益													
		Share capital	Share premium account*	Share option reserve*	Other reserve*	Goodwill arising on consolidation*	Statutory reserve*	Exchange reserve*	Investment revaluation reserve*	Fair value through other comprehensive income reserve* <sup>†</sup>	Revaluation reserve for Property, plant and equipment*	Retained profits*	Total	Non-controlling interests	Total equity
		股本	股份溢價*	認購股份儲備*	其他儲備*	綜合賬目產生之商譽*	法定儲備*	外匯儲備*	投資重估儲備*	按公平值計入其他全面收入儲備*	物業、廠房及設備重估儲備*	保留溢利*	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(附註41)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日之結餘	435,032	771,202	1,070	15,220	(15,300)	91,078	(32,935)	117,525	-	-	3,421,989	4,804,881	343,245	5,148,126
Impact on initial application of HKFRS 9	首次應用香港財務報告準則第9號之影響	-	-	-	-	-	-	-	(117,525)	250,536	-	(141,491)	(8,480)	(758)	(9,238)
At 1 January 2018, as stated	於二零一八年一月一日，經重列	435,032	771,202	1,070	15,220	(15,300)	91,078	(32,935)	-	250,536	-	3,280,498	4,796,401	342,487	5,138,888
<b>Transactions with owners</b>	<b>與擁有人交易</b>														
Proceeds from shares issued under share option scheme	根據認購股份計劃發行股份所得款項	157	354	-	-	-	-	-	-	-	-	-	511	-	511
Exercise of share options	行使認購股份儲備	-	239	(239)	-	-	-	-	-	-	-	-	-	-	-
Lapse of share options	認購股份儲備失效	-	-	(831)	-	-	-	-	-	-	-	831	-	-	-
Acquisition of subsidiaries (note 48)	產生自收購附屬公司(附註48)	-	-	-	-	-	-	-	-	-	-	-	-	123,973	123,973
Early redemption of convertible bonds	提早贖回可換股債券	-	-	-	808	-	-	-	-	-	-	-	808	-	808
Deemed acquisition of interest in subsidiaries (note 49(c))	視為收購附屬公司權益(附註49(c))	-	-	-	(87,202)	-	-	-	-	-	-	-	(87,202)	(68,875)	(156,077)
Acquisition of non-controlling interests (note 49(d))	收購非控股權益(附註49(d))	-	-	-	(531)	-	-	-	-	-	-	-	(531)	(2,225)	(2,756)
2017 special dividend (note 12)	二零一七年末期股息(附註12)	-	(89,767)	-	-	-	-	-	-	-	-	(171,346)	(261,113)	-	(261,113)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	-	-	(56,536)	(56,536)
Net investment from non-controlling interests	來自非控股權益之投資淨額	-	-	-	-	-	-	-	-	-	-	-	-	(2,041)	(2,041)
<b>Total transactions with owners</b>	<b>與擁有人交易總額</b>	157	(89,174)	(1,070)	(86,925)	-	-	-	-	-	-	(170,515)	(347,527)	(5,704)	(353,231)
<b>Comprehensive income</b>	<b>全面收入</b>														
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	-	201,372	201,372	40,076	241,448
<b>Other comprehensive income</b>	<b>其他全面收入</b>														
Remeasurement of defined benefit obligations	重新計量定額福利責任	-	-	-	-	-	-	-	-	-	-	31,278	31,278	1,747	33,025
Change in fair value of financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產公平值變動	-	-	-	-	-	-	-	-	(123,352)	-	-	(123,352)	-	(123,352)
Revaluation gain upon transfer of owner occupied land and buildings to investment properties	將自用土地及樓宇轉撥至投資物業時之重估收益	-	-	-	-	-	-	-	-	-	57,128	-	57,128	-	57,128
Deferred tax arising from transfer of owner occupied land and buildings to investment properties	將自用土地及樓宇轉撥至投資物業產生之遞延稅項	-	-	-	-	-	-	-	-	-	(22,212)	-	(22,212)	-	(22,212)
Exchange differences on translation to presentation currency	換算呈列貨幣產生之匯兌差額	-	-	-	-	-	-	(153,180)	-	-	-	-	(153,180)	(8,906)	(162,086)
Share of exchange differences on translation of associates	應佔聯營公司匯兌差額	-	-	-	-	-	-	(117)	-	-	-	-	(117)	-	(117)
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>	-	-	-	-	-	-	(153,297)	-	(123,352)	34,916	232,650	(9,083)	32,917	23,834
Appropriation to statutory reserve	轉撥至法定儲備	-	-	-	-	-	12,184	-	-	-	-	(12,184)	-	-	-
<b>Balance at 31 December 2018</b>	<b>於二零一八年十二月三十一日之結餘</b>	435,189	682,028	-	(71,705)	(15,300)	103,262	(186,232)	-	127,184	34,916	3,330,449	4,439,791	369,700	4,809,491

		Equity attributable to owners of the Company 本公司擁有人應佔權益											
		Share capital	Share premium account*	Other reserve*	Goodwill arising on consolidation*	Statutory reserve*	Exchange reserve*	Fair value through other comprehensive income reserve*†	Revaluation reserve for Property, plant and equipment*	Retained profits*	Total	Non-controlling interests	Total equity
		股本	股份溢價賬*	其他儲備*	綜合賬目產生之商譽*	法定儲備*	外匯儲備*	按公平值計入其他全面收入儲備*	物業、廠房及設備重估儲備*	保留溢利*	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		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
		(附註41)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)	(附註43)
Balance at 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日之結餘	435,189	682,028	(71,705)	(15,300)	103,262	(186,232)	127,184	34,916	3,330,449	4,439,791	369,700	4,809,491
<b>Transactions with owners</b>	<b>與擁有人交易</b>												
Partial disposal of subsidiaries without loss of control (note 49(a))	部分出售附屬公司而不失去控制權 (附註49(a))	-	-	63,928	-	-	-	-	-	63,928	63,928	47,443	111,371
Transaction cost for the equity transactions (note 49(a))	權益交易的交易成本 (附註49(a))	-	-	(4,887)	-	-	-	-	-	(4,887)	(4,887)	-	(4,887)
Deemed acquisition of interest in subsidiaries (note 49(b))	視為收購附屬公司權益 (附註49(b))	-	-	(47)	-	-	-	-	-	(47)	(47)	(1,443)	(1,490)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	(31,255)	(31,255)
Net investment from non-controlling interests	來自非控股權益之投資淨額	-	-	-	-	-	-	-	-	-	-	(389)	(389)
<b>Total transactions with owners</b>	<b>與擁有人交易總額</b>	-	-	58,994	-	-	-	-	-	58,994	58,994	14,356	73,350
<b>Comprehensive income</b>	<b>全面收入</b>												
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	44,246	44,246	26,935	71,181
<b>Other comprehensive income</b>	<b>其他全面收入</b>												
Remeasurement of defined benefit obligations	重新計量定額福利責任	-	-	-	-	-	-	-	-	4,356	4,356	(1,866)	2,490
Change in fair value of financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產公平值變動	-	-	-	-	-	-	(204,233)	-	-	(204,233)	-	(204,233)
Exchange differences on translation to presentation currency	換算至列貨幣產生之匯兌差額	-	-	-	-	-	(87,574)	-	-	-	(87,574)	(3,308)	(91,282)
Share of exchange differences on translation of associates	應佔聯營公司匯兌差額	-	-	-	-	-	(108)	-	-	-	(108)	-	(108)
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>	-	-	-	-	-	(88,082)	(204,233)	-	48,602	(243,713)	21,761	(221,952)
Appropriation to statutory reserve	轉撥至法定儲備	-	-	-	-	2,669	-	-	-	(2,669)	-	-	-
<b>Balance at 31 December 2019</b>	<b>於二零一九年十二月三十一日之結餘</b>	<b>435,189</b>	<b>682,028</b>	<b>(12,711)</b>	<b>(15,300)</b>	<b>105,931</b>	<b>(274,314)</b>	<b>(77,049)</b>	<b>34,916</b>	<b>3,376,382</b>	<b>4,255,072</b>	<b>405,817</b>	<b>4,660,889</b>

\* These reserve accounts comprise the consolidated reserves of HK\$3,819,883,000 (2018: HK\$4,004,602,000) in the consolidated statement of financial position.

\* 該等儲備賬包括綜合財務狀況表內之綜合儲備3,819,883,000港元(二零一八年: 4,004,602,000港元)。

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

# 按公平值計入其他全面收入儲備之全部結餘均屬非結轉部分。

## CONSOLIDATED STATEMENT OF CASH FLOWS

### 綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Cash flows from operating activities</b>	<b>經營活動產生之現金流量</b>		
Profit before income tax	除所得稅前溢利	<b>142,637</b>	347,112
Adjustments for:	經調整：		
Depreciation and amortisation	折舊及攤銷	<b>174,866</b>	128,913
Provision and impairment losses	撥備及減值虧損	<b>34,829</b>	21,729
Net (surplus)/deficit on revaluation of investment properties	投資物業重估之(盈餘)/虧絀淨額	<b>(4,047)</b>	4,066
Share of profit of associates	應佔聯營公司溢利	<b>(17,675)</b>	(8,387)
Share of loss of joint ventures	應佔合營企業虧損	<b>1,343</b>	2,678
Interest income from non-banking business	非銀行業務之利息收入	<b>(4,257)</b>	(5,648)
Finance costs	財務費用	<b>95,320</b>	65,828
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備之(收益)/虧損	<b>(159)</b>	1,589
Fair value loss on early redemption of convertible bonds	提早贖回可換股債券之公平值虧損	-	978
Dividend income	股息收入	<b>(13,324)</b>	(12,413)
Operating profit before working capital changes	營運資金變動前之經營溢利	<b>409,533</b>	546,445
Decrease in due to clients	應付客戶款項減少	<b>(669,484)</b>	(1,692,930)
Increase in due from clients	應收客戶款項增加	<b>(447,716)</b>	(585,396)
Increase in due to banks	應付銀行款項增加	<b>13,461</b>	1,165
(Increase)/decrease in due from banks	應收銀行款項(增加)/減少	<b>(1,485,374)</b>	2,519,173
Decrease/(increase) in trade receivables	應收賬款減少/(增加)	<b>82,474</b>	(35,718)
Decrease in inventories	存貨減少	<b>19,647</b>	25,031
(Increase)/decrease in cash held on behalf of clients	代客戶持有之現金(增加)/減少	<b>(57,295)</b>	319
(Increase)/decrease in other assets	其他資產(增加)/減少	<b>(21,671)</b>	44,088
Increase in derivative financial assets	衍生金融資產增加	<b>(2,443)</b>	(3,134)
Increase/(decrease) in derivative financial liabilities	衍生金融負債增加/(減少)	<b>33,922</b>	(14,680)
Increase in trade payables	應付賬款增加	<b>86,965</b>	21,334
(Decrease)/increase in contract liabilities	合約負債(減少)/增加	<b>(12,204)</b>	32,335
(Increase)/decrease in trading portfolio investments	交易組合投資(增加)/減少	<b>(103,411)</b>	102,370
Decrease in other liabilities	其他負債減少	<b>(52,626)</b>	(41,566)
Cash (used in)/generated from operations	經營業務(所用)/產生之現金	<b>(2,206,222)</b>	918,836
Income tax paid	已付所得稅	<b>(82,739)</b>	(131,585)
<b>Net cash (used in)/generated from operating activities</b>	<b>經營業務(所用)/產生之現金淨額</b>	<b>(2,288,961)</b>	787,251
<b>Cash flows from investing activities</b>	<b>投資活動產生之現金流量</b>		
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	<b>20,112</b>	-
Dividends received	已收股息	<b>13,324</b>	12,413
(Increase)/decrease in other financial assets at amortised cost	按攤銷成本列賬之其他金融資產(增加)/減少	<b>(256,159)</b>	274,866
Purchase of property, plant and equipment	購買物業、廠房及設備	<b>(144,993)</b>	(113,030)
Increase in pledged bank deposits	已質押銀行存款增加	<b>(111,763)</b>	-
Increase in restricted bank deposits	受限制銀行存款增加	<b>(1,260)</b>	-
Interest received from non-banking business	非銀行業務之已收利息	<b>4,257</b>	5,648
Net cash outflow from acquisition of subsidiaries	收購附屬公司現金流出淨額	<b>-</b>	(348,495)
<b>Net cash used in investing activities</b>	<b>投資活動所用之現金淨額</b>	<b>(476,482)</b>	(168,598)

	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Cash flows from financing activities</b>	<b>融資活動產生之現金流量</b>		
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份所得款項	–	511
Proceeds from sales of repurchased corporate bonds	銷售購回公司債券之所得款項	–	27,566
Acquisition of non-controlling interests	收購非控股權益	49(b) (1,490)	(158,833)
Proceeds from partial disposal of subsidiaries without loss of control	部分出售附屬公司權益而不失去控制權之所得款項	49(a) 111,371	–
Transaction cost for equity transaction	權益交易的交易成本	49(a) (4,887)	–
Interest paid	已付利息	(84,024)	(63,990)
Proceeds from borrowings	借貸所得款項	1,479,128	710,999
Repayment of principal portion of the lease liabilities	償還租賃負債的本金部分	(37,480)	–
Repayment of borrowings	償還借貸	(866,520)	(188,285)
Dividends paid to the owners of the Company	向本公司擁有人派付股息	12 –	(261,113)
Dividends paid to non-controlling interests	向非控股權益派付股息	(31,255)	(56,536)
Reduce in investment from non-controlling interests	非控股權益投資減少	(389)	(2,041)
Decrease in subordinate debt	次級債務減少	–	(95,767)
Repayment of convertible bonds	償還可換股債券	–	(100,000)
Repayment of notes payable	償還應付票據	–	(100,000)
Repayment of corporate bonds	償還公司債券	(756,022)	–
Advances from a shareholder	來自一名股東之墊款	12,000	73,000
Repayment to a shareholder	償還一名股東款項	(73,000)	–
Advances from directors	來自董事之墊款	22,000	–
<b>Net cash used in financing activities</b>	<b>融資活動所用之現金淨額</b>	<b>(230,568)</b>	<b>(214,489)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>現金及現金等價物(減少)/增加淨額</b>	<b>(2,996,011)</b>	<b>404,164</b>
<b>Cash and cash equivalents at 1 January</b>	<b>於一月一日之現金及現金等價物</b>	<b>7,639,989</b>	<b>7,318,961</b>
<b>Effect of foreign exchange rate changes, net</b>	<b>匯率變動影響淨額</b>	<b>(12,276)</b>	<b>(83,136)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>於十二月三十一日之現金及現金等價物</b>	<b>4,631,702</b>	<b>7,639,989</b>
<b>Analysis of balances of cash and cash equivalents</b>	<b>現金及現金等價物結餘分析</b>		
<b>Cash and deposits</b>	<b>現金及存款</b>	<b>16 4,679,996</b>	<b>7,654,811</b>
<b>Bank overdrafts</b>	<b>銀行透支</b>	<b>36 (48,294)</b>	<b>(14,822)</b>
		<b>4,631,702</b>	<b>7,639,989</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

#### 1. GENERAL INFORMATION

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

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

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

In January 2019, the Group has disposed of 5,500,000 shares of Ernest Borel Holdings Limited and its subsidiaries (together “Ernest Borel Group”), which is a 82.5% owned subsidiary of the Group, at HK\$1.74 per share with the total consideration of HK\$9,570,000. In March 2019, the Group has further disposed of 58,506,515 shares of Ernest Borel Group at HK\$1.74 per share with the total consideration of HK\$101,801,000.

After the disposal of part of the shares of Ernest Borel Group, the Group still owned 64.08% equity share of Ernest Borel Group and the majority of the board members are approved by the Company. The disposal of the shares is accounted for as a transaction with non-controlling interests without losing control, the result on the disposal of the equity interests to non-controlling interests are recognised in the other reserve of the Group. Details of the aforementioned partial disposal of shares of Ernest Borel Group are set out in note 49(a) to the consolidated financial statements.

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

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

#### 1. 一般資料

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

年內，本公司及其附屬公司(統稱「本集團」)之主要業務包括：

- 鐘錶及時計產品製造及分銷；
- 物業投資；及
- 銀行及金融業務。

於二零一九年一月，本集團按每股1.74港元之價格出售5,500,000股依波路控股有限公司及其附屬公司(統稱「依波路集團」，本集團擁有82.5%權益的附屬公司)股份，總代價為9,570,000港元。於二零一九年三月，本集團按每股1.74港元之價格進一步出售58,506,515股依波路集團股份，總代價101,801,000港元。

出售部分依波路集團的股份後，本集團依然擁有依波路集團64.08%股份，本公司有權批准其大部分的董事會成員。出售股份被視為沒有失去控制權的與非控股權益的交易，向非控股權益出售權益產生的結果於本集團其他儲備內確認入賬。上述部分出售依波路集團股份的詳情載於綜合財務報表附註49(a)。

除上述交易外，年內本集團的營運並無其他重大變動。

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

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

### (a) Adoption of new or revised HKFRSSs – effective 1 January 2019

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the “new or revised HKFRSSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSSs 2015–2017 Cycle

## 2. 採納香港財務報告準則（「香港財務報告準則」）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效

於本年度，本集團首次應用以下由香港會計師公會（「香港會計師公會」）頒佈之新訂或經修訂之準則、修訂及詮釋（「新訂或經修訂香港財務報告準則」），該等準則與本集團於二零一九年一月一日開始之年度期間綜合財務報表相關及有效：

香港財務報告準則第16號	租賃
香港（國際財務報告詮釋委員會）—詮釋第23號	所得稅處理的不確定性
香港財務報告準則第9號	具有負補償之提前償付特徵的修訂
香港會計準則第19號	計劃修訂、縮減或結清的修訂
香港會計準則第28號的修訂	於聯營公司及合營企業的長期權益
香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號的修訂	香港財務報告準則二零一五年至二零一七年期年度改進

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies

This is the first set of the Group's financial statements in which HKFRS 16 has been adopted. The impacts of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact on the Group's accounting policies.

#### (i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“HKAS 17”), HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Interpretation 15 Operating Leases-Incentives and HK(SIC)-Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 January 2019. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application on 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動

此乃本集團首份採納香港財務報告準則第16號之財務報表。採納香港財務報告準則第16號租賃之影響已於下文概述。其他新訂或經修訂香港財務報告準則自二零一九年一月一日起生效，對本集團會計政策並無任何重大影響。

#### (i) 採納香港財務報告準則第16號之影響

香港財務報告準則第16號對租賃會計處理作出重大改動，主要圍繞租賃的入賬方式。其取代香港會計準則第17號「租賃」（「香港會計準則第17號」）、香港（國際財務報告詮釋委員會）—詮釋第4號「釐定安排是否包含租賃」、香港（常務詮釋委員會）—詮釋第15號「經營租賃—獎勵」及香港（常務詮釋委員會）—詮釋第27號「評估涉及租賃法律形式交易的實質」。就承租人而言，幾乎所有租賃於綜合財務狀況表內確認為使用權資產及租賃負債，除小部分相關資產為低價值或被釐定為短期租賃之租賃獲豁免遵循此原則。從出租人的角度看，其會計處理方式與香港會計準則第17號大致相同。有關香港財務報告準則第16號對租賃的新定義、其對本集團會計政策的影響及本集團採納香港財務報告準則第16號項下所允許之過渡方法的詳情，請參閱本附註第(ii)至(v)節。

本集團已使用累計影響法應用香港財務報告準則第16號，並按相等於租賃負債之金額確認使用權資產，就與緊接二零一九年一月一日前於綜合財務狀況表確認之該租賃相關之任何預付款項或應計租賃付款金額作出調整。於初始應用日期二零一九年一月一日，並無虧損性租賃合約須對使用權資產作出重大調整。於二零一八年呈列之比較資料並無獲重列，並繼續按香港財務報告準則第16號之過渡規定所允許，根據香港會計準則第17號及相關詮釋呈報。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (i) Impact of the adoption of HKFRS 16 (Continued)

The following table summarises the impact of the adoption of HKFRS 16 on the Group’s consolidated statement of financial position as at 1 January 2019:

	As at 31 December 2018 於二零一八年 十二月 三十一日 HK\$’000 千港元	HKFRS 16 Reclassification 香港財務報告 準則第16號 重新分類 HK\$’000 千港元	HKFRS 16 Contract Capitalisation 香港財務報告 準則第16號 合約資本化 HK\$’000 千港元	As at 1 January 2019 於二零一九年 一月一日 HK\$’000 千港元
<b>Assets:</b>				
Property, plant and equipment	1,036,736	47,605	90,627	1,174,968
Prepaid land lease payments	47,605	(47,605)	–	–
<b>Liabilities:</b>				
Lease liabilities	–	–	(90,627)	(90,627)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

Reconciliation of operating lease commitments to lease liabilities:

		HK\$’000 千港元
Operating lease commitments as at 31 December 2018	於二零一八年十二月三十一日之經營租賃承擔	112,456
Less: short term leases for which lease terms end within 31 December 2019	減：租賃期於二零一九年十二月三十一日或之前完結之短期租賃	(12,866)
Less: future interest expenses	減：日後利息開支	(8,963)
<b>Total lease liabilities as of 1 January 2019</b>	<b>於二零一九年一月一日之租賃負債總額</b>	<b>90,627</b>

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (i) 採納香港財務報告準則第16號之影響（續）

下表概述於二零一九年一月一日之本集團綜合財務狀況表內採納香港財務報告準則第16號之影響：

以下對賬闡述於二零一八年十二月三十一日根據香港會計準則第17號披露之經營租賃承擔如何與於二零一九年一月一日於綜合財務狀況表內確認在初始應用日期之租賃負債進行對賬：

經營租賃承擔與租賃負債之對賬：

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (i) Impact of the adoption of HKFRS 16 (Continued)

The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 5%.

Prepaid land lease payments in respect of the land use right in the PRC are currently recognised as right-of-use assets under HKFRS 16.

##### (ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group chooses to separate non-lease components from lease components and allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (i) 採納香港財務報告準則第16號之影響（續）

於二零一九年一月一日在綜合財務狀況表內確認之租賃負債所應用之承租人加權平均增量借款利率為5%。

中國土地使用權的預付土地租賃付款目前按香港財務報告準則第16號確認為使用權資產。

##### (ii) 租賃之新定義

根據香港財務報告準則第16號，租賃定義為轉讓一段期間之資產（相關資產）使用權以換取代價之合約或合約之一部分。當客戶於整個使用期擁有：(a) 自使用已識別資產取得絕大部分經濟利益之權利及(b) 指示已識別資產之用途之權利時，則合約已轉讓於一段時間內控制使用該已識別資產之權利。

就包含租賃部分及一項或以上額外租賃或非租賃部分之合約而言，承租人須按租賃部分之相對獨立價格以及非租賃部分之獨立價格總額之基準將合約內的代價分配至各租賃部分，除非承租人應用之可行權宜方法容許承租人按相關資產類別，選擇不將非租賃部分自租賃部分分開，而將各租賃部分及任何相聯非租賃部分入賬為單一租賃部分。

本集團選擇區分非租賃部分及租賃部分，並根據相對獨立價格將合約代價分配至租賃及非租賃部分。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised right-of-use assets and lease liabilities at the commencement date of a lease.

##### Right-of-use assets

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (iii) 作為承租人之會計處理方式

根據香港會計準則第17號，承租人須以出租人或承租人承擔及獲得租賃資產擁有權附帶的風險及回報的程度為基準，將租賃分類為經營租賃或融資租賃。倘租賃釐定為經營租賃，則承租人將根據經營租賃將租賃付款確認為租賃期開支。租賃項下之資產將不會於承租人之綜合財務狀況表內確認。

根據香港財務報告準則第16號，所有租賃（不論其為經營租賃或融資租賃）均須於綜合財務狀況表內資本化為使用權資產及租賃負債，惟香港財務報告準則第16號為實體提供會計政策選項，以選擇不資本化(i)為短期租賃之租賃及／或(ii)相關資產為低價值之租賃。本集團已選擇不對低價值資產及租賃期於開始日期為少於12個月之租賃確認使用權資產及租賃負債。與該等租賃相關之租賃付款已於租賃期按直線法支銷。

本集團於租賃開始日期確認使用權資產及租賃負債。

##### 使用權資產

使用權資產應按成本確認及將包括：(i)租賃負債之初始計量金額（見下文將租賃負債入賬之會計政策）；(ii)於開始日期或之前作出之任何租賃付款，減已收取之任何租賃獎勵；(iii)承租人產生之任何初始直接成本及(iv)承租人於拆除及移除相關資產至租賃條款及條件所規定之狀況時將予產生之估計成本（除非該等成本乃為製造存貨而產生）。本集團按成本計量使用權資產，並減去任何累計折舊及任何減值虧損以及就租賃負債之任何重新計量進行調整。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (iii) Accounting as a lessee (Continued)

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these assets.

##### Lease liabilities

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liabilities; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (iii) 作為承租人之會計處理方式（續）

就本集團而言，持作租賃或資本升值用途的租賃土地及樓宇應繼續根據香港會計準則第40號入賬及應按公平值列賬。因此，採納香港財務報告準則第16號不會對該等資產造成任何重大影響。

##### 租賃負債

租賃負債應按於租賃開始日期尚未支付之租賃付款之現值確認。倘能夠釐定租賃隱含之利率，則租賃付款須使用該利率貼現。倘未能釐定該利率，本集團將使用本集團之增量借款利率。

以下並無於租賃開始日期付款之於租賃期之相關資產之使用權付款被視為租賃付款：(i) 定額付款減應收之任何租賃獎勵；(ii) 取決於指數或利率之可變租賃付款，初始使用於開始日期之指數或利率計量；(iii) 預期由承租人根據剩餘價值擔保應付之金額；(iv) 購買選擇權之行使價（倘承租人合理確定行使該選擇權）及(v) 支付終止租賃的罰款（倘租賃期反映承租人行使選擇權終止租賃）。

於開始日期後，承租人須透過以下各項計量租賃負債：(i) 增加賬面值以反映租賃負債之利率；(ii) 減少賬面值以反映所作出之租賃付款；及(iii) 重新計量賬面值以反映任何重新評估或租賃修訂，如指數或利率變動產生之未來租賃付款變動、租賃期變動、實質定額租賃付款變動或購買相關資產評估之變動。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (iv) Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

##### (v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 January 2019. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application on 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 1 January 2019.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (iv) 作為出租人之會計處理方式

本集團將投資物業出租予多名租客。由於與香港會計準則第17號的規定相比，香港財務報告準則第16號關於出租人的會計處理方式大致保持不變，採納香港財務報告準則第16號對綜合財務報表並無重大影響。

##### (v) 過渡

誠如上文所述，本集團已使用累計影響法應用香港財務報告準則第16號，並按相等於租賃負債之金額確認使用權資產，就緊接二零一九年一月一日於綜合財務狀況表確認之該租賃相關之任何預付或應計租賃付款金額作出調整。於初始應用日期二零一九年一月一日，並無虧損性租賃合約須對使用權資產作出重大調整。於二零一八年呈列之比較資料並無獲重列，並繼續按香港財務報告準則第16號之過渡規定所允許，根據香港會計準則第17號及相關詮釋呈報。

本集團已於二零一九年一月一日就先前根據香港會計準則第17號分類為經營租賃之租賃確認租賃負債，以及按餘下租賃付款之現值計量該等租賃負債，並使用於二零一九年一月一日之承租人增量借款利率貼現。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSSs – effective 1 January 2019 (Continued)

#### Changes in accounting policies (Continued)

##### (v) Transition (Continued)

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases.

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

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 會計政策變動（續）

##### (v) 過渡（續）

本集團已選擇於二零一九年一月一日就先前根據香港會計準則第17號分類為經營租賃之租賃確認所有使用權資產，猶如香港財務報告準則第16號自開始日期起已獲應用，惟使用於初始應用日期之承租人增量借款利率貼現。就所有該等使用權資產而言，本集團已於二零一九年一月一日應用香港會計準則第36號「資產減值」以評估於該日期是否存在任何減值。

本集團亦已應用以下可行權宜方法：(i) 對具有合理相似特徵之租賃組合應用單一貼現率；及(ii) 應用豁免不就租期將自初始應用日期（二零一九年一月一日）起12個月內完結之租賃確認使用權資產及租賃負債，並將該等租賃入賬為短期租賃。

#### 香港（國際財務報告詮釋委員會）—詮釋第23號—所得稅處理之不確定因素

該詮釋透過就如何反映所得稅會計處理涉及之不確定性因素之影響提供指引，為香港會計準則第12號「所得稅」之規定提供支持。根據該詮釋，實體須釐定分開或集中考慮各項不確定稅項處理，以更準確預測不確定性因素之解決方法。實體亦須假設稅務機關將會查驗其有權查驗之金額，並在作出上述查驗時全面知悉所有相關資料。如實體釐定稅務機關可能會接受一項不確定稅項處理，則實體應按與其稅務申報相同方式計量即期及遞延稅項。倘實體釐定稅務機關不可能會接受一項不確定稅項處理，則採用「最可能金額」或「預期值」兩個方法中能更準確預測不確定性因素解決方式之方法，以反映釐定稅項涉及之不確定性因素。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

#### Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

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

#### Amendments to HKAS 19 – Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

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

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

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

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

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則 – 於二零一九年一月一日生效（續）

#### 香港財務報告準則第9號之修訂 – 具有負補償之預付特性

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

#### 香港會計準則第19號之修訂 – 計劃修訂、縮減或結算

該等修訂澄清修訂、縮減或結算界定福利計劃時，公司應使用更新精算假設以釐定其當期服務成本及期內淨利息。此外，在計算任何該計劃的結算收益或虧損時，不考慮資產上限成本的影響，並在其他全面收入中單獨處理。

#### 香港會計準則第28號之修訂 – 於聯營公司及合營企業之長期權益

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

香港財務報告準則二零一五年至二零一七年週期之年度改進 – 香港財務報告準則第3號之修訂，業務合併根據年度改進過程頒佈之該等修訂對現時並不明確之多項準則作出微細及非急切修改。其中包括對香港財務報告準則第3號之修訂，釐清當於業務的一名聯合經營者取得聯合經營的控制權時，則該業務合併已分階段達成，故此先前持有之股權應重新計量為其收購日期之公平值。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

### (a) Adoption of new or revised HKFRSs – effective 1 January 2019 (Continued)

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

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

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

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

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

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

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂香港財務報告準則—於二零一九年一月一日生效（續）

#### 香港財務報告準則二零一五年至二零一七年週期之年度改進—香港財務報告準則第11號之修訂，合營安排

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

#### 香港財務報告準則二零一五年至二零一七年週期之年度改進—香港會計準則第12號之修訂，所得稅

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

#### 香港財務報告準則二零一五年至二零一七年週期之年度改進—香港會計準則第23號之修訂，借貸成本

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

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

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

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

Amendments to HKFRS 3	Definition of a Business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Revised Conceptual Framework HKFRS 17	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
Amendments to HKFRS 10 and HKAS28	Insurance Contracts <sup>2</sup> Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

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

### Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (b) 已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早採納以下可能與本集團綜合財務報表有關的已頒佈但尚未生效的新增及經修訂香港財務報告準則。

香港財務報告準則第3號之修訂	一項業務的定義 <sup>1</sup>
香港會計準則第1號及香港會計準則第8號之修訂	重大的定義 <sup>1</sup>
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂	利率基準改革 <sup>1</sup>
經修訂概念框架	財務報告的經修訂概念框架 <sup>1</sup>
香港財務報告準則第17號	保險合約 <sup>2</sup>
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或貢獻 <sup>3</sup>

<sup>1</sup> 於二零二零年一月一日或以後開始之年度期間生效

<sup>2</sup> 於二零二一年一月一日或以後開始之年度期間生效

<sup>3</sup> 該等修訂原擬於二零一七年一月一日或之後開始之期間生效。該生效日期現已被延後／解除，惟仍可繼續申請提早應用該等修訂。

### 香港財務報告準則第3號之修訂 — 一項業務的定義

該等修訂澄清業務必須包括至少一項投入和一個實質性過程，而這些過程對共同創造產出的能力有很大的貢獻，以及按「實質性過程」就涵義提供廣泛的指引。

此外，該等修訂移除市場參與者是否有能力取代任何缺失的投入或過程及持續輸出的評估，但收窄「產出」和「業務」的定義，以專注於向客戶出售貨品和服務的回報，而非降低成本。

加入選擇性的集中度測試，簡化所收購的一組活動和資產是否屬於業務的評估。

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

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

#### Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

#### Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

#### Revised Conceptual Framework – Revised Conceptual Framework for Financial Reporting

The Revised Conceptual Framework for Financial Reporting supersedes the version that was issued in 2010 and is the equivalent of the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board. The revised framework includes: (i) new chapters on measurement and reporting financial performance; (ii) new guidance on derecognition of assets and liabilities; (iii) updated definitions of asset and liability; and (iv) clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

#### HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

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

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

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

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (b) 已頒佈但尚未生效的新訂及經修訂香港財務報告準則（續）

#### 香港會計準則第1號及香港會計準則第8號之修訂 – 重大的定義

該等修訂澄清「重大」的定義及解釋，統一了所有香港財務報告準則及概念框架間的定義，並將香港會計準則第1號中的支持規定納入定義。

#### 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂 – 利率基準改革

該等修訂修改若干特定對沖會計規定，以就利率基準改革導致的不確定因素之潛在影響提供補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。

#### 經修訂概念框架 – 財務報告的經修訂概念框架

財務報告的經修訂概念框架取代二零一零年頒佈的版本，相當於國際會計準則委員會公佈的財務報告的概念框架。經修訂框架包括：(i) 計量及呈報財務表現的新章節；(ii) 取消確認資產及負債的新指引；(iii) 資產及負債的定義更新；及(iv) 釐清財務報告過程中的財產管理、審慎及不確定性計量功能。

#### 香港財務報告準則第17號 – 保險合約

香港財務報告準則第17號將取代香港財務報告準則第4號，作為於該等合約的發行人之財務報表內確認、計量、呈列及披露保險合約的單一原則標準。

#### 香港財務報告準則第10號及香港會計準則第28號之修訂 – 投資者與其聯營公司或合營企業之間之資產出售或注資

該等修訂釐清實體向其聯營公司或合營企業出售或注入資產時將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易不涉及構成一項業務的資產，則僅須就無關投資者於合營企業或聯營公司之權益確認收益或虧損。

本集團正在評估於初步採納該等新訂或經修訂香港財務報告準則之潛在影響。

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

#### 3.2 Historical cost convention

The consolidated financial statements have been prepared under historical cost basis except for investment properties and certain financial instruments, which are measured at fair value.

#### 3.3 Going concern basis

As at 31 December 2019, one of the financial covenants as stipulated in the relevant agreements in respect of borrowings with outstanding principal of approximately HK\$973,702,000 was not satisfied. Accordingly, from accounting perspective, the aforesaid borrowings would be regarded as immediately due and payable should the lenders exercise their rights under the agreements. The relevant banks have granted waivers to the Group in respect of the unsatisfied financial covenants before the date of authorisation of the financial statements.

In view of such circumstances, the directors of the Company have performed a due and careful assessment on the Group's future liquidity and financial performance, and also considered its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company opined that, taking into account of (i) the relevant banks have granted waivers to the Group and (ii) the available unutilised banking facilities available for providing additional working capital to the Group as and when necessary, the Group will have sufficient working capital to finance its operations and to meet its financial obligations that will be due within next twelve months from 31 December 2019. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 3. 編製基準

#### 3.1 合規聲明

綜合財務報表乃根據香港會計師公會頒佈之所有適用個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（以下統稱「香港財務報告準則」）編製。綜合財務報表亦包括香港公司條例及香港聯合交易所有限公司證券上市規則（「上市規則」）之披露規定。

#### 3.2 歷史成本法

綜合財務報表乃根據歷史成本法編製，惟投資物業及若干金融工具則按公平值計量。

#### 3.3 持續經營基準

於二零一九年十二月三十一日，本集團未能達到部份銀行借貸有關協議當中一項財務約定事項，有關借款的未償還本金約為973,702,000港元。因此，從會計角度，倘貸款人根據協議行使權利，該筆借貸可被視為即時到期。於本財務報表獲批准刊發前，有關銀行已就未達成的財務約定事項向本集團授予豁免。

鑒於上述情況，本公司董事在評估本集團是否有足夠財務資源按持續經營基準營運時，已進行適當而認真的評估本集團的未來的流動性和財務表現，以及考慮可動用的財務資源。考慮到(i)本集團已獲授予豁免，以及(ii)本集團可用而未動用的銀行借貸額度可提供額外營運資金，本公司董事認為本集團擁有充足的營運資金，可滿足由二零一九年十二月三十一日起十二個月的經營所需並履行到期財務責任。因此，綜合財務報表是按持續經營基準編制。

### 3. BASIS OF PREPARATION(CONTINUED)

#### 3.4 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group’s previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

### 3. 編製基準(續)

#### 3.4 功能及呈列貨幣

綜合財務報表以本公司功能貨幣港元(「港元」)呈列，除另有指明外，所有金額均已約整至最接近千位數(「千港元」)。

### 4. 主要會計政策

#### 4.1 業務合併及綜合基準

綜合財務報表包括本公司及其附屬公司之財務報表。集團內公司間交易及結餘連同未變現溢利於編製綜合財務報表時全數對銷。未變現虧損亦可對銷，惟有關交易可證明所轉讓資產出現減值除外，於該情況下，虧損於溢利或虧損確認。

年內所收購或出售附屬公司之業績自收購生效日期起或直至出售生效日期為止(視適用情況而定)計入綜合全面收入表。倘有必要，將對附屬公司之財務報表作出調整，以令其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務採用收購法列賬。一項收購之成本乃按所轉讓資產、所產生負債及本集團(作為收購方)發行之股權於收購當日之公平值總額計量。所收購可識別資產及所承擔負債則主要按收購當日公平值計量。本集團先前所持被收購方之股權以收購當日公平值重新計量，而所產生之收益或虧損則於溢利或虧損內確認。本集團可按逐筆交易基準選擇以被收購方之可識別資產淨值公平值或應佔比例計算代表於該附屬公司現有擁有權權益之非控股權益。除香港財務報告準則規定須使用另一計量基準外，所有其他非控股權益均按公平值計量。所產生之收購相關成本列作開支，惟於發行股本工具時產生之成本除外，在此情況下，成本於權益中扣除。

收購方將予轉讓之任何或然代價均按收購日期之公平值確認。倘其後代價調整僅於計量期間(最長為自收購日期起計12個月)內取得有關收購日期公平值新資料時產生，則於商譽確認。分類為資產或負債之或然代價所有其他其後調整均於溢利或虧損中確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.1 Business combination and basis of consolidation (Continued)

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests is the amount of those interests at initial recognition plus such non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

## 4. 主要會計政策 (續)

### 4.1 業務合併及綜合基準 (續)

收購日期為二零一零年一月一日 (即本集團首次應用香港財務報告準則第3號 (二零零八年) 之日) 前之業務合併所產生之或然代價結餘, 已根據該準則之過渡規定入賬。有關結餘於首次應用該準則時並未作出調整。其後對有關代價估計之修訂被視為對該等業務合併成本之調整, 並確認為商譽之一部分。

本集團於附屬公司之權益變動 (並無導致失去控制權) 列作權益交易入賬。本集團之權益與非控股權益之賬面值均予以調整, 以反映其於附屬公司之相對權益變動。非控股權益之調整金額與已支付或收取代價公平值之間之任何差額, 均直接於權益中確認, 並歸屬於本公司擁有人。

倘本集團失去附屬公司之控制權, 出售溢利或虧損乃按下列兩者之差額計算: (i) 所收取代價之公平值與任何保留權益之公平值總額, 與 (ii) 該附屬公司之資產 (包括商譽) 及負債與任何非控股權益過往之賬面值。先前就該附屬公司於其他全面收入確認之款額按出售相關資產或負債時所規定之相同方式列賬。

收購後, 代表現有擁有權益之非控股權益賬面值為該等權益於初步確認時之款額另加有關非控股權益應佔權益其後變動之部分。即使會導致非控股權益出現虧絀結餘, 全面收入總額仍歸屬於有關非控股權益。

### 4.2 附屬公司

附屬公司指本公司可對其行使控制權之被投資方。倘下列三項因素全部存在, 則本公司控制被投資方: 對被投資方擁有權力、就被投資方可變回報承受風險或享有權利及能夠運用其權力影響該等可變回報。當事實及情況顯示任何該等控制權因素可能發生變動, 則會重新評估控制權。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.2 Subsidiaries (Continued)

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### 4.3 Structured entities

The collective investment instruments of the Group are structured entities as defined under HKFRS 12. If the Group operates such an investment instrument acting as an agent primarily in the interests of investors, this structured entity is not consolidated. Investments in such investment instruments held by the Group are recognised as financial instruments. If the Group acts as principal primarily in its own interests, the investment instrument is consolidated.

### 4.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets. Accounting policies on impairment of interests in associates are described in note 4.7 below.

## 4. 主要會計政策 (續)

### 4.2 附屬公司 (續)

於本公司之財務狀況表中，於附屬公司之投資按成本減任何減值虧損（如有）列賬。本公司按已收或應收股息將附屬公司業績入賬。

### 4.3 結構實體

本集團集體投資工具為香港財務報告準則第12號所界定之結構實體。倘本集團主要為投資者之利益充當代理人經營該投資工具，則本結構實體不予綜合入賬。本集團持有於該投資工具之投資確認為金融工具。倘本集團主要為其自身利益作為當事人行事，則投資工具綜合入賬。

### 4.4 聯營公司

聯營公司為本集團可對其行使重大影響力，且並非附屬公司或共同安排之實體。重大影響力指參與被投資方之財務及經營政策決定，但並非對該等政策實施控制或共同控制之權力。

本集團以權益會計法將聯營公司入賬，初步按成本確認，其後按本集團應佔聯營公司之資產淨值於收購後之變動調整其賬面值。惟數額超出本集團於聯營公司權益之虧損不予確認，除非本集團有責任彌補該等虧損。

本集團與其聯營公司之間進行交易產生之溢利或虧損僅以聯營公司之無關投資者權益確認。投資者因進行該等交易而分佔聯營公司之溢利及虧損與聯營公司賬面值對銷。當未變現虧損有證據顯示已轉讓資產減值，則即時於溢利或虧損確認。

任何就聯營公司支付之溢價高於本集團應佔所收購可識別資產、負債及或然負債公平值之差額會撥充資本，並於聯營公司賬面值入賬。倘有客觀證據表明於聯營公司之投資已減值，則有關投資賬面值按與其他非金融資產相同之方式測試減值。有關於聯營公司權益減值之會計政策載於下文附註4.7。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.5 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

### 4.6 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired. The consideration transferred is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group.

## 4. 主要會計政策 (續)

### 4.5 合營安排

倘合約安排賦予本集團及至少一名其他訂約方對安排之相關活動之共同控制權時，則本集團為合營安排之訂約方。共同控制權乃根據與附屬公司控制權之相同原則予以評估。

本集團將其於合營安排之權益分類為：

- 合營企業：本集團僅對合營安排之資產淨值擁有權利；或
- 合營業務：本集團對合營安排之資產擁有權利並有責任承擔合營安排之負債。

評估於合營安排之權益之分類時，本集團會考慮：

- 合營安排之結構；
- 透過獨立工具組織之合營安排之法律形式；
- 合營安排協議之合約條款；及
- 任何其他事實及情況（包括任何其他合約安排）。

任何就合營企業投資支付之溢價高於本集團應佔所收購可識別資產、負債及或然負債公平值之差額會撥充資本，並於合營企業投資賬面值入賬。倘有客觀證據表明於合營企業之投資已減值，則有關投資賬面值按與其他非金融資產相同之方式測試減值。

### 4.6 商譽

商譽初始按成本確認，即所轉讓代價與就非控制權益確認之款項總額超出所收購可識別資產、負債及或然負債公平值之部分。轉讓代價按本集團於交換日期所給予資產、所招致或所承擔負債及所發行股本工具之合計公平值計量。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.6 Goodwill (Continued)

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units that are expected to benefit from the synergies of the acquisition. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash generating unit ("CGU") to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

## 4. 主要會計政策 (續)

### 4.6 商譽 (續)

倘可識別資產、負債及或然負債之公平值高於所付代價之公平值，收購中任何非控股權益之金額及收購方先前持有之收購股權於收購當日之公平值，則超出部分於重估後在收購日期之溢利或虧損中確認。

商譽按成本扣除累計減值虧損計量。就減值測試而言，收購產生之商譽分配至預期會受惠於收購協同效益之各相關現金產生單位。現金產生單位為資產之最小可識別組別，該組別產生之現金流入在很大程度上獨立於其他資產或資產組別之現金流入。獲分配商譽之現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值測試。

於某個財政年度之收購所產生之商譽而言，獲分配商譽之現金產生單位（「現金產生單位」）於該財政年度完結前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值，則會先分配減值虧損以減少該單位獲分配之任何商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。然而，分配至各資產之虧損不會將個人資產賬面值減至低於其公平值減出售成本（如可計量）或其使用價值（如可釐定），以較高者為準。商譽之任何減值虧損於溢利或虧損內確認，於往後期間不予撥回。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.7 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets; and
- interests in subsidiaries, associates and joint ventures.

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (note 4.6), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

## 4. 主要會計政策 (續)

### 4.7 非金融資產減值

於各報告期末，本集團審閱下列資產之賬面值以釐定是否有任何跡象顯示該等資產出現減值虧損或過往確認之減值虧損不再出現或可能已有所減少：

- 物業、廠房及設備；
- 無形資產；及
- 於附屬公司、聯營公司及合營企業之權益。

倘預計資產之可收回金額(即公平值減出售成本與使用價值之較高者)低於其賬面值，則該資產之賬面值將減至其可收回金額。減值虧損即時於溢利或虧損中確認，除非相關資產根據另一香港財務報告準則以重估金額計值，在此情況下，減值虧損則根據該香港財務報告準則被視為重估減少。

當減值虧損於其後撥回，該資產之賬面值乃增加至其可收回金額修訂後之估計數額，惟增加之賬面值不可超出於過往年度未就該資產確認減值虧損原應釐定之賬面值。減值虧損撥回即時於溢利或虧損中確認。

使用價值乃基於預期從該資產或現金產生單位(附註4.6)產生之估計未來現金流量，採用反映貨幣時間價值及該資產或現金產生單位特定風險之當前市場評估之稅前貼現率而貼現至現值。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.8 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 4. 主要會計政策 (續)

### 4.8 關連人士

- (a) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
- (i) 控制或共同控制本集團；
  - (ii) 對本集團有重大影響力；或
  - (iii) 為本集團或本公司母公司之主要管理層成員。
- (b) 倘符合下列任何條件，即實體與本集團有關連：
- (i) 實體與本集團同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
  - (ii) 一間實體為另一實體之聯營公司或合營企業（或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業）。
  - (iii) 兩間實體均為同一第三方之合營企業。
  - (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
  - (v) 實體為本集團或與本集團有關連之實體就僱員福利設立之離職福利計劃。
  - (vi) 實體受(a)項所識別人士控制或共同控制。
  - (vii) 於(a)(i)項所識別人士對實體有重大影響力或屬該實體（或該實體之母公司）主要管理層成員。
  - (viii) 實體或其所屬集團之任何成員公司向本集團或本集團母公司提供主要管理人員服務。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.8 Related parties (Continued)

(b) (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### 4.9 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the buildings could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment, other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any identified impairment.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

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

## 4. 主要會計政策 (續)

### 4.8 關連人士 (續)

(b) (續)

某一人士之近親指預期可影響該人士與實體進行買賣或於買賣時受該人士影響之有關家屬成員，並包括：

- (i) 該名人士之子女及配偶或家庭夥伴；
- (ii) 該名人士之配偶或家庭夥伴之子女；及
- (iii) 該名人士或該名人士之配偶或家庭夥伴之受養人。

### 4.9 物業、廠房及設備

於租賃土地上持作自用之樓宇，倘其公平值可與租約開始時租賃土地之公平值分開計算，則連同其他廠房及設備項目（在建工程（「在建工程」）除外）按收購成本減累計折舊及任何可識別減值後列賬。

資產成本包括其購買價及任何使其投入擬定用途之運作狀況及地點之直接應佔成本。

其後成本僅在項目相關之未來經濟利益可能流入本集團及能夠可靠計量項目成本時，在適當情況下入賬資產賬面值或確認為獨立資產。重置部分之賬面值取消確認。所有其他維修及保養成本，均於產生年度於溢利或虧損確認為開支。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.9 Property, plant and equipment (Continued)

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Right-of-use assets	Over the terms of the leases or estimated useful life ranging between 3 to 50 years, whichever is shorter
Buildings	Over the terms of the leases or estimated useful life, ranging between 10 years and 50 years, whichever is shorter
Leasehold improvements	Over the terms of the leases, or estimated useful life of 5 years, whichever is shorter
Plant and machinery	6% to 20%
Furniture, fixtures and office equipment	6% to 50%
Motor vehicles	9% to 30%

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

CIP, which mainly represents renovation work on buildings and installation of machinery, is stated at cost less any impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of CIP until it is completed and ready for its intended use.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 4.10 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

## 4. 主要會計政策 (續)

### 4.9 物業、廠房及設備 (續)

折舊按估計可使用年期以直線法撇銷成本減估計剩餘價值計算，年率如下：

使用權資產	租賃年期或估計可使用年期(一般介乎3年至50年間)，以較短者為準
樓宇	租賃年期或估計可使用年期(一般介乎10年至50年間)，以較短者為準
租賃物業裝修	租賃年期或估計可使用年期5年，以較短者為準
廠房及機器	6%至20%
傢具、裝置及辦公室設備	6%至50%
汽車	9%至30%

資產估計可使用年期、估計剩餘價值及折舊方法於各報告期末檢討及視適當情況調整。

在建工程主要指樓宇翻新工程以及機器安裝，按成本減任何減值虧損列賬。成本包括於建造、安裝及測試期間產生之直接成本。當使資產投入擬定用途所必須之絕大部分準備工作完成時，在建工程會重新分類至物業、廠房及設備之適當組別。在建工程於完成及準備作擬定用途前，毋須計提折舊撥備。

廢棄或出售時所產生之收益或虧損按銷售所得款項淨額與資產賬面值之差額釐定，並於溢利或虧損確認。

### 4.10 投資物業

投資物業指就賺取租金收入及／或資本增值而擁有或以租賃權益持有之土地及／或樓宇。

倘本集團以經營租約持有物業權益以賺取租金收入及／或為了資本增值，有關權益會以每項物業為基準分類及入賬為投資物業。任何分類為投資物業之有關物業權益會按以融資租賃持有者入賬。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.10 Investment properties (Continued)

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either change in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

### 4.11A Leasing (accounting policies applied from 1 January 2019)

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### Right-of-use assets

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

## 4. 主要會計政策 (續)

### 4.10 投資物業 (續)

於初步確認時，投資物業按成本計量，包括任何直接應佔開支。於初步確認後，投資物業按公平值列賬。公平值由具足夠資歷之外聘專業估值師就投資物業之所在地及性質釐定。於綜合財務狀況表確認之賬面值反映於報告日之當時市況。

投資物業公平值變動或銷售產生之收益或虧損於產生期間計入溢利或虧損。

### 4.11A 租賃 (自二零一九年一月一日起適用的會計政策)

所有租賃 (不論其為經營租賃或融資租賃) 均須於財務狀況表內資本化為使用權資產及租賃負債，惟實體擁有會計政策選項，以選擇不資本化 (i) 為短期租賃之租賃及／或 (ii) 相關資產為低價值之租賃。本集團已選擇不對低價值資產及租賃期於開始日期為少於 12 個月之租賃確認使用權資產及租賃負債。與該等租賃相關之租賃付款已於租賃期按直線法支銷。

#### 使用權資產

使用權資產應按成本確認及將包括：(i) 租賃負債之初始計量金額 (見下文將租賃負債入賬之會計政策)；(ii) 於開始日期或之前作出之任何租賃付款，減已收取之任何租賃獎勵；(iii) 承租人產生之任何初始直接成本及 (iv) 承租人於拆除及移除相關資產至租賃條款及條件所規定之狀況時將予產生之估計成本 (除非該等成本乃為製造存貨而產生)。除符合投資物業定義的使用權資產或本集團應用重估模型的物業、廠房及設備類別外，本集團應用成本模型計量使用權資產。根據成本模型，本集團按成本計量使用權，並減去任何累計折舊及任何減值虧損以及就租賃負債之任何重新計量進行調整。符合投資物業定義的使用權資產按公平值入賬。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.11A Leasing (accounting policies applied from 1 January 2019) (Continued)

#### Right-of-use assets (Continued)

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at fair value.

#### Lease liabilities

The lease liabilities are recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liabilities; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

#### Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

## 4. 主要會計政策 (續)

### 4.11A 租賃 (自二零一九年一月一日起適用的會計政策) (續)

#### 使用權資產 (續)

本集團將持作租賃或資本升值用途的租賃土地及樓宇根據香港會計準則第40號入賬及按公平值列賬。

#### 租賃負債

租賃負債應按於租賃開始日期尚未支付之租賃付款之現值確認。倘能夠釐定租賃隱含之利率，則租賃付款須使用該利率貼現。倘未能釐定該利率，本集團將使用本集團之增量借款利率。

以下並無於租賃開始日期付款之於租賃期之相關資產之使用權付款被視為租賃付款：(i) 定額付款減應收之任何租賃獎勵；(ii) 取決於指數或利率之可變租賃付款，初始使用於開始日期之指數或利率計量；(iii) 預期由承租人根據剩餘價值擔保應付之金額；(iv) 購買選擇權之行使價（倘承租人合理確定行使該選擇權）及(v) 支付終止租賃的罰款（倘租賃期反映承租人行使選擇權終止租賃）。

於開始日期後，承租人須透過以下各項計量租賃負債：(i) 增加賬面值以反映租賃負債之利率；(ii) 減少賬面值以反映所作出之租賃付款；及(iii) 重新計量賬面值以反映任何重新評估或租賃修訂，如指數或利率變動產生之未來租賃付款變動、租賃期變動、實質定額租賃付款變動或購買相關資產評估之變動。

#### 作為出租人之會計處理方式

本集團將投資物業出租予多名租客。來自經營租賃之租金收入於有關租期按直線法於溢利或虧損確認。於磋商及安排一項經營租約引起之初期直接成本乃加於租約資產之賬面值上，並於租期以直線法確認作開支。

當本集團作為出租人，其於租賃開始時釐定各租賃屬於融資租賃或經營租賃。當租賃條款將有關資產擁有權之絕大部分風險及回報轉讓予承租人時，該租賃乃分類為融資租賃。否則，該租賃分類為經營租賃。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.11A Leasing (accounting policies applied from 1 January 2019) (Continued)

#### Accounting as a lessor (Continued)

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption, then the Group classifies the sub-lease as an operating lease.

### 4.11B Leasing (accounting policies applied until 31 December 2018)

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

#### (i) The Group as lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the year in which they are incurred.

Where the Group acquires the use of assets under finance lease, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Subsequent accounting for assets under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals charged to profit or loss in the accounting period in which they are incurred.

## 4. 主要會計政策 (續)

### 4.11A 租賃 (自二零一九年一月一日起適用的會計政策) (續)

#### 作為出租人之會計處理方式 (續)

當本集團作為中間出租人，分租賃參考主租賃的使用權資產分類為融資租賃或經營租賃。倘主租賃為本集團應用豁免的短期租賃，本集團將分租賃分類為經營租賃。

### 4.11B 租賃 (二零一八年十二月三十一日前適用的會計政策)

倘本集團釐定有關安排於協定期限內將特定資產使用權出讓以換取一筆或一連串付款，則包含一項交易或連串交易之安排則屬於或包括一項租約。該項釐定乃基於安排內容之評估而作出，而不論該項安排是否採取租約之法律形式。

#### (i) 本集團作為承租人

擁有權絕大部分風險及回報並無轉移至本集團之租約分類為經營租約。倘若本集團以經營租約持有資產使用權，根據租約作出之付款將於租期內採用直線法自溢利或虧損扣除，惟倘有另一種更能反映租賃資產產生利益之時間模式之基準除外。所獲租賃減免在溢利或虧損確認為已付淨租金總額一部分。或然租金將於其產生之年度自溢利或虧損扣除。

本集團以融資租賃收購資產之使用權，則代表租賃資產公平值款額或(如為較低者)該資產最低租賃付款之現值計入固定資產，而相關負債(扣除融資費用)入賬列作融資租賃承擔。根據融資租賃協議持有之資產後續會計處理與類似購入資產所應用者相一致。相應融資租賃負債會按租賃付款減融資費用扣除。

租賃付款內含之融資費用在租賃期扣自溢利或虧損，使各會計期間之融資費用佔承擔餘額比率大致相同。或然租金將於其產生之會計期間自溢利或虧損扣除。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.11B Leasing (accounting policies applied until 31 December 2018) (Continued)

#### (ii) The Group as lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

Rental income receivable from operating leases is recognised in profit or loss on the straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned.

#### (iii) Prepaid land lease payments

Prepaid land lease payments are up-front payments to acquire the long-term interests in usage of land on which the buildings are situated. These payments are stated at cost less accumulated amortisation and any impairment loss. Amortisation is calculated using straight-line method over the respective lease terms.

### 4.12 Intangible assets

#### (i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss.

Supplier and distribution networks	10 years
Brand names	10 years
Patents	10 years

Intangible assets with indefinite useful lives shall not be amortised. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

## 4. 主要會計政策 (續)

### 4.11B 租賃 (二零一八年十二月三十一日前適用的會計政策) (續)

#### (ii) 本集團作為出租人

經營租約項下之出租資產根據資產之性質計量及呈列。於協商及安排經營租約時所產生之初步直接成本計入租賃資產之賬面值，並於租期內以與租金收入相同之基準確認為開支。

來自經營租約之應收租金收入於租賃期間按直線法於溢利或虧損確認，除非有其他基準更能反映來自使用租賃資產利益之模式。所獲租賃減免在溢利或虧損確認為應收淨租金總額之一部分。

或然租金在其賺取之會計期間確認為收入。

#### (iii) 預付土地租賃款項

預付土地租賃款項為收購樓宇所在土地使用長期權益支付之首筆付款。該等付款按成本減累計攤銷及任何減值虧損列賬。攤銷採用直線法於相關租賃期內計算。

### 4.12 無形資產

#### (i) 已收購無形資產

獨立收購之無形資產初步以成本確認。於業務合併中收購之無形資產成本為收購日期之公平值。其後，可使用年期有限之無形資產以成本減累計攤銷及累計減值虧損列賬。

攤銷按直線法於以下可使用年期作出撥備。攤銷費用於溢利或虧損確認。

供應商及分銷網絡	10年
品牌名稱	10年
專利權	10年

具無限可使用年期之無形資產毋須作攤銷。具無限可使用年期之無形資產按成本減任何累計減值虧損列賬。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.12 Intangible assets (Continued)

#### (ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

#### (iii) Impairment

Intangible assets with definite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (note 4.7).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

## 4. 主要會計政策 (續)

### 4.12 無形資產 (續)

#### (ii) 內部產生之無形資產 (研發成本)

內部開發產品之支出如能夠證實以下各項，則可撥充資本：

- 開發產品以供出售在技術上可行；
- 具備足夠資源以完成開發；
- 有意完成及銷售該產品；
- 本集團有能力銷售該產品；
- 銷售該產品將帶來未來經濟利益；及
- 有關項目之開支能夠可靠計量。

已撥充資本之開發成本於本集團預期將取得銷售所開發產品之利益期間攤銷。攤銷費用於溢利或虧損中確認。

不符合上述標準之開發支出及內部項目在研究階段之支出於產生時在溢利或虧損中確認。

#### (iii) 減值

當有跡象顯示資產可能減值時，具有有限可使用年期之無形資產將作減值測試。具無限可使用年期之無形資產及尚未可使用之無形資產會每年進行減值測試，不論是否有跡象顯示該等資產可能減值。無形資產透過比較其賬面值與其可收回金額進行減值測試 (附註4.7)。

當資產之估計可收回金額少於賬面值時，該資產之賬面值將調低至其可收回金額。

減值虧損會即時確認為開支。

倘其後撥回減值虧損，則資產之賬面值會增至其修訂後之估計可收回金額；然而，賬面值不得增至超過其可收回金額與假設該資產於過往年度並無確認減值虧損而可能產生之賬面值兩者中之較低者。所有撥回即時於溢利或虧損確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments

#### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

#### Debt instruments

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

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

**Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

## 4. 主要會計政策 (續)

### 4.13 金融工具

#### (i) 金融資產

金融資產(並無重大融資部分的應收賬款除外)初步按公平值加上(倘項目並非按公平值計入溢利或虧損(「按公平值計入溢利或虧損」))其收購或發行直接應佔交易成本計量。並無重大融資部分的應收賬款初步按交易價格計量。

所有按常規方式買賣的金融資產均於交易日(即本集團承諾購買或出售該資產的日期)確認。常規方式買賣指按一般市場規例或規定須於指定期間內交付資產的金融資產買賣。

於確定其現金流量是否僅為本金及利息付款時會全面考慮附帶嵌入式衍生工具的金融資產。

#### 債務工具

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

**攤銷成本：**倘為收取合約現金流量而持有的資產的現金流量僅為本金及利息付款，則該等資產按攤銷成本計量。按攤銷成本計量的金融資產其後採用實際利率法計量。利息收入、外匯收益及虧損以及減值於溢利或虧損確認。終止確認的任何收益於溢利或虧損確認。

**按公平值計入其他全面收入(「按公平值計入其他全面收入」)：**倘為收取合約現金流量及出售金融資產而持有的資產的現金流量僅為本金及利息付款，則該等資產按公平值計入其他全面收入計量。按公平值計入其他全面收入的債務投資其後按公平值計量。採用實際利率法計算的利息收入、外匯收益及虧損以及減值於溢利或虧損確認。其他收益及虧損淨額於其他全面收入確認。於其他全面收入累計的收益及虧損在終止確認時重新分類至溢利或虧損。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (i) Financial assets (Continued)

##### Debt instruments (Continued)

FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

##### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (i) 金融資產 (續)

##### 債務工具 (續)

按公平值計入溢利或虧損的金融資產包括持作買賣的金融資產、於初步確認時指定按公平值計入溢利或虧損的金融資產或強制要求按公平值計量的金融資產。倘為於近期出售或購回而收購金融資產，則該等金融資產分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作買賣，惟該等衍生工具被指定為有效對沖工具則除外。現金流量並非純粹支付本金及利息的金融資產，不論其業務模式如何，均按公平值計入溢利或虧損分類及計量。儘管如上文所述債務工具可按攤銷成本或按公平值計入其他全面收入分類，但於初始確認時，倘能夠消除或顯著減少會計錯配，則債務工具可指定為按公平值計入溢利或虧損。

##### 股本工具

於初步確認並非持作買賣之股本投資時，本集團可不可撤銷地選擇於其他全面收入呈列投資公平值之其後變動。該選擇乃按逐項投資進行。按公平值計入其他全面收入的股本投資按公平值計量。股息收入於溢利或虧損確認，除非股息收入明確表示收回部分投資成本。其他收益及虧損淨額於其他全面收入確認且不會重新分類至溢利或虧損。所有其他股本工具分類為按公平值計入溢利或虧損，而因此產生的公平值、股息及利息收入變動於溢利或虧損確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

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

For other debt financial assets at amortised cost or at FVOCI, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (ii) 金融資產減值虧損

本集團就應收賬款、合約資產、按攤銷成本計量的金融資產及按公平值計入其他全面收入計量的債務投資的預期信貸虧損(「預期信貸虧損」)確認虧損撥備。預期信貸虧損將採用以下基準計量：(1)12個月預期信貸虧損：指報告日期後12個月內可能發生的違約事件而導致的預期信貸虧損；及(2)全期預期信貸虧損：指金融工具的預期年期內所有可能發生的違約事件導致的預期信貸虧損。於估計預期信貸虧損時考慮的最長期限為本集團面臨的信貸風險的最長合約期限。

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損乃按根據合約應付本集團的所有合約現金流量與本集團預期收取的所有現金流量之間的差額計量。該差額其後按資產原有實際利率相近的差額貼現。

本集團已選用香港財務報告準則第9號簡化法將應收賬款之虧損撥備進行計量，並已根據全期預期信貸虧損計算預期信貸虧損。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

就其他按攤銷成本或按公平值計入其他全面收入計量之債務金融資產而言，預期信貸虧損乃基於12個月預期信貸虧損。然而，當信貸風險自發放貸款起大幅增加，撥備將以全期預期信貸虧損為基準。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (ii) Impairment loss on financial assets (Continued)

For the due from clients and due from banks, except for precious metal, ECL is determined by reference to the estimation of the exposure at default (“EAD”), probability of default (“PD”) as well as a loss given default (“LGD”). The 12-months and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

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

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

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (ii) 金融資產減值虧損 (續)

就應收客戶款項及應收銀行款項(貴金屬除外)，預期信貸虧損乃參考違約風險承擔(「違約風險承擔」)、違約或然率(「違約或然率」)以及違約損失率(「違約損失率」)。12個月及全期違約或然率分別代表未來12個月內違約發生的概率以及該工具的剩餘期限。違約風險承擔指預期違約結餘，經計及自結算日起至違約事件連同任何預期根據承諾取用融資的本金及利息還款。違約損失率指因違約事件而產生的違約風險承擔預期虧損，乃經計及(其中包括)預期將會變現時抵押品價值的緩減作用及金錢的時間價值。

於釐定金融資產之信貸風險是否自首次確認起已大幅增加，並於估計預期信貸虧損時，本集團會考慮相關及毋須付出過多成本或努力即可獲得之合理及可靠資料。此包括根據本集團過往經驗及已知信貸評估之定量及定性資料及分析以及包括前瞻性資料。

本集團假設，倘逾期超過30日，金融資產之信貸風險會大幅增加。

本集團認為金融資產於以下情況下屬信貸減值：(1) 借款人不大可能在本集團並無追索權採取行動(如變現抵押品)(如持有)的情況下向本集團悉數支付其信貸義務；或(2) 該金融資產逾期超過90日。

信貸減值金融資產的利息收入乃基於攤銷成本(即總賬面值減虧損撥備)計算。非信貸減值金融資產的利息收入乃基於總賬面值計算。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (ii) Impairment loss on financial assets (Continued)

In making this reassessment, the Group considers that a default event occurs when (i) the debtor 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);
- 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.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (ii) 金融資產減值虧損 (續)

在進行此重新評估時，當(i)債務人在本集團採取回收行動如變現抵押品(如有)不可能全額支付其對本集團的信貸義務時；或(ii)該金融資產逾期90天，本集團將視為發生違約事件。本集團考慮合理且可支持的定量和定性信息，包括無需過多的成本或努力可取得之歷史經驗和前瞻性信息。在評估自初始確認後信用風險是否顯著增加時會特別考慮以下信息：

- 未能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)有實際或預期的顯著惡化；
- 債務人經營業績有實際或預期顯著惡化；和
- 技術，市場，經濟或法律環境的現有或預測變化，對債務人履行其對集團義務的能力產生重大不利影響。

對於貸款承諾，為評估預期信用損失而初始確認的日期被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以來是否有重大信用風險增加，本集團考慮貸款承諾所涉及的貸款發生違約風險之變化。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (iii) 金融負債

本集團根據負債產生的原因分類其金融負債。按公平值計入溢利或虧損的金融負債初始按公平值計量及按攤銷成本計量的金融負債初始按公平值計量，扣除產生的直接應佔成本。

**按公平值計入溢利或虧損的金融負債**  
按公平值計入溢利或虧損的金融負債包括持作買賣的金融負債及於初始確認時指定按公平值計入溢利或虧損的金融負債。

倘收購金融負債的目的為於短期內出售，則彼等分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類持作買賣，除彼等指定為有效對沖工具除外。持作買賣負債的收益或虧損於溢利或虧損內確認。

倘一項合約包括一項或多項嵌入式衍生工具，則整份混合合約可指定為按公平值計入溢利或虧損的金融負債，除非該嵌入式衍生工具不會對現金流量產生重大改變，或明確禁止將嵌入式衍生工具分開列賬。

倘符合下列條件，金融負債或會於初始確認時被指定為按公平值計入溢利或虧損的負債：(i) 該項指定撇銷或大幅減低因按不同基準而計量負債或確認有關負債的收益或虧損而另行引起的不一致處理方法；(ii) 負債乃一組金融負債的一部分，而該等金融負債乃根據已明文規定的風險管理策略管理及按公平值評定表現；或(iii) 該金融負債包括嵌入式衍生工具須獨立記錄。

於初始確認後，按公平值計入溢利或虧損的金融負債乃按公平值計量，公平值變動於彼等產生的期間內於溢利或虧損確認，惟本集團擁有的於其他全面收入內呈報且其後不會重新分類至溢利或虧損表的信貸風險產生的收益及虧損除外。於溢利或虧損表內確認的公平值收益或虧損淨額並不包括就該等金融負債收取的任何利息。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (iii) Financial liabilities (Continued)

##### Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, borrowings, corporate bonds and other financial liabilities issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) Equity instruments

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

#### (vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in 4.13(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (iii) 金融負債 (續)

##### 按攤銷成本列賬的金融負債

按攤銷成本列賬的金融負債 (包括應付賬款、借貸、公司債券及本集團發行的其他金融負債) 隨後使用實際利率法按攤銷成本計量。有關利息開支於溢利或虧損內確認。

終止確認負債及於攤銷過程中產生的收益或虧損於溢利或虧損內確認。

#### (iv) 實際利率法

實際利率法是計算金融資產或金融負債的攤銷成本以及於有關期間分配利息收入或利息開支的方法。實際利率為於金融資產或負債的預計年期或適用的較短期間內準確貼現估計未來現金收入或付款的利率。

#### (v) 股本工具

本公司發行的股本工具按所得款項扣除直接發行成本記賬。

#### (vi) 財務擔保合約

財務擔保合約乃規定發出人向持有人支付指定金額，以補償持有人由於指定欠債人未能根據債務工具原訂或經修訂條款於到期時付款而蒙受的損失。由本集團發出的並非指定為按公平值計入溢利或虧損的財務擔保合約初步按公平值減發出財務擔保合約直接產生的交易成本予以確認。初步確認後，本集團按以下各項較高者計量財務擔保合約：(i) 虧損撥備金額，即根據4.13(ii)所載會計政策原則計量的預期信貸虧損撥備；及(ii) 初步確認金額減(如適當)根據香港財務報告準則第15號的原則確認的累計攤銷。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial instruments (Continued)

#### (vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

#### (viii) Write-off policy

The gross carrying amount of a financial 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.

### 4.14 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using weighted average basis, and in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense and the estimated costs necessary to make the sale.

## 4. 主要會計政策 (續)

### 4.13 金融工具 (續)

#### (vii) 終止確認

凡收取金融資產所帶來的未來現金流量的合約權利屆滿，或金融資產經已轉讓，而轉讓符合香港財務報告準則第9號規定的終止確認準則，則本集團終止確認該金融資產。

當有關合約中訂明的責任獲解除、註銷或屆滿時，則會終止確認金融負債。

倘本集團因重新磋商負債條款而向債權人發行本身之股本工具以償付全部或部分金融負債，所發行之股本工具即所付代價，乃初步按有關金融負債（或當中部分）註銷當日之公平值確認及計量。倘已發行股本工具之公平值無法可靠計量，則股本工具按已註銷金融負債之公平值計量。已註銷金融負債（或當中部分）之賬面值與所付代價間之差額乃於年內在溢利或虧損確認。

#### (viii) 撇銷

若無實際機會收回，財務資產的賬面總額可（部分或全部）撇銷，一般是當集團確定債務人沒有資產或收益來源可產生足夠現金流清償需撇銷的金額時發生。

先前被撇銷的資產若其後收回，以減值撥備回撥列入收回資產期間的損益表。

### 4.14 存貨

存貨初步按成本確認，其後按成本及可變現淨值兩者之較低者列賬。成本按加權平均基準釐定，在製品及製成品之成本包括直接材料、直接勞工及按適當比例計算之生產成本。可變現淨值乃按照日常業務過程中之估計售價減任何適當銷售開支及完成銷售之估計成本計算。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.15 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, demand deposits with banks, and short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

### 4.16 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and recognised in profit or loss over the useful life of the asset.

### 4.17 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

## 4. 主要會計政策 (續)

### 4.15 現金及現金等價物

現金及現金等價物包括之現金及銀行結餘、活期銀行存款及原到期日為三個月或以下之短期高度流通投資，均可隨時轉換為已知數額現金且價值變動風險不大。

### 4.16 政府補貼

政府補貼於合理確定將可收取及本集團將遵照所附有關條件時予以確認。就所產生開支向本集團補償之撥款，於開支產生之同期有系統地於溢利或虧損中確認為收入。用於抵銷本集團資產成本之補貼則予以遞延並按資產之可使用年期於溢利或虧損中確認。

### 4.17 撥備及或然負債

當本集團現時因過往事件而須承擔法定或推定責任，而結算債務可能要求流出經濟利益，於能可靠地作出估計時，撥備予以確認。倘貨幣時間價值之影響屬重大，則有關撥備將按預計結算該責任所需費用之現值列賬。

所有撥備均於各報告日進行檢討，並作出調整以反映當前最佳估計。

當流出經濟利益之可能性不大，或未能可靠估計數額，則有關責任會披露為或然負債，除非流出經濟利益之可能性甚微。純粹視乎日後有否出現一項或多項並非完全在本集團控制內之不確定事件而可能產生之責任，亦會披露為或然負債，除非流出經濟利益之可能性甚微。

或然負債於分配收購價至業務合併所購入資產及負債之過程中確認，初步按收購日期公平值計量，其後按上文所述原應於可資比較撥備確認之款額與初步確認款額減任何累計攤銷(如適用)之較高者計量。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.18 Income tax

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

## 4. 主要會計政策 (續)

### 4.18 所得稅

所得稅包括即期稅項及遞延稅項。

即期稅項乃根據日常業務之溢利或虧損，就所得稅而言毋須課稅或不可扣稅之項目作出調整，並按報告期末已制定或大致上制定之稅率計算。

遞延稅項乃就財務報告而言之資產與負債之賬面值與就稅務而言之相關數額之暫時差額而確認。除商譽及不影響會計或應課稅溢利之已確認資產與負債外，就所有應課稅暫時差額確認遞延稅項負債。於有可能出現可運用可扣稅之暫時差額抵銷之應課稅溢利時，遞延稅項資產方會確認。遞延稅項乃按預期適用於有關資產變現或有關負債結算之方式及於報告期末已制定或大致上制定之稅率計量。

倘投資物業根據香港會計準則第40號「投資物業」按公平值列賬，則可豁免遵守釐定用於計量遞延稅項金額之適用稅率之一般規定。除非推定被駁回，否則該等投資物業之遞延稅項金額按於報告日賬面值出售該等投資物業所適用之稅率計量。倘投資物業可予折舊，且持有該物業之業務模式目標為隨時間消耗該物業絕大部分經濟利益（而非透過銷售），則此假設可予駁回。

除非本集團可以控制暫時差額之撥回，且該撥回在可預見未來不大可能發生者外；於附屬公司及聯營公司之投資所產生有關應課稅暫時差額確認為遞延稅項負債。

所得稅於溢利或虧損確認，惟倘所得稅與於其他全面收入確認之項目有關則除外，在此情況下，所得稅亦於其他全面收入確認，或倘所得稅與直接於權益確認之項目有關，則所得稅亦直接於權益確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.18 Income tax (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 4.19 Revenue recognition

#### (i) Revenue from contract with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or

## 4. 主要會計政策 (續)

### 4.18 所得稅 (續)

即期稅項資產及即期稅項負債僅於以下情況按淨額呈列：

- (a) 本集團具有可合法執行權利抵銷已確認款額；及
- (b) 計劃以淨額基準結清或同時變現資產及結清負債。

本集團僅於以下情況按淨額呈列遞延稅項資產及遞延稅項負債：

- (a) 本集團具有可合法執行權利以即期稅項資產抵銷即期稅項負債；及
- (b) 遞延稅項資產及遞延稅項負債與相同稅務機關於以下情況徵收之所得稅有關：
  - (i) 相同應課稅實體；或
  - (ii) 於預期遞延稅項負債或資產重大款額結清或收回之日後每個期間，不同應課稅實體擬按淨額基準結清即期稅項負債及資產或同時變現資產及結清負債。

### 4.19 收入確認

#### (i) 與客戶訂立合約之收入

與客戶訂立合約之收入於貨品或服務的控制權轉讓予客戶時確認，有關金額反映本集團預期就交換該等貨品或服務有權收取的代價，不包括代表第三方收取的有關金額。收益不包括增值稅或其他銷售稅並扣除任何交易折讓。

視乎合約的條款及合約適用的法律，貨品或服務的控制權可在一段時間或某一時間點轉移。倘本集團在履約過程中符合下列條件，貨品或服務之控制權可在一段時間轉移：

- 提供客戶收到且同時消耗之所有利益；
- 本集團履約時創造及提升客戶所控制之資產；或

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.19 Revenue recognition (Continued)

#### (i) Revenue from contract with customers (Continued)

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## 4. 主要會計政策 (續)

### 4.19 收入確認 (續)

#### (i) 與客戶訂立合約之收入 (續)

- 並無創造對本集團而言有其他用途之資產，而本集團有強制執行權利收取至今已完成履約部分的款項。

倘貨品或服務之控制權可在一段時間轉移，則收入乃於整個合約期間經參考完成履行履約責任之進度確認。否則，收入於客戶獲得貨品或服務控制權之某一點點確認。

於合約載有於一年以上時間向客戶轉移貨品或服務會為客戶帶來重大融資利益的融資成分時，則收益按應收款項的現值計量，使用本集團與客戶在合約訂立時於個別融資交易內反映的貼現率貼現。倘合約載有為本集團帶來重大融資利益的融資成分，收益乃根據有關合約確認，包括實際利率法項下合約負債附有的利息開支。就付款與轉移承諾貨品或服務之間的期間為一年以內的合約而言，交易價格不會就重大融資成分的影響作出調整，使用香港財務報告準則第15號中實用的權宜之策。

合約資產指本集團就換取本集團已向客戶轉讓服務收取代價之權利(尚未成為無條件)。相反，應收款項指本集團收取代價之無條件權利，即只需待時間過去代價即到期應付。

合約負債指本集團因其已自客戶收取代價(或到期應收之代價)而須向客戶轉讓服務之責任。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.19 Revenue recognition (Continued)

#### (i) Revenue from contract with customers (Continued)

##### (a) Service fees and commission income

Service fees and commission income is generally recognised when the corresponding service is provided.

Service fees and commission income are recognised at a point in time when the relevant services such as broking services, provided to the customers and there is no unfulfilling performance obligation after services rendering. Except for a few services, such as custody account services, of which revenue is recognised over time so as to depict the pattern of delivery of services.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised.

##### (b) Sales of goods

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customer and there is no unfulfilling performance obligation after the acceptance of the goods.

#### (ii) Revenue from other sources

##### (a) Interest income

Interest income arising from the use of entity assets by others is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

## 4. 主要會計政策 (續)

### 4.19 收入確認 (續)

#### (i) 與客戶訂立合約之收入 (續)

##### (a) 服務費及佣金收入

服務費及佣金收入於提供相關服務時確認。

服務費及佣金收入於向客戶提供經紀服務等相關服務後並尚未履行履約責任之某一時間點確認。託管賬戶服務等部分服務的收益乃隨時間確認，以描述提供服務之模式。

本集團因設立或收購金融資產已收／已付之融資或承諾費用予以遞延並確認為實際利率之調整。預期貸款承諾不會導致提取貸款時，確認貸款承諾費用。

##### (b) 貨品銷售

貨品銷售收入於貨品控制權已轉移至客戶且於貨品獲接受後並無尚未履行履約責任之某一時間點確認。

#### (ii) 其他途徑之收入

##### (a) 利息收入

其他人士使用實體資產所產生之利息收入按時間及實際利率於溢利或虧損中確認。利息收入包括任何折扣或溢價之攤銷或計息工具原賬面值與其按實際利率基準計算之到期金額間之其他差額之攤銷。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.19 Revenue recognition (Continued)

#### (ii) Revenue from other sources (Continued)

##### (a) Interest income (Continued)

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows (“unwinding of discount”) for the purpose of measuring the related impairment loss.

##### (b) Rental income

Rental income under operating leases is recognised on straight-line method over the term of the relevant lease.

##### (c) Dividend income

Dividend is recognised when the right to receive the dividend is established.

## 4. 主要會計政策 (續)

### 4.19 收入確認 (續)

#### (ii) 其他途徑之收入 (續)

##### (a) 利息收入 (續)

實際利率法為計算金融資產及負債之攤銷成本及於相關期間分配利息收入及利息開支之方法。實際利率為於金融工具預期年期或(倘適用)較短期間將估計未來現金付款或收入準確貼現至金融工具之賬面淨額之比率。計算實際利率時，本集團計及所有金融工具之合約條款(如認購期權及類似期權)估計現金流量，惟並無考慮未來信貸虧損。計算項目包括構成實際利率組成部分之訂約方之間所有已付或已收費用及利息、交易成本及所有其他溢價或折扣。

已減值金融資產之利息按就計量相關減值損失而對未來現金流量進行貼現(「折算貼現」)之利率確認。

##### (b) 租金收入

經營租賃之租金收入於有關租賃期間按直線法確認。

##### (c) 股息收入

股息於確立收取股息權利時確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.20 Retirement benefits

Retirement benefits to employees are provided through defined contribution plans and defined benefit pension plans.

#### (i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Scheme"). These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The Scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the Scheme are charged to profit or loss as they become payable in accordance with the rules of the PRC.

## 4. 主要會計政策 (續)

### 4.20 退休福利

僱員退休福利透過定額供款計劃及定額退休金福利計劃撥備。

#### (i) 定額供款計劃

定額供款計劃是一項退休金計劃，本集團根據該計劃向一個獨立實體支付定額供款。於支付定額供款後，本集團並無法定或推定責任支付進一步供款。

就定額供款計劃確認之供款於其到期時列作開支。倘產生繳付不足或預繳即可能就其確認該負債及資產，並因其通常屬短期性質而計入流動負債或流動資產。

本集團亦為合資格參與強制性公積金退休福利計劃（「強積金計劃」）而香港僱員根據強制性公積金計劃條例設有定額供款強積金計劃。供款按僱員基本薪金一定百分比作出，於根據強積金計劃規則應付時在溢利或虧損扣除。強積金計劃資產與本集團資產分開，由獨立管理基金持有。本集團之僱主供款於向強積金計劃作出時全數歸僱員所有。

本集團於中國經營業務之附屬公司之僱員須參與有關地方市政府管理之中央退休金計劃（「該計劃」）。該等附屬公司規定須按工資成本若干百分比向中央退休金計劃供款。該計劃負責向已退休僱員支付全部退休金之責任，除僱主供款外，本集團就實際退休款項或其他退休後福利並無進一步責任。該計劃供款於根據中國規則應付時在溢利或虧損內扣除。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.20 Retirement benefits (Continued)

#### (i) Defined benefit pension plans (Continued)

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in profit or loss.

#### (ii) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related services.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

## 4. 主要會計政策 (續)

### 4.20 退休福利 (續)

#### (i) 定額供款計劃 (續)

定額退休金福利計劃界定僱員於退休時將領取之退休金福利數額，數額通常視乎年齡、服務年資及薪酬等一項或多項因素而定。

於綜合財務狀況表內就定額退休金計劃確認之負債，為於報告期末之定額福利責任現值減計劃資產之公平值。定額福利責任每年由獨立精算師使用預計單位貸記法計算。定額福利責任現值按以支付福利之同一貨幣計值，且到期日與相關退休福利責任相若之優質公司債券利率貼現估計未來現金流出而釐定。在有相關債券並無成熟市場之國家，則使用政府債券之市場利率。

因過往調整及精算假設變動所產生之精算收益及虧損乃於產生期間在權益之其他全面收入扣除或計入。

過往服務成本即時於溢利或虧損確認。

#### (ii) 短期僱員福利

短期僱員福利是指預計在僱員提供相關服務之年度報告期間結算日後十二個月前將全數結付之僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務之年度內確認。

病假及產假等非累積有薪假期於提取假期時方予確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.21 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Upon exercise of share options, the amount previously recognised in share option reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

### 4.22 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4.23 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 4. 主要會計政策 (續)

### 4.21 僱員股份補償

本集團為其僱員設立股本結算以股份為基礎之補償計劃。

就所有僱員提供服務而授出之任何股份補償按其公平值計算。該等補償乃參考獲授出認購股份權間接釐定。其價值於授出日評估，並不包括任何非市場歸屬條件之影響。

於認購股份權獲行使後，過往於認購股份權儲備確認之款額及所收取之所得款項扣除任何直接應佔交易成本(但不超過已發行股份之面值)將獲重新分配至股本，任何超出部分將記錄為股份溢價。倘認購股份權於到期日失效、被沒收或仍未行使，過往於認購股份權儲備確認之款額將轉撥至保留溢利。

### 4.22 借貸成本

收購、建設或生產需要長時間籌備作擬定用途或銷售之合資格資產之直接應佔借貸成本，予以資本化作為該等資產成本之一部分。將有待用於該等資產之特定借貸作短期投資所賺取之收入會於已資本化之借貸成本扣除。倘將合資格資產預備作擬定用途或銷售之絕大部分活動完成時，資本化借貸成本將停止。所有其他借貸成本於產生期間於溢利或虧損確認。

### 4.23 外幣

集團實體以彼等營運所在主要經濟環境之貨幣(「功能貨幣」)以外貨幣訂立之交易乃按於交易日期之匯率記錄。外幣貨幣資產及負債乃按報告期間結算日之匯率換算。以外幣計值按公平值列賬之非貨幣項目乃按釐定公平值日期之當前匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.23 Foreign currency (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

## 4. 主要會計政策 (續)

### 4.23 外幣 (續)

結算貨幣項目及換算貨幣項目所產生之匯兌差額於產生期間內於溢利或虧損中確認。重新換算按公平值列賬之非貨幣項目所產生之匯兌差額計入期內溢利或虧損，惟重新換算有關收益及虧損於其他全面收入確認之非貨幣項目所產生之匯兌差額除外，在此情況下，匯兌差額亦於其他全面收入確認。

綜合賬目時，海外業務之收支項目以年內平均匯率換算為本集團之呈列貨幣（即港元），除非期內匯率大幅波動，在此情況下，則按進行該等交易時之相若匯率換算。所有海外業務之資產及負債均以報告期間結算日之匯率換算。所產生匯兌差額（如有）於其他全面收入確認，並於權益內累計入賬為外匯儲備（非控股權益應佔外匯儲備（如適用））。於換算構成本集團於所涉海外業務部分投資淨額之長期貨幣項目時，在集團實體獨立財務報表之溢利或虧損內確認之匯兌差額則重新分類至其他全面收入，並於權益內累計入賬為外匯儲備。

出售海外業務時，與截至出售當日該業務有關之外匯儲備確認之累計匯兌差額，重新分類至溢利或虧損作為出售收益或虧損一部分。

於二零零五年一月一日或之後收購海外業務產生之所收購可識別資產之商譽及公平值調整已當作該海外業務之資產及負債，並於報告期間結算日按當前匯率進行換算。所產生之匯兌差額於外匯儲備確認。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.24 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

### 4.25 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major lines of business.

The Group has identified the following reportable segments: (a) manufacturing and distribution of watches and timepieces; (b) property investments; and (c) banking and financial businesses.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs.

Segment assets include all assets but interests in associates, interests in joint ventures, and certain trading portfolio investments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

## 4. 主要會計政策 (續)

### 4.24 股本及股份溢價

普通股分類為權益。股本採用已發行股份之面值釐定。

股份溢價包括發行股本所收任何溢價減面值。任何有關發行股份之交易成本於股份溢價(扣除任何相關所得稅溢利)內扣減，惟以該權益交易直接應佔遞增成本為限。

倘任何集團公司購買本公司之權益股本，包括任何直接應佔遞增成本(扣除稅項)之已付代價於本公司擁有人應佔權益內扣除，直至股份獲註銷或重新發行為止。倘此等普通股其後重新發行，則任何已收代價(減去任何直接應佔遞增交易成本及相關所得稅影響)計入本公司擁有人應佔權益中。

### 4.25 分類報告

本集團根據定期向執行董事呈報之內部財務資料(乃供彼等決定分配資源至本集團各業務環節及檢討該等業務環節之表現)確定其經營分類及編製分類資料。向執行董事所報告內部財務資料中之業務環節按本集團主要業務類別決定。

本集團已確定以下報告分類：(a)鐘錶及時計產品製造及分銷；(b)物業投資；及(c)銀行及金融業務。

由於各產品及服務類別所需資源以及市場方針不同，各經營分類獨立管理。所有分類間轉讓(如有)乃按公平價格計算。

本集團根據香港財務報告準則第8號就報告分類業績所用計量政策與根據香港財務報告準則編製財務報表所用者相同。

分類資產包括所有資產，但不包括於聯營公司之權益、於合營企業之權益、若干交易組合投資。此外，並非直接計入任何經營分類業務活動之公司資產不會分配至分類，主要應用於本集團總部。

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.25 Segment reporting (Continued)

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include borrowings and due to a shareholder.

No asymmetrical allocations have been applied to reportable segments.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group makes estimates and assumptions concerning the future. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Impairment assessment of goodwill

The Group tests on an annual basis whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 4.6. The recoverable amounts of the CGUs have been determined based on value-in-use calculations or fair value less costs of disposal ("FVLCD"), whichever is higher. The value-in-use calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD may involve the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement. Details in impairment assessment are set out in note 30 to the consolidated financial statements.

## 4. 主要會計政策 (續)

### 4.25 分類報告 (續)

分類負債不包括並非直接計入任何經營分類業務活動之公司負債，且不會分配至分類，當中包括借貸及應付一名股東欠款。

並無就可報告分類作出不均分配。

## 5. 關鍵會計判斷及估計不確定因素之主要來源

在應用本集團之會計政策時，董事須對無法依循其他途徑即時得知的資產及負債賬面值作出判斷、估計及假設。

估計及相關假設會持續檢討。倘會計估計修訂僅影響修訂估計期間，則有關修訂於該期間確認；或倘有關修訂影響目前及未來期間，則有關修訂於修訂期間及未來期間確認。

本集團對未來作出估計及假設。該等估計及相關假設按過往經驗及其他視為相關之因素作出。顧名思義，因此而作出之會計估計甚少與有關實際結果相符。下文論述可導致下一個財政期間的資產及負債賬面值須作重大調整之主要風險估計及假設：

### 商譽減值評估

本集團每年根據附註4.6所述會計政策就商譽有否減值進行測試。現金產生單位之可收回金額按所計算之使用價值或公平值減出售成本(以較高者為準)釐定。使用價值計算須採用預期現金產生單位所產生未來現金流量之判斷及估計、現金流量預測時間表以及適合貼現率，以計算現值。於估計預期未來現金流量過程中，管理層就未來收入及溢利作出假設。該等假設與未來事件及情況有關。實際結果或會有所不同，並可能導致下個財政年度之商譽賬面值須作重大調整。釐定合適之貼現率涉及估計市場風險及資產特定風險因素之適當調整。計算公平值減出售成本可能涉及選擇估值模型、採納主要假設及輸入數據，而以上項目均需管理層作出判斷。減值評估詳情載於綜合財務報表附註30。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Provision for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective estimated net realisable value. The assessment of the provision involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charge/write-back in the period in which such estimate has been changed.

### Depreciation and amortisation

The Group depreciates and amortises its property, plant and equipment and intangible assets with definite useful lives using straight-line method over their respective estimated useful lives, starting from the date on which the assets are put into productive use, in accordance with accounting policy stated in notes 4.9 and 4.12. The estimated useful lives reflect the directors' estimate of the period that the Group intends to derive future economic benefits from the use of these assets.

### Estimated impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables on a forward-looking basis. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade and other receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. Other receivables is considered 12-months expected credit losses. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of customers, actual or expected significant adverse changes in business and customers' financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 存貨撥備

於釐定陳舊及滯銷存貨之撥備金額時，本集團須評估存貨之賬齡分析並將存貨之賬面值與其各自之估計可變現淨值作比較。評估撥備涉及管理層判斷及估計。倘日後實際結果或預期有別於原定估計，則有關差別將影響存貨賬面值，而撥備會於估計有變期間扣除／撥回。

### 折舊及攤銷

本集團根據附註4.9及4.12所述會計政策，採用直線法按估計可用年期為物業、廠房及設備以及可用年期有限之無形資產計算折舊及攤銷，自資產投入生產用途日期起計算。估計可用年期反映董事估計本集團擬自使用該等資產衍生未來經濟利益之期間。

### 應收賬款及其他應收款之估計減值

本集團管理層以前瞻性方式釐定應收賬款及其他應收款減值撥備。撥備矩陣乃根據本集團於具有類似信貸風險特徵之應收賬款及其他應收款之預期年期內之歷史觀察違約率釐定，並就前瞻性估計作出調整。其他應收款被視為12個月預期信貸虧損。在作出判斷時，管理層會考慮可得之合理有據前瞻性資料，如客戶經營業績之實際或預期重大變動、業務及客戶財務狀況之實際或預期重大不利變動。於各報告日，本集團管理層會更新歷史觀察違約率，並分析前瞻性估計變動。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Impairment assessment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amount of the asset shall be determined. The recoverable amount is determined based on value-in-use calculation or fair value less costs of disposal (“FVLCD”). The calculations of value-in-use require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD may involve the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement.

### Income taxes

The Group is subject to income taxes in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the payments of related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### Warranty provision

Warranty provision is made for expenditure associated with future variable services and repair cost related to warranty claims. The management makes an assessment of the future costs related to this work by using the proportion of actual tasks related to warranty work as the basis for the calculation. The assessment of provision involves management judgement and estimates. When the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of warranty provision and provision charge/write-back in the period in which such estimate has been changed.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 非金融資產減值評估

本集團透過評估或導致非金融資產減值之本集團獨有情況，於各報告日評估減值。倘存在觸發減值之情況，則須釐定資產可收回款額。可收回金額乃按使用價值計算或公平值減出售成本（「公平值減出售成本」）釐定。使用價值計算須採用預期現金產生單位所產生未來現金流量之判斷及估計、現金流量預測時間表以及適合貼現率，以計算現值。於估計預期未來現金流量過程中，管理層就未來收入及溢利作出假設。該等假設與未來事件及情況有關。實際結果或會有所不同，並可能導致下個財政年度之商譽賬面值須作重大調整。釐定合適之貼現率涉及估計市場風險及資產特定風險因素之適當調整。計算公平值減出售成本可能涉及選擇估值模型、採納主要假設及輸入數據，而以上項目均需管理層作出判斷。

### 所得稅

本集團須繳納香港、瑞士、英國、列支敦士登及中國之所得稅。於決定就所得稅撥備之金額及就有關稅項付款之時間時，須作出重大判斷。於日常業務過程中，有許多交易及計算均難以明確作出最終之稅務釐定。就預計稅項確認負債時，本集團按有否額外稅項即將到期應付而估計。倘此等事項之最後稅項結果與初步記錄金額不同，該等差額將影響作出該項決定期間之所得稅及遞延稅項撥備。

### 保修撥備

本集團就日後各種服務及與保修索賠有關之維修成本相關開支作出保修撥備。管理層採用有關保修工作實際任務比例作為計算基準，以評估有關此工作之未來成本。評估撥備涉及管理層判斷及估計。當日後之實際結果或預期情況與原先估計存在差異，則有關差異將影響該等估計有變期間之保修撥備以及扣除／撥回撥備賬面值。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Estimation of defined benefit obligations

The Group operates three defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to the profit or loss in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the requirements of HKFRSs.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

### Valuation adjustments on credit positions

Various factors can influence the expected credit loss allowances for credit positions. Management considers factors such as external rating and days past due to determine the HKFRS 9 staging allocation. Management further estimates the exposure at default, probability of default as well as loss given default to calculate the expected credit losses allowance.

### Provisions

The Group recognises provisions for imminent threats if in the opinion of the responsible experts the probability that losses will occur is greater than the probability that they will not occur and if their amount can be reliably estimated. In judging whether the creation of a provision and its amount are reasonable, the best-possible estimates and assumptions as at the end of reporting periods are applied. If necessary, these will be adjusted to reflect new knowledge and circumstances at a later date. New knowledge may have a significant effect to profit or loss.

As part of the normal business activities of banking business, the Group is exposed to a wide range of legal risks. These include in particular risks relating to litigation. The Group recognises provisions for such litigation risks if the Group's management and its legal advisors are of the opinion that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount. The amount of the provisions and their timing are by their nature subject to uncertainty. However, these uncertainties are evaluated as being low since it was possible to reliably estimate the individual amounts and the majority of the recognised provisions will probably become due within one year.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 定額福利責任估計

本集團營辦三項定額福利計劃。定額福利計劃之退休金成本根據香港會計準則第19號僱員福利之規定，使用預期單位記賬法進行評估。根據此方法，提供退休金之成本按對計劃作出全面估值之精算師意見於溢利或虧損內扣除。退休金責任為估計未來現金流出數額之現值，該現值參照於報告期間結算日與福利責任估計年期之條款及貨幣相若之政府機構或高質素公司債券之市場孳息率釐定之利率計算所得。所有精算收益及虧損於發生年度內在其他全面收入全數確認。

管理層委任精算師對該等退休金計劃進行全面估值，以釐定根據香港財務報告準則規定，須於賬目內披露及入賬之退休金責任。

精算師在釐定定額福利計劃之公平值時使用假設及估計，並每年評估及更新該等假設。在釐定主要精算假設時須運用判斷，以釐定定額福利責任之現值與服務成本。改變所採用之主要精算假設可對未來期間之計劃責任現值與服務成本造成重大影響。

### 信貸狀況之估值調整

多項因素可影響信貸狀況之預期信貸虧損撥備。管理層會考慮外部評級及逾期日數等因素，以釐定香港財務報告準則第9號之階段分配。管理層進一步估計違約風險承擔、違約或然率及違約損失率計算預期信貸虧損撥備。

### 撥備

倘相關專家認為發生虧損之可能性高於不會發生之可能性並能可靠估計虧損金額時，則本集團就當前威脅確認撥備。於判斷計提撥備及撥備金額有否合理時，應用報告期間結算日之最佳可能估計及假設。如有必要，日後可調整此最佳可能估計及假設以反映新認知及情況。新認知或會對溢利或虧損有重大影響。

作為銀行業務日常業務活動一部分，本集團面臨多類法律風險。該等風險包括與訴訟有關之特定風險。倘本集團管理層及其法律顧問認為體現經濟利益之資源可能流出且金額能可靠估計，則本集團就該訴訟風險確認撥備。撥備金額及其時間根據其性質受不確定因素規限。然而，由於能可靠地估計個別金額及大多數已確認撥備可能於一年內到期，故此經評估該等不確定因素為低。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Research and development costs

In accordance with the accounting policy set out in note 4.12, costs associated with research activities are expensed in profit or loss as they are incurred, while costs that are directly attributable to development activities are recognised as intangible assets provided they meet all the requirements as set out in note 4.12. This requires the management to make judgements to distinguish the research phase and development phase of the projects being undertaken. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research, findings or other knowledge to a plan or design for the production of new or substantially improved materials devices, products, processes, systems or services before the start of commercial production or use. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgement, and assumptions regarding the expected progress and outcome of the research and development activities the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits. Because of the nature of the Group's research and development activities the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the projects. Hence research costs are generally recognised as expenses in the period in which they are incurred.

### Right-of-use assets

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### Going concern assumption

As mentioned in note 3.3, the consolidated financial statements have been prepared on a going concern basis as of 31 December 2019.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 研發成本

根據附註4.12載列之會計政策，研究活動相關之開支於產生時於溢利或虧損列作開支，而倘直接歸屬於開發活動之開支符合附註4.12載列之所有規定，則其將確認為無形資產。此要求管理層作出判斷以將所承接項目之研究階段及開發階段予以區分。研究乃所進行之原創及受規劃之調查，旨在獲得新科學或技術知識及瞭解。開發乃於開始作商業生產或使用前應用研究、結果或其他知識，以規劃或設計生產全新或重大改良物料器具、產品、工序、系統或服務。釐定於溢利或虧損列作開支或予以資本化之金額時，管理層須作出判斷及有關研發活動之預期進度及結果、資產之未來預期現金產生、將應用之貼現率，及可能未來經濟效益之預期期間之假設。基於本集團之研究及開發活動性質，確認該等成本為資產之條件一般直至達到項目之開發階段後期時方會達成。因此，研究成本一般於產生期間內確認為開支。

### 使用權資產

當本集團使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品與類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時或當須對利率進行調整以反映租賃的條款及條件時，則須作出利率估計。

當可觀察輸入數據可用時，本集團使用可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計。

### 持續經營假設

如附註3.3所闡釋，截至二零一九年十二月三十一日綜合財務報表乃按持續經營基準編製。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Going concern assumption (Continued)

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its financial obligations, as and when they fall due. Taking into account of the factors as mentioned in note 3.3, the directors of the Company opined that the Group will have sufficient working capital to finance its operations and to meet its financial obligations that will be due within next twelve months from 31 December 2019.

Should the Group be unable to continue as a going concern, adjustment would have to be made to write down the carrying value of the Group's assets to their net realisable amounts, and to provide for further liabilities that might arise. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

### Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 持續經營假設 (續)

本公司董事已仔細考慮本集團未來的流動資金及表現及其可用資金來源，以評估本集團是否能夠繼續在報告期末後的最少十二個月持續經營，並在到期時履行其財務義務。考慮到附註3.3所述的因素，本公司董事認為本集團擁有充足的營運資金，可滿足由二零一九年十二月三十一日起十二個月的經營所需並履行到期財務責任。

倘本集團未能持續經營，則將會作出調整，以撇銷本集團資產的賬面值為其可收回金額，以就可能產生的其他負債計提撥備。該等潛在調整的影響並未在綜合財務報表內反映。

### 公平值計量

多項載列於本集團財務報表的資產及負債須作出公平值計量及／或披露。本集團金融及非金融資產及負債之公平值計量乃於可行範圍內盡量使用市場可觀察輸入數值及數據。於釐定公平值計量時使用之輸入數值乃根據所運用之估值技術中使用之輸入數值之可觀察程度而分類為不同層級（「公平值層級」）：

- 第一級：相同資產或負債於活躍市場之未經調整報價；
- 第二級：第一級所包括報價以外之可觀察輸入數值；及
- 第三級：不可觀察輸入數值為無法取得市場數據之輸入數值。

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Fair value measurement (Continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

- Due from banks – precious metals (note 17)
- Trading portfolio investments (note 18)
- Financial assets at fair value through other comprehensive income (note 19)
- Derivative financial assets (note 20)
- Derivative financial liabilities (note 20)
- Investment properties (note 27)

For more detailed information in relation to the fair value measurement of the items above, please refer to the respective notes.

## 6. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group's product and service lines as operating segments as follows:

- (a) manufacturing and distribution of watches and timepieces;
- (b) property investments; and
- (c) banking and financial businesses.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

## 5. 關鍵會計判斷及估計不確定因素之主要來源 (續)

### 公平值計量 (續)

項目所歸入之上述層級乃依據該項目公平值計量具有重大影響之最低級輸入數值。不同層級之間之項目轉移於發生期間確認。

本集團計算以下項目之公平值：

- 應收銀行款項－貴金屬(附註17)
- 交易組合投資(附註18)
- 按公平值計入其他全面收入之金融資產(附註19)
- 衍生金融資產(附註20)
- 衍生金融負債(附註20)
- 投資物業(附註27)

有關上列項目公平值計量之更多詳盡資料，請參閱相關附註。

## 6. 分類資料

主要營運決策者(即執行董事)已將本集團產品及服務類別分為以下多個經營分類：

- (a) 鐘錶及時計產品製造及分銷；
- (b) 物業投資；及
- (c) 銀行及金融業務。

此等經營分類之監控及策略決定按經調整分類經營業績作出。

6. SEGMENT INFORMATION (CONTINUED)  
20196. 分類資料(續)  
二零一九年

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Segment revenue:</b>	<b>分類收入：</b>					
Net interest income from banking business	銀行業務之利息收入淨額	-	-	183,462	-	183,462
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	-	-	212,561	-	212,561
Trading income from banking business	銀行業務之交易收入	-	-	57,230	-	57,230
Service fees and commission income from financial business	金融業務之服務費及佣金收入	-	-	3,195	-	3,195
Interest income from financial business	金融業務之利息收入	-	-	165	-	165
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,249,737	-	-	-	2,249,737
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	-	9,915	-	-	9,915
<b>Total revenue</b>	<b>總收入</b>	<b>2,249,737</b>	<b>9,915</b>	<b>456,613</b>	<b>-</b>	<b>2,716,265</b>
<b>Segment results</b>	<b>分類業績</b>	<b>106,163</b>	<b>8,792</b>	<b>198,256</b>	<b>-</b>	<b>313,211</b>
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額	-	-	-	(91,586)	(91,586)
Share of loss of joint ventures	應佔合營企業虧損	-	-	-	(1,343)	(1,343)
Share of profit of associates	應佔聯營公司溢利	-	-	-	17,675	17,675
Finance costs	財務費用	(29,760)	-	(1,045)	(64,515)	(95,320)
Profit before income tax	除所得稅前溢利	76,403	8,792	197,211	(139,769)	142,637
Income tax expense	所得稅開支	(45,680)	(818)	(24,330)	(628)	(71,456)
Profit for the year	本年度溢利	30,723	7,974	172,881	(140,397)	71,181
<b>Segment assets</b>	<b>分類資產</b>	<b>4,991,807</b>	<b>182,932</b>	<b>13,631,441</b>	<b>-</b>	<b>18,806,180</b>
Unallocated corporate assets:	未分配公司資產：					
Interests in joint ventures	所佔合營企業權益	-	-	-	1,096	1,096
Interests in associates	所佔聯營公司權益	-	-	-	115,486	115,486
Trading portfolio investments	交易組合投資	-	-	-	37,190	37,190
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	-	417,256	417,256
Cash and deposits	現金及存款	-	-	-	58,998	58,998
Other unallocated corporate assets	其他未分配公司資產	-	-	-	160,875	160,875
<b>Consolidated total assets</b>	<b>綜合總資產</b>	<b>4,991,807</b>	<b>182,932</b>	<b>13,631,441</b>	<b>790,901</b>	<b>19,597,081</b>

6. SEGMENT INFORMATION (CONTINUED)  
2019 (Continued)

6. 分類資料(續)  
二零一九年(續)

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Segment liabilities</b>	<b>分類負債</b>	<b>1,145,167</b>	<b>28,140</b>	<b>12,303,747</b>	<b>-</b>	<b>13,477,054</b>
Unallocated corporate liabilities:	未分配公司負債：					
Borrowings	借貸	-	-	-	1,329,115	1,329,115
Amount due to a shareholder	應付一名股東之款項	-	-	-	12,000	12,000
Lease liabilities	租賃負債	-	-	-	37,001	37,001
Other unallocated corporate liabilities	其他未分配公司負債	-	-	-	81,022	81,022
<b>Consolidated total liabilities</b>	<b>綜合總負債</b>	<b>1,145,167</b>	<b>28,140</b>	<b>12,303,747</b>	<b>1,459,138</b>	<b>14,936,192</b>
<b>Other segment information</b>	<b>其他分類資料</b>					
Interest income and other interest income	利息收入及其他利息收入	2,987	549	202	519	4,257
Expected credit losses on trade receivables	應收賬款預期信貸虧損	7,340	-	-	-	7,340
Reversal of expected credit losses on due from banks and customers	撥回應收銀行及客戶款項預期信貸虧損	-	-	(1,812)	-	(1,812)
Reversal of provision for litigation risks, net	撥回訴訟風險撥備淨額	-	-	(394)	-	(394)
Provision for inventories	存貨撥備	24,263	-	-	3,265	27,528
Depreciation and amortisation	折舊及攤銷	136,503	-	19,719	18,644	174,866
Additions to non-current assets	添置非流動資產	128,948	-	47,525	-	176,473
Net surplus on revaluation of investment properties	投資物業重估之盈餘淨額	-	(4,047)	-	-	(4,047)

6. SEGMENT INFORMATION (CONTINUED)  
20186. 分類資料(續)  
二零一八年

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Segment revenue:</b>	<b>分類收入：</b>					
Net interest income from banking business	銀行業務之利息收入淨額	-	-	180,831	-	180,831
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	-	-	236,361	-	236,361
Trading income from banking business	銀行業務之交易收入	-	-	63,172	-	63,172
Service fees and commission income from financial business	金融業務之服務費及佣金收入	-	-	3,342	-	3,342
Interest income from financial business	金融業務之利息收入	-	-	193	-	193
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,444,364	-	-	-	2,444,364
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	-	9,586	-	-	9,586
<b>Total revenue</b>	<b>總收入</b>	<b>2,444,364</b>	<b>9,586</b>	<b>483,899</b>	<b>-</b>	<b>2,937,849</b>
<b>Segment results</b>	<b>分類業績</b>	<b>258,131</b>	<b>3,314</b>	<b>192,525</b>	<b>-</b>	<b>453,970</b>
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額	-	-	-	(46,739)	(46,739)
Share of loss of joint ventures	應佔合營企業虧損	-	-	-	(2,678)	(2,678)
Share of profit of associates	應佔聯營公司溢利	-	-	-	8,387	8,387
Finance costs	財務費用	(14,786)	-	(131)	(50,911)	(65,828)
Profit before income tax	除所得稅前溢利	243,345	3,314	192,394	(91,941)	347,112
Income tax expense	所得稅開支	(77,728)	(414)	(27,868)	346	(105,664)
Profit for the year	本年度溢利	165,617	2,900	164,526	(91,595)	241,448
<b>Segment assets</b>	<b>分類資產</b>	<b>5,191,326</b>	<b>179,523</b>	<b>13,957,275</b>	<b>-</b>	<b>19,328,124</b>
Unallocated corporate assets:	未分配公司資產：					
Interests in joint ventures	所佔合營企業權益	-	-	-	2,439	2,439
Interests in associates	所佔聯營公司權益	-	-	-	102,919	102,919
Trading portfolio investments	交易組合投資	-	-	-	48,945	48,945
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	-	621,489	621,489
Cash and deposits	現金及存款	-	-	-	48,286	48,286
Other unallocated corporate assets	其他未分配公司資產	-	-	-	106,027	106,027
<b>Consolidated total assets</b>	<b>綜合總資產</b>	<b>5,191,326</b>	<b>179,523</b>	<b>13,957,275</b>	<b>930,105</b>	<b>20,258,229</b>

6. SEGMENT INFORMATION (CONTINUED)  
2018 (Continued)

6. 分類資料(續)  
二零一八年(續)

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking and financial businesses 銀行及 金融業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Segment liabilities</b>	<b>分類負債</b>	1,078,126	25,343	12,723,651	–	13,827,120
Unallocated corporate liabilities:	未分配公司負債：					
Corporate bonds	公司債券	–	–	–	760,244	760,244
Borrowings	借貸	–	–	–	738,299	738,299
Amount due to a shareholder	應付一名股東之款項	–	–	–	73,000	73,000
Other unallocated corporate liabilities	其他未分配公司負債	–	–	–	50,075	50,075
<b>Consolidated total liabilities</b>	<b>綜合總負債</b>	1,078,126	25,343	12,723,651	1,621,618	15,448,738
<b>Other segment information</b>	<b>其他分類資料</b>					
Interest income and other interest income	利息收入及其他利息收入	3,910	2	231	1,505	5,648
Expected credit losses on trade receivables	應收賬款預期信貸虧損	4,381	–	–	–	4,381
Expected credit losses on due from banks and customers	應收銀行及客戶 款項預期信貸虧損	–	–	3,256	–	3,256
Reversal of provision for litigation risks, net	撥回訴訟風險撥備淨額	–	–	(320)	–	(320)
Provision for inventories	存貨撥備	11,050	–	–	–	11,050
Reversal of provision for inventories	撥回存貨撥備	(7,301)	–	–	–	(7,301)
Depreciation and amortisation	折舊及攤銷	111,521	–	15,597	1,795	128,913
Additions to non-current assets	添置非流動資產	150,480	–	43,566	100	194,146
Net deficit on revaluation of investment properties	投資物業重估 之虧絀淨額	–	4,066	–	–	4,066

Unallocated corporate income and expenses mainly comprised dividend income from trading portfolio investments and financial assets at fair value through other comprehensive income, gain or loss on fair value changes in trading portfolio investments, impairment of yacht and other corporate income and expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment. Other corporate expenses mainly included employee costs and directors' remuneration.

未分配公司收入及支出主要包括來自交易組合投資及按公平值計入其他全面收入之金融資產之股息收入、交易組合投資公平值變動之收益或虧損、遊艇減值及概不直接歸屬於任何經營分類業務活動之本集團總部其他公司收入及支出。其他公司支出主要包括僱員成本及董事薪酬。

## 6. SEGMENT INFORMATION (CONTINUED)

The Group's revenues from external customers and its non-current assets (other than financial assets and deferred tax assets) are divided into the following geographical areas:

## 6. 分類資料(續)

本集團來自外界客戶之收入及非流動資產(金融資產及遞延稅項資產除外)按以下地區劃分:

		Revenue from external customers 來自外界客戶收入		Non-current assets 非流動資產	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong	香港	105,007	142,281	232,366	177,912
PRC	中國	1,735,436	1,818,464	1,377,436	1,397,045
Switzerland	瑞士	28,311	22,942	445,173	460,505
United Kingdom	英國	78,959	103,060	19,361	7,928
Liechtenstein	列支敦士登	453,253	480,364	488,356	448,423
Others	其他	315,299	370,738	1,449	2,492
		<b>2,716,265</b>	2,937,849	<b>2,564,141</b>	2,494,305

The geographical location of revenues from watches and timepieces and property investments segment are based on the location of customers, and the geographical location of revenues from banking and financial businesses segment are based on the location of operations of the CGUs. For goodwill and intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 December 2019 and 2018.

鐘錶及時計產品以及物業投資分類的收入地區以客戶所在地點為準，而銀行及金融業務分類的收入地區以現金產生單位經營所在地為基準。商譽及無形資產以現金產生單位經營所在地為基準。其他非流動資產地區以資產實際所在地點為準。

本集團客戶眾多，截至二零一九年及二零一八年十二月三十一日止年度，概無任何來自特定外界客戶佔本集團收入超過10%之重大收入。

## 7. REVENUE

The Group is principally engaging in manufacturing and distribution of watches and timepieces, property investments and banking and financial businesses.

For banking and financial businesses, revenue mainly comprises net interest income, net service fees and commission income and trading income (notes 7(a), 7(b), 7(c) and 7(d)). For non-banking and financial businesses, revenue mainly represents the net invoiced value of goods sold, after allowance for returns and trade discounts and rental income received and receivables. (note 7(e)).

Revenue recognised during the year is as follows:

### (a) Net interest income from banking business

## 7. 收入

本集團主要從事鐘錶及時計產品製造及分銷、物業投資以及銀行及金融業務。

就銀行及金融業務而言，收入主要包括利息收入淨額、服務費及佣金收入淨額以及交易收入（附註7(a)、7(b)、7(c)及7(d)）。就非銀行及金融業務而言，收入主要指扣除退貨及貿易折扣售出貨品發票淨值以及已收及應收租金收入（附註7(e)）。

年內確認之收入如下：

### (a) 銀行業務之利息收入淨額

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Interest income from banking business arising from:</b>	下列各項所產生之銀行業務之利息收入：		
Interest income – due from banks	利息收入－應收銀行款項	<b>151,973</b>	161,518
Interest income – due from clients	利息收入－應收客戶款項	<b>26,840</b>	29,512
Interest income from trading portfolio investments	交易組合投資的利息收入	<b>387</b>	72
Interest income from mortgage loans	按揭貸款之利息收入	<b>15,824</b>	8,026
Interest income from money market papers	貨幣市場票據之利息收入	<b>878</b>	8,827
Interest income from other financial assets at amortised cost	金融資產之利息收入	<b>24,955</b>	12,973
Negative interest (expense)/income on due to clients	應付客戶款項之負利息（開支）／收入	<b>(36)</b>	720
		<b>220,821</b>	221,648
<b>Interest expenses from banking business arising from:</b>	下列各項所產生之銀行業務之利息開支：		
Interest expense on due to banks	應付銀行款項之利息開支	<b>(33,268)</b>	(38,403)
Interest expense on due to clients	應付客戶款項之利息開支	<b>(3,551)</b>	(564)
Interest expense for issued debt instruments	已發行債務工具之利息開支	<b>(352)</b>	(1,645)
Negative interest income on due from banks and clients	應收銀行及客戶款項之負利息收入	<b>(188)</b>	(205)
		<b>(37,359)</b>	(40,817)
<b>Net interest income from banking business</b>	<b>銀行業務之利息收入淨額</b>	<b>183,462</b>	180,831

## 7. REVENUE (CONTINUED)

## (b) Net service fees and commission income from banking business

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Service fee and commission income from banking business arising from:</b>	下列各項所產生之銀行業務之服務費及佣金收入：		
Commission income from loans	貸款所得佣金收入	6,935	4,049
Brokerage fees	經紀費	30,654	37,107
Custody account fees	託管賬戶費	26,276	27,368
Commission on investment advice and asset management	投資建議及資產管理佣金	99,256	105,612
Commission income from service fees	服務費佣金收入	59,006	92,890
Commission income from fiduciary fees	信託費佣金收入	455	554
Commission income from retrocession	轉分保佣金收入	5,758	4,385
Other commission income	其他佣金收入	52,287	53,649
		<b>280,627</b>	325,614
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支	<b>(68,066)</b>	(89,253)
<b>Net service fees and commission income from banking business</b>	<b>銀行業務之服務費及佣金收入淨額</b>	<b>212,561</b>	236,361

## 7. 收入(續)

## (b) 銀行業務之服務費及佣金收入淨額

## (c) Trading income from banking business

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Debt instruments	債務工具	(113)	(815)
Securities	證券	81	5
Forex and precious metals	外匯及貴金屬	56,527	62,715
Funds	基金	735	1,267
<b>Trading income from banking business</b>	<b>銀行業務之交易收入</b>	<b>57,230</b>	63,172

## (c) 銀行業務之交易收入

## (d) Revenue from financial business

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Service fees and commission income	服務費及佣金收入	3,195	3,342
Interest income	利息收入	165	193
<b>Revenue from financial business</b>	<b>金融業務之收入</b>	<b>3,360</b>	3,535

## (d) 金融業務之收入

## 7. REVENUE (CONTINUED)

### (e) Revenue from non-banking and financial businesses

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods	貨品銷售	2,249,737	2,444,364
Rental income	租金收入	9,915	9,586
<b>Revenue from non-banking business and financial businesses</b>	<b>非銀行及金融業務之收入</b>	<b>2,259,652</b>	<b>2,453,950</b>

## 7. 收入(續)

### (e) 非銀行及金融業務之收入

## 8. OTHER INCOME AND OTHER NET GAINS OR LOSSES

### 8. 其他收入及其他收益或虧損淨額

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Gain on fair value changes in trading portfolio investments, net	交易組合投資的公平值變動收益淨額	20,368	15,541
Fair value loss on early redemption of the convertible bonds	提早贖回可換股債券之公平值虧損	-	(978)
Net surplus/(deficits) on revaluation of investment properties	投資物業重估之盈餘/(虧絀)淨額	4,047	(4,066)
Gain/(loss) on disposal of property, plant and equipment	出售物業、廠房及設備之收益/(虧損)	159	(1,589)
Bank and other interest income from non-banking business	非銀行業務之銀行及其他利息收入	4,257	5,648
Dividend income from trading portfolio investments	交易組合投資的股息收入	1,061	1,097
Dividend income from financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產之股息收入	12,263	11,316
Sales of scrap materials	廢料銷售	152	161
Other operating income	其他經營收入	19,222	8,281
Government subsidies (note (a))	政府補助金(附註(a))	20,936	40,701
Reversal of provision for litigation risks	訴訟風險撥備撥回	394	320
Reversal of/(provision of) expected credit losses for due from banks and clients	應收銀行及客戶款項預期信貸虧損撥回/(撥備)	1,812	(3,256)
Exchange gains, net	外匯收益淨額	12,462	-
Other sundry income, net	其他雜項收入淨額	7,260	6,310
		<b>104,393</b>	<b>79,486</b>

Note:

(a) Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business.

附註：

(a) 政府補助金主要包括已收無條件補貼本集團業務之補助金。

## 9. FINANCE COSTS FROM NON-BANKING BUSINESS

## 9. 非銀行業務之財務費用

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest charged on corporate bonds and convertible bond	公司債券及可換股債券利息開支	18,605	34,454
Interest charged on bank borrowings, bank overdrafts and other borrowings	銀行借貸、銀行透支及其他借貸的利息開支	69,784	29,510
Margin loan interests	保證金貸款利息	2,298	1,864
Interest on lease liabilities	租賃負債利息	4,633	–
		<b>95,320</b>	<b>65,828</b>

## 10. PROFIT BEFORE INCOME TAX

## 10. 除所得稅前溢利

Profit before income tax is arrived at after charging/(crediting):

除所得稅前溢利已扣除/(計入)下列各項後達致:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost of inventories recognised as expense, including:	確認為開支的存貨成本，包括：	1,004,030	1,022,568
– Reversal of provision for inventories	– 撥回存貨撥備	–	(7,301)
– Provision for inventories	– 存貨撥備	27,528	11,050
Depreciation and amortisation	折舊及攤銷	174,866	128,913
– Depreciation for owned assets (note (a))	– 自用資產折舊(附註(a))	117,716	126,255
– Depreciation for right-of-use assets (note (a) and (c))	– 使用權資產折舊(附註(a)及(c))	55,434	–
– Amortisation of prepaid land lease payments (note (b))	– 預付土地租賃款項攤銷(附註(b))	–	864
– Amortisation of intangible assets (note (b))	– 無形資產攤銷(附註(b))	1,716	1,794
Lease payments under operating leases in respect of:	以下經營租賃項下之租賃款項：		
– Land and buildings	– 土地及樓宇	–	54,333
Short term lease expenses	短期租賃開支	16,892	–
Auditor's remuneration	核數師酬金	4,800	4,600
Gross rental income	租金收入總額	(9,915)	(9,586)
Less: direct operating expenses	減：直接經營開支	2,189	2,309
Net rental income	租金收入淨額	(7,726)	(7,277)
Research and development expenses (note (b))	研究及開發開支(附註(b))	39,001	55,267
Expected credit losses on other assets	其他資產預期信貸虧損	2,167	–
Expected credit losses on trade receivables	應收賬款預期信貸虧損	7,340	4,381
Advertising expenses	廣告開支	212,320	222,790

Notes:

附註：

(a) Depreciation expense of HK\$26,206,000 (2018: HK\$19,653,000) has been included in cost of sales from non-banking and financial businesses, HK\$61,029,000 (2018: HK\$53,213,000) in selling and distribution expenses and HK\$85,915,000 (2018: HK\$53,389,000) in administrative expenses.

(a) 折舊支出26,206,000港元(二零一八年：19,653,000港元)已計入非銀行及金融業務之銷售成本、61,029,000港元(二零一八年：53,213,000港元)計入銷售及分銷費用以及85,915,000港元(二零一八年：53,389,000港元)計入行政費用。

(b) Amortisation expenses and research and development expenses had been included in the administrative expenses.

(b) 攤銷開支以及研究及開發開支已計入行政費用。

## 10. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes: (Continued)

- (c) The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated. Details of the initial implementation of HKFRS 16 are set out in note 2(a).

## 11. INCOME TAX EXPENSE

For the year ended 31 December 2019 and 2018, Hong Kong profit tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% on the estimated assessable profits (2018: 16.5%). The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (2018: 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is also subject to PRC withholding tax at the rate of 5% or 10% (2018: 5% or 10%) in respect of its PRC sourced income earned, including rental income from properties in the PRC and dividend income derived from PRC incorporated company.

## 10. 除所得稅前溢利 (續)

附註：(續)

- (c) 本集團初始採用累計影響法應用香港財務報告準則第16號並且調整於二零一九年一月一日的年初結餘，以確認與租賃有關的使用權資產，而該等使用權資產之前根據香港會計準則第17號分類為經營租賃。於二零一九年一月一日初始確認使用權資產後，本集團作為承租人須確認使用權資產折舊，以代替確認之前就經營租賃按租期以直線法產生租金開支的政策。根據此方法，比較資料並無重列。初始應用香港財務報告準則第16號的詳情載於附註2(a)。

## 11. 所得稅開支

截至二零一九年及二零一八年十二月三十一日止年度，本集團已為若干附屬公司計提香港利得稅撥備，並按估計應課稅溢利16.5%（二零一八年：16.5%）計算。於中國成立之附屬公司須按介乎15%至25%（二零一八年：15%至25%）之所得稅率繳稅。海外稅項按相關司法權區適用稅率計算。

本集團亦就其於中國賺取之收入按稅率5%或10%（二零一八年：5%或10%）繳交中國預扣稅，預扣稅包括來自中國物業之租金收入及產生自中國註冊成立公司之股息收入。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current tax for the year	年內即期稅項		
Hong Kong	香港	669	665
PRC	中國	45,149	78,140
Liechtenstein	列支敦士登	25,027	27,891
Switzerland	瑞士	1,122	289
Deferred tax for the year (note 39)	年內遞延稅項(附註39)	(511)	(1,321)
Total income tax expense	所得稅開支總額	71,456	105,664

**11. INCOME TAX EXPENSE (CONTINUED)**

Reconciliation between income tax expense and accounting profit at applicable tax rates:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	142,637	347,112
Tax on profit before income tax, calculated at the rates applicable to the tax jurisdictions concerned	除所得稅前溢利之稅項(根據相關稅務司法權區適用之稅率計算)	36,473	90,526
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(8,733)	(25,657)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	7,094	5,968
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	36,622	34,827
Total income tax expense	所得稅開支總額	71,456	105,664

**11. 所得稅開支(續)**

按適用稅率計算之所得稅開支與會計溢利之對賬：

**12. DIVIDENDS****12.1 Dividend attributable to the year**

The directors do not recommend the payment of dividend for the year ended 31 December 2019 (2018: Nil).

**12.2 Dividend attributable to the previous financial year, approved and paid during the year****12. 股息****12.1 年內應佔股息**

董事不建議就截至二零一九年十二月三十一日止年度派付股息(二零一八年：無)。

**12.2 年內批准及支付之過往財政年度應佔股息**

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Final dividend in respect of previous financial year (2018: HK6 cents)	就過往財政年度之末期股息 (二零一八年：每股6港仙)	-	261,113

### 13. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

### 13. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Earnings</b>	<b>盈利</b>		
Profit attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	計算每股基本及攤薄盈利所依據之本公司擁有人應佔溢利	<b>44,246</b>	201,372
		<b>2019 二零一九年 Number of shares 股份數目 '000 千股</b>	<b>2018 二零一八年 Number of shares 股份數目 '000 千股</b>
<b>Number of shares</b>	<b>股份數目</b>		
Weighted average number of shares for the purpose of calculating basic earnings per share	計算每股基本盈利所依據之加權平均股數	<b>4,351,889</b>	4,351,370
Effect of dilutive potential shares: – share options issued by the Company	潛在股份之攤薄影響： – 本公司發行之認購股份權	–	2,249
Weighted average number of shares for the purpose of calculating diluted earnings per share	計算每股攤薄盈利所依據之加權平均股數	<b>4,351,889</b>	4,353,619

### 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

#### 14.1 Employee benefit expense

### 14. 僱員福利開支 (包括董事酬金)

#### 14.1 僱員福利開支

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Wages and salaries	工資及薪金	<b>668,256</b>	669,441
Pension costs	退休金成本	<b>91,002</b>	91,286
		<b>759,258</b>	760,727

Employee costs, including directors' emoluments of HK\$92,791,000 (2018: HK\$83,775,000) has been included in cost of sales from non-banking and financial businesses, HK\$255,167,000 (2018: HK\$285,027,000) in selling and distribution expenses and HK\$411,300,000 (2018: HK\$391,925,000) in administrative expenses.

僱員成本(包括董事酬金)92,791,000 港元(二零一八年: 83,775,000 港元)已計入非銀行及金融業務之銷售成本、255,167,000 港元(二零一八年: 285,027,000 港元)已計入銷售及分銷開支以及411,300,000 港元(二零一八年: 391,925,000 港元)已計入行政開支。

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

## 14.2 Defined benefit pension plans

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net defined benefit obligations	定額福利責任淨額	90,908	83,140

Net defined benefit obligations has been included in "other liabilities" (see note 40) in the consolidated statement of financial position.

The defined benefit pension plans are primarily arising from Eterna AG Uhrenfabrik and its subsidiaries (together "Eterna Group"), Montres Corum Sàrl and its subsidiaries (together "Corum Group") Bendura Bank AG and its subsidiaries ("Bendura Group"), and also Ernest Borel Group. The Group makes contributions to the defined benefit pension plans that provide post-retirement benefits for employees upon retirement. Under the schemes, the employees in Switzerland and Liechtenstein are entitled to retirement benefits based on the plan assets accumulated on attainment of the retirement age and a fixed annual rate. Since there is potential down-side risk for the employer to pay additional contributions in case the plan has a deficit, plans in Switzerland and Liechtenstein are classified as defined benefit pension plans.

The latest independent actuarial valuations of plan assets and the present value of the defined benefit obligation on Eterna Group were carried out at 31 December 2018 and 2019 by Patrick Bonadei and Victoria Steib a member of the Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

The latest independent actuarial valuations of plan assets and the defined benefit obligations on Corum Group were carried out at 31 December 2018 and 2019 by Nicolas Colozier, a member of the Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

## 14. 僱員福利開支(包括董事酬金)(續)

## 14.2 定額退休金福利計劃

定額福利責任淨額已計入綜合財務狀況表「其他負債」(見附註40)項下。

定額退休金福利計劃主要來自Eterna AG Uhrenfabrik及其附屬公司(統稱「綺年華集團」)、Montres Corum Sàrl及其附屬公司(統稱「崑崙集團」、富地銀行股份有限公司及其附屬公司(「富地集團」)以及依波路集團。本集團向定額退休金福利計劃作出供款，為僱員於退休時提供退休後福利。根據計劃，瑞士及列支敦士登僱員可享有退休福利，乃根據達到退休年齡及固定年率所累計之計劃資產釐定。由於一旦計劃出現赤字，僱主須支付額外供款，導致潛在損失風險，故瑞士及列支敦士登計劃分類為定額退休金福利計劃。

綺年華集團計劃資產之最新獨立精算估值及定額福利責任的現值乃由瑞士Swiss Association of Actuaries之會員Patrick Bonadei及Victoria Steib於二零一八年及二零一九年十二月三十一日使用預測單位入賬方法進行。

崑崙集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士Swiss Association of Actuaries之一位會員Nicolas Colozier於二零一八及二零一九年十二月三十一日使用預測單位入賬方法進行。

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### 14.2 Defined benefit pension plans (Continued)

The latest independent actuarial valuations of plan assets and the defined benefit obligations on Bendura Group were carried out at 31 December 2019 and 2018 by AXA Pension Solutions AG, a member of Swiss Association of Actuaries in Switzerland, using the projected unit credit method.

- (a) The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Present value of defined benefit obligations	定額福利責任現值	509,891	478,397
Fair value of plan assets	計劃資產之公平值	(418,983)	(395,257)
Net liability arising from defined benefit obligations		90,908	83,140

- (b) Movements in the present value of the defined benefit obligations for both the years ended 31 December 2019 and 2018 are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	478,397	456,532
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	-	14,409
Current service costs	現時服務成本	30,321	29,242
Past service costs	過往服務成本	(4,140)	2,941
Interest cost	利息成本	4,077	3,085
Actuarial losses/(gains)	精算虧損/(收益)	17,254	(30,853)
Benefits paid	已付福利	(36,110)	(11,059)
Contribution by plan participants	計劃參與者供款	14,132	15,547
Exchange realignment	匯兌調整	5,960	(1,447)
At 31 December	於十二月三十一日	509,891	478,397

## 14. 僱員福利開支(包括董事酬金)(續)

### 14.2 定額退休金福利計劃(續)

富地集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士Swiss Association of Actuaries之一位會員AXA Pension Solutions AG於二零一九年及二零一八年十二月三十一日使用預測單位入賬方法進行。

- (a) 計入綜合財務狀況表本集團就其定額福利計劃責任所產生之金額如下：

- (b) 截至二零一九年及二零一八年十二月三十一日止兩個年度定額福利計劃責任現值變動如下：

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

## 14.2 Defined benefit pension plans (Continued)

- (c) Movements in the fair value of the plan assets for both the years ended 31 December 2019 and 2018 are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	395,257	362,209
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	-	9,440
Interest income	利息收入	118	64
Return on plan assets	計劃資產之回報	21,086	2,172
Contributions by the employers	僱主供款	17,917	19,265
Contributions by plan participants	計劃參與者供款	14,124	15,546
Benefit paid	已付福利	(36,110)	(11,059)
Exchange realignment	匯兌調整	6,591	(2,380)
At 31 December	於十二月三十一日	418,983	395,257

- (d) Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Service cost:	服務成本：		
Current service costs	現時服務成本	30,321	29,242
Past services costs	過往服務成本	(4,140)	2,941
Net interest expense	利息開支淨額	3,959	3,021
Components of defined benefit costs recognised in profit or loss	於溢利或虧損中確認之定額福利成本之組成部分	30,140	35,204
Remeasurement on the net defined benefit obligations:	重新計量定額福利責任淨額：		
Return on plan assets	計劃資產之回報	21,086	2,172
Actuarial (losses)/gains	精算(虧損)/收益	(17,254)	30,853
Deferred tax arising on remeasurement of the net defined benefit obligations	重新計量定額福利責任淨額之遞延稅項	(1,342)	-
Components of defined benefit costs recognised in other comprehensive income, net	於其他全面收入中確認之定額福利成本之組成部分淨額	2,490	33,025

The defined benefit cost of HK\$30,140,000 (2018: HK\$35,204,000) has been included in the administrative expenses. The remeasurement of the net defined benefit obligation is included in other comprehensive income.

## 14. 僱員福利開支(包括董事酬金)(續)

## 14.2 定額退休金福利計劃(續)

- (c) 截至二零一九年及二零一八年十二月三十一日止年度計劃資產公平值變動如下：

- (d) 就該等定額福利計劃於綜合全面收入表內確認之金額如下：

定額福利成本30,140,000港元(二零一八年：35,204,000港元)已計入行政費用。重新計量定額福利責任淨額計入其他全面收入。

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### 14.2 Defined benefit pension plans (Continued)

- (e) The major categories of the fair value of the plan assets at the end of reporting period are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Equity instruments	股本工具	108,556	59,770
Debt instruments	債務工具	141,967	90,284
Properties	物業	97,030	77,295
Commodities instruments	商品工具	3,187	4,274
Assets from reinsurance	重新保險資產	8,508	144,474
Hedge funds	對沖基金	24,783	9,117
Cash	現金	33,453	8,018
Other	其他	1,499	2,025
		<b>418,983</b>	395,257

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair value of properties, commodities instruments, assets from reinsurance and hedge funds are not based on quoted market prices in active markets.

- (f) The principal assumption used for the purpose of the actuarial valuations was as follows:

		2019 二零一九年	2018 二零一八年
Discount rate(s)	貼現率	0.15%–0.25%	0.8%–1.0%
Expected rate(s) of salary increase	預期薪金升幅	0.5%–1.0%	0.5%–1.5%

## 14. 僱員福利開支(包括董事酬金)(續)

### 14.2 定額退休金福利計劃(續)

- (e) 於報告期末計劃資產公平值之主要類別如下：

上述股本及債務工具之公平值按活躍市場之市場報價釐定，而物業、商品工具、重新保險資產及對沖基金之公平值並非按活躍市場之市場報價釐定。

- (f) 用於精算評估目的之主要假設如下：

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### 14.2 Defined benefit pension plans (Continued)

#### (g) Sensitivity analysis on defined benefit pension plans

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary rate of increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligations would decrease by HK\$31,850,000 (2018: HK\$35,823,000)/increase by HK\$58,363,000 (2018: HK\$44,759,000).
- If the expected salary rate of increase/(decreases) by 50 basis points, the defined benefit obligations would increase by HK\$17,474,000 (2018: HK\$8,435,000)/decrease by HK\$2,543,000 (2018: HK\$5,086,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 14. 僱員福利開支 (包括董事酬金) (續)

### 14.2 定額退休金福利計劃 (續)

#### (g) 定額退休金福利計劃之敏感度分析

釐定定額福利責任之主要精算假設為貼現率及預期薪金增幅比率。下文之敏感度分析乃按當所有其他假設保持不變時，報告期末所產生有關假設合理可能變動而釐定。

- 倘貼現率上升／(下降) 50個基點，定額福利責任將減少31,850,000港元(二零一八年：35,823,000港元)／增加58,363,000港元(二零一八年：44,759,000港元)。
- 倘預期薪金增幅比率增加／(減少) 50個基點，定額福利責任將增加17,474,000港元(二零一八年：8,435,000港元)／減少2,543,000港元(二零一八年：5,086,000港元)。

上述敏感度分析可能並不代表定額福利責任之實際變化，原因為若干假設可能彼此關聯，假設中之變化不大可能單獨出現。

此外，就上述敏感度分析之呈列，於報告期末定額福利責任之現值使用預測單位入賬方法計算，即與於綜合財務狀況表中所確認定額福利負債之計算所應用者相同。

過往年度用以制定敏感度分析之方法及假設概無變動。

## 15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

### 15.1 Directors' emoluments

Details of emoluments of the directors of the Company in connection with the management of affairs of the Company and its subsidiaries are set out below:

## 15. 董事酬金及高級管理層酬金

### 15.1 董事酬金

有關管理本公司及其附屬公司事宜之本公司董事酬金之詳情載列如下：

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		董事袍金	薪金、津貼及實物福利	退休金計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$000
		千港元	千港元	千港元	千港元
<b>2019</b>	<b>二零一九年</b>				
<b>Executive directors</b>	<b>執行董事</b>				
Mr. Hon Kwok Lung	韓國龍先生	–	2,084	18	2,102
Mr. Shang Jianguang	商建光先生	–	14,077	96	14,173
Mr. Shi Tao*	石濤先生*	–	1,810	18	1,828
Mr. Lam Toi Man	林代文先生	–	1,430	18	1,448
Mr. Bi Bo	畢波先生	–	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	–	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	–	1,430	18	1,448
Mr. Teguh Halim	Teguh Halim 先生	–	4,342	143	4,485
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>				
Mr. Fung Tze Wa	馮子華先生	200	–	–	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	–	–	150
Mr. Zhang Bin	張斌先生	150	–	–	150
Mr. Rudolf Heinrich Escher	Rudolf Heinrich Escher 先生	200	–	–	200
		<b>700</b>	<b>28,059</b>	<b>347</b>	<b>29,106</b>

## 15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

## 15. 董事酬金及高級管理層酬金(續)

## 15.1 Directors' emoluments (Continued)

## 15.1 董事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		董事袍金	薪金、津貼及實物福利	退休金計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
<b>2018</b>	<b>二零一八年</b>				
<b>Executive directors</b>	<b>執行董事</b>				
Mr. Hon Kwok Lung	韓國龍先生	–	2,091	18	2,109
Mr. Shang Jianguang	商建光先生	–	13,722	83	13,805
Mr. Shi Tao*	石濤先生*	–	1,810	18	1,828
Mr. Lam Toi Man	林代文先生	–	1,430	18	1,448
Mr. Bi Bo	畢波先生	–	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	–	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	–	1,430	18	1,448
Mr. Tao Li <sup>^</sup>	陶立先生 <sup>^</sup>	–	141	2	143
Mr. Teguh Halim **	Teguh Halim 先生**	–	2,964	21	2,985
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>				
Mr. Fung Tze Wa	馮子華先生	200	–	–	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	–	–	150
Mr. Zhang Bin	張斌先生	150	–	–	150
Mr. Rudolf Heinrich Escher	Rudolf Heinrich Escher 先生	200	–	–	200
		700	26,474	214	27,388

Notes:

There was no arrangement under which a director waived or agreed to waive any remunerations during the year ended 31 December 2019 (2018: nil).

\* Save as disclosed in the above table, the Group also provided a quarter to the executive director, Mr. Shi Tao at HK\$10,000 monthly rental (2018: HK\$10,000). The carrying amount of the Group's investment property which was rented to the executive director as quarter as at 31 December 2019 was HK\$27,400,000 (2018: HK\$26,000,000).

<sup>^</sup> Mr. Tao Li has resigned as an executive director of the Company with effect from 23 January 2018.

\*\* Mr. Teguh Halim has been appointed as an executive director of the Company with effect from 23 January 2018.

附註:

截至二零一九年十二月三十一日止年度，並無董事放棄或同意放棄任何酬金安排(二零一八年：無)。

\* 除上表所披露者外，本集團亦為執行董事石濤先生提供一間宿舍，月租為10,000港元(二零一八年：10,000港元)。於二零一九年十二月三十一日，租予執行董事作宿舍之本集團投資物業之賬面值為27,400,000港元(二零一八年：26,000,000港元)。

<sup>^</sup> 陶立先生已辭任本公司之執行董事，自二零一八年一月二十三日起生效。

\*\* Teguh Halim 先生獲委任為本公司之執行董事，自二零一八年一月二十三日起生效。

## 15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

### 15.2 Five highest paid individuals

The five highest paid individuals of the Group during the year included two (2018: two) directors, details of whose remuneration are reflected in the analysis presented in note 15.1. Details of the remuneration of the remaining three (2018: three) non-director, highest paid individuals of the Group for the year are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	12,013	12,294
Contribution to pension scheme	退休金計劃供款	862	824
		<b>12,875</b>	<b>13,118</b>

The emoluments of non-director highest paid individuals were within following bands:

		2019 二零一九年 No. of individuals 人數	2018 二零一八年 No. of individuals 人數
HK\$3,500,001 to HK\$4,000,000	3,500,001 港元至 4,000,000 港元	1	1
HK\$4,000,001 to HK\$4,500,000	4,000,001 港元至 4,500,000 港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001 港元至 5,000,000 港元	1	2
		<b>3</b>	<b>3</b>

No emolument was paid by the Group to the directors or the three (2018: three) highest paid employee(s) as an inducement to join or upon joining the Group, or as compensation for loss of office (2018: nil).

## 15. 董事酬金及高級管理層酬金(續)

### 15.2 五名最高酬金人士

年內，本集團五名最高薪人士包括兩名(二零一八年：兩名)董事，彼等酬金詳情反映於附註15.1所列分析。年內本集團餘下三名(二零一八年：三名)非董事最高薪人士酬金詳情如下：

非董事最高薪人士之薪金介乎以下級別：

本集團並無向董事或三名(二零一八年：三名)最高薪僱員支付酬金作為加入或於加入本集團時之獎勵，或作為離職補償(二零一八年：無)。

## 15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

### 15.3 Emoluments to members of senior management

The emoluments to members of senior management (excluding the remunerations to directors which have been disclosed in note 15.1 above) were within the following bands:

		2019 二零一九年 No. of individuals 人數	2018 二零一八年 No. of individuals 人數
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	1	1
HK\$4,000,001 to HK\$4,500,000	4,000,001 港元至 4,500,000 港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001 港元至 5,000,000 港元	–	1
		<b>2</b>	<b>2</b>

## 16. CASH AND DEPOSITS

## 15. 董事酬金及高級管理層酬金 (續)

### 15.3 高級管理層成員酬金

高級管理層成員酬金(不包括已於上文附註 15.1 披露之董事酬金)介乎以下級別:

## 16. 現金及存款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash and bank balances (note (a), (b) and (c))	現金及銀行結餘(附註(a)、(b)及(c))	<b>329,377</b>	395,444
Cash held on behalf of clients (note (d))	代客戶持有之現金(附註(d))	<b>104,227</b>	46,932
Sight deposits with central banks (note (e))	中央銀行之活期存款(附註(e))	<b>4,463,642</b>	7,259,367
		<b>4,897,246</b>	7,701,743
Cash and deposits as per above	上述現金及存款	<b>4,897,246</b>	7,701,743
Less: Cash held on behalf of clients (note (d))	減: 代客戶持有之現金(附註(d))	<b>(104,227)</b>	(46,932)
Pledged bank deposits (note (b))	已質押銀行存款(附註(b))	<b>(111,763)</b>	–
Restricted bank deposits (note (b))	受限制銀行存款(附註(b))	<b>(1,260)</b>	–
Cash and cash equivalents	現金及現金等價物	<b>4,679,996</b>	7,654,811

Notes:

- (a) Except for pledged bank deposits, cash at bank earns interest at the floating rates based on the daily bank deposits rates.
- (b) Included in cash and bank balances of the Group are the amount of approximately HK\$231,326,000 (2018: HK\$249,220,000) denominated in RMB which are placed with the banks in the PRC. RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into foreign currencies through the banks authorised to conduct foreign exchange business.
- (c) As at 31 December 2019, included in cash and bank balance of the Group of HK\$111,763,000 (2018: Nil) are pledged bank deposits pledged as securities for the Group's banking facilities and HK\$1,260,000 (2018: Nil) are restricted bank deposits. The pledged bank deposits carried interests at 3.6% per annum.

附註:

- (a) 除已質押銀行存款外，銀行現金按每日銀行存款利率計算之浮動利率計息。
- (b) 本集團現金及銀行結餘包括為數約 231,326,000 港元(二零一八年: 249,220,000 港元)以人民幣計值存於中國之銀行之款額。人民幣不得自由兌換為其他貨幣。根據中國關於外匯管理及結匯、售匯及付匯管理規定，本集團可透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。
- (c) 於二零一九年十二月三十一日，本集團現金及銀行結餘為數 111,763,000 港元(二零一八年: 無)質押作本集團銀行融資之已質押銀行存款，而 1,260,000 港元(二零一八年: 無)為受限制銀行存款。該等已質押銀行存款按年利率 3.6% 計息。

## 16. CASH AND DEPOSITS (CONTINUED)

Notes: (continued)

- (d) In respect of the Group's financial business of securities dealing, the Group maintains segregated trusts accounts with authorised financial institutions to hold client's monies. The Group classifies clients' monies under cash and deposits in the consolidated statement of financial position and has recognised the corresponding balances due to cash and margin clients separately under trade payables (note 33) on the grounds that the Group is liable for any loss or misappropriation of clients' monies and does not have a currently enforceable right to offset those payables with the deposits placed.
- (e) These balances with central banks represent sight deposits placed by Bendura Group and they can be withdrawn immediately without any restrictions.
- (f) As at 31 December 2019, cash and deposits of HK\$4,596,950,000 (2018: HK\$7,369,156,000) are attributable to banking and financial businesses.

## 16. 現金及存款(續)

附註：(續)

- (d) 就本集團證券買賣之金融業務而言，本集團於獲授權金融機構開設獨立信託賬戶以持有客戶款項。本集團於綜合財務狀況表內將客戶款項分類為現金及存款，並根據其須就客戶款項之任何損失或挪用任何金額負責之基礎而確認為應付賬款項下各自應付予相關客戶之現金及保證金之相應結餘(附註33)，且本集團現時並無可強制執行之權利動用其所存放之存款以抵銷有關應付賬款。
- (e) 該等中央銀行結餘指富地集團所存放之活期存款，可即時提取而無任何限制。
- (f) 於二零一九年十二月三十一日，現金及存款4,596,950,000港元(二零一八年：7,369,156,000港元)乃來自銀行及金融業務。

## 17. DUE FROM BANKS AND CLIENTS

## 17. 應收銀行及客戶款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Due from clients – mortgage loans	應收客戶款項—按揭貸款	1,257,514	825,042
Due from clients – other	應收客戶款項—其他	844,704	759,493
Valuation adjustments for default risk (note (b))	違約風險估值調整(附註(b))	(8,968)	(9,097)
<b>Total due from clients</b>	<b>應收客戶款項總額</b>	<b>2,093,250</b>	<b>1,575,438</b>
Due from banks on a daily basis	應收銀行日常款項	4,720,429	3,205,104
Due from banks other claims	應收銀行其他申索	182,006	185,557
Valuation adjustments for default risk (note (b))	違約風險估值調整(附註(b))	(1,237)	(2,825)
<b>Total due from banks</b>	<b>應收銀行款項總額</b>	<b>4,901,198</b>	<b>3,387,836</b>

Notes:

- (a) Reconciliation of gross carrying amount for due from banks and clients

附註：

- (a) 應收銀行及客戶款項總賬面值之對賬

		Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 1 January 2018	於二零一八年一月一日的結餘	6,933,394	-	3,223	6,936,617
Net financial assets originated/ (derecognised or repaid)	原自金融資產淨值/(已取消確認或已償還)	(1,934,473)	-	1,966	(1,932,507)
Exchange realignment	匯兌調整	(28,872)	-	(42)	(28,914)
Balance at 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日的結餘	4,970,049	-	5,147	4,975,196
Net financial assets originated/ (derecognised or repaid)	原自金融資產淨值/(已取消確認或已償還)	1,934,540	-	-	1,934,540
Amounts written off	已撇銷金額	-	-	(1,455)	(1,455)
Exchange realignment	匯兌調整	96,334	-	38	96,372
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	7,000,923	-	3,730	7,004,653

## 17. DUE FROM BANKS AND CLIENTS (CONTINUED) 17. 應收銀行及客戶款項(續)

(b) Movements in the expected credit losses in respect of due from banks and clients are as follows:

		Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 1 January 2018	於二零一八年一月一日之結餘	5,519	–	3,223	8,742
Newly formed valuation adjustments for default risks	新增違約風險估值調整	1,299	–	1,957	3,256
Exchange realignment	匯兌調整	(43)	–	(33)	(76)
Balance at 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日之結餘	6,775	–	5,147	11,922
Newly formed valuation adjustments for default risks	新增違約風險估值調整	(357)	–	(1,455)	(1,812)
Exchange realignment	匯兌調整	57	–	38	95
Balance at 31 December 2019	於二零一九年十二月三十一日之結餘	6,475	–	3,730	10,205

(b) 應收銀行及客戶款項之預期信貸虧損變動如下：

(c) Impaired amounts due from banks and clients

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Impaired amounts due from banks and clients, gross	應收銀行及客戶減值款項總額	10,205	11,922
Estimated realisation proceeds from collateral	估計抵押品變現所得款項	–	–
Impaired amounts due from banks and clients, net	應收銀行及客戶減值款項淨額	10,205	11,922

(c) 應收銀行及客戶減值款項

(d) Non-performing loans

No interest income impact from non-performing loans was recognised for the year ended 31 December 2019 and 2018.

(d) 不良貸款

截至二零一九年及二零一八年十二月三十一日止年度，概無確認不良貸款產生之利息收入影響。

## 18. TRADING PORTFOLIO INVESTMENTS

## 18. 交易組合投資

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Equity instruments</b>	<b>股本工具</b>		
Listed equity instruments in Hong Kong at market value	按市值於香港上市之股本工具	69,042	42,793
Listed equity instruments outside Hong Kong at market value	按市值於香港境外上市之股本工具	78,307	35,429
<b>Total equity instruments</b>	<b>股本工具總額</b>	<b>147,349</b>	<b>78,222</b>
<b>Debt instruments</b>	<b>債務工具</b>		
Debt instruments of financial institutions listed outside Hong Kong	於香港境外上市之金融機構債務工具	-	603
Unlisted debt instruments of financial institutions	金融機構之非上市債務工具	27,612	12,890
<b>Total debt instruments</b>	<b>債務工具總額</b>	<b>27,612</b>	<b>13,493</b>
<b>Investment fund units</b>	<b>投資基金單位</b>		
Investment fund units listed outside Hong Kong	於香港境外上市之投資基金單位	-	793
Unlisted investment fund units	非上市投資基金單位	46,758	7,851
<b>Total investment fund units</b>	<b>投資基金單位總額</b>	<b>46,758</b>	<b>8,644</b>
<b>Investment in other financial products</b>	<b>其他金融產品投資</b>	<b>6,184</b>	<b>23,247</b>
<b>Total trading portfolio investments</b>	<b>交易組合投資總額</b>	<b>227,903</b>	<b>123,606</b>

The investments under trade portfolio investments are held for trading purposes.

Fair value of the listed equity instruments, debt instruments and investment fund units have been determined by reference to their quoted market prices at the reporting date in an active market. Fair value of the listed trading portfolio investments is Level 1 recurring fair value measurement.

Fair value of unlisted debt instruments have been determined using significant inputs, which are market observable, directly or indirectly. The fair value of the unlisted debt instruments is Level 2 recurring fair value measurement.

Fair value of unlisted investment funds as at 31 December 2018 has been determined using significant inputs, which are market observable, directly or indirectly. The fair value of unlisted investment fund units is Level 2 recurring fair value measurement.

The fair value of unlisted investment funds as at 31 December 2019 is Level 3 recurring fair value measurement. The details of assessment are set out in note 52.9 to the consolidated financial statements.

交易組合投資乃持有作買賣用途。

上市股本工具、債務工具及投資基金單位之公平值乃經參考其於報告日在活躍市場所報市價後予以釐定。上市交易組合投資之公平值為第一級經常性公平值計量。

非上市債務投資的公平值乃使用可直接或間接從市場觀察的重大輸入數值釐定。非上市債務工具的公平值屬第二級經常性公平值計量。

於二零一八年十二月三十一日，非上市投資基金的公平值乃使用可直接或間接從市場觀察的重大輸入數值釐定。非上市投資基金的公平值屬第二級經常性公平值計量。

於二零一九年十二月三十一日，非上市投資基金的公平值屬第三級經常性公平值計量。評估詳情見綜合財務報表附註52.9。

## 18. TRADING PORTFOLIO INVESTMENTS (CONTINUED)

Other financial products are referring to the insurance policy entered by the Group. The fair value of investments in insurance policies are determined based on the account value as stated in cash surrender value statements issued by insurers. Fair value of other financial products is Level 2 recurring fair value measurement.

There is no transfer under the fair value hierarchy classification for the years ended 31 December 2019 and 2018.

The fair value gain during the year was amounted to HK\$20,368,000 (2018: fair value gain of HK\$15,541,000), which has been recognised in the consolidated statement of comprehensive income as "other income and other net gains or losses" (note 8) for the year ended 31 December 2019.

As at 31 December 2019, listed equity instruments with an aggregated carrying amount of HK\$109,815,000 (2018: HK\$35,749,000) have been pledged to secure the margin loan payable (note 36).

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## 18. 交易組合投資 (續)

其他金融產品指本集團投購的保單。保單投資的公平值按保險公司發出的現金退保單的賬面值釐定。其他金融產品的公平值為第二級經常性公平值計量。

截至二零一九年及二零一八年十二月三十一日止年度，公平值級別間並無轉撥。

本年度之公平值收益為20,368,000港元(二零一八年：公平值收益15,541,000港元)，已於截至二零一九年十二月三十一日止年度之綜合全面收入表內確認為「其他收入及其他收益或虧損淨額」(附註8)。

於二零一九年十二月三十一日，總賬面值為109,815,000港元(二零一八年：35,749,000港元)之上市股本工具已抵押作擔保應付保證金貸款(附註36)。

## 19. 按公平值計入其他全面收入之金融資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	Notes 附註		
Listed equity instruments in Hong Kong (note (a))	於香港上市之股本工具 (附註(a))	282,080	492,759
Listed equity instruments outside Hong Kong (note (b))	於香港境外上市之股本工具 (附註(b))	135,176	128,730
Unlisted equity investments	非上市股本投資	5,605	5,711
		<b>422,861</b>	627,200

The Group designated its listed equity instruments in or outside Hong Kong and unlisted equity investments at FVOCI as below, as those investments are held for strategic purposes.

- (a) As at 31 December 2019, the listed equity investments in Hong Kong represented 14.76% (2018: 14.76%) equity interest in Min Xin Holdings Limited ("Min Xin Shares"). As at 31 December 2019, the Group held 88,150,000 (2018: 88,150,000) Min Xin Shares. Dividend income from Min Xin Shares totalling HK\$8,815,000 (2018: HK\$6,996,000) was recognised by the Group in profit or loss in the consolidated statement of comprehensive income for the year ended 31 December 2019.

本集團按下列方式將其於香港境內或境外之上市股本工具及非上市股本投資指定為按公平值計入其他全面收入，原因為該等投資乃就策略用途持有。

- (a) 於二零一九年十二月三十一日，於香港上市之股本投資指於閩信集團有限公司之14.76% (二零一八年：14.76%) 股權(「閩信股份」)。於二零一九年十二月三十一日，本集團持有88,150,000股(二零一八年：88,150,000股)閩信股份。本集團於截至二零一九年十二月三十一日止年度之綜合全面收入表的損益確認閩信股份的股息收入合共8,815,000港元(二零一八年：6,996,000港元)。

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) (Continued)

Particulars of the Group's investments in Min Xin Shares are as follows:

Name	Country of incorporation	Particulars of issued shares held	Number of shares held by the Group	Percentage of ownership interest attributable to the Group
名稱	註冊成立國家	所持已發行股份詳情	本集團所持股份數目	本集團應佔擁有權權益百分比
Min Xin Holdings Limited 閩信集團有限公司	Hong Kong 香港	Ordinary Share 普通股	88,150,000	14.76%

(b) The listed equity investment at fair value of HK\$135,176,000 (2018: HK\$128,730,000) represented the investment in Citychamp Dartong Company Limited (referred to "Dartong" and its shares referred to as the "Dartong Shares"). During the year, Dartong declared cash dividend of RMB1 per 10 shares (2018: RMB1.2 per 10 shares). Dividend income from Dartong Shares totalling HK\$3,448,000 (2018: HK\$4,320,000) was recognised by the Group in profit or loss in the consolidated statement of comprehensive income for the year ended 31 December 2019.

As of 31 December 2019, Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, the executive directors of the Company are also the executive directors of Dartong. Dartong is owned as to approximately 33.95% (2018: 31.99%) by Fujian Fengrong Investment Company Limited ("Fengrong"). Ms. Sit Lai Hei and Ms. Lu Xiaojun are the daughters-in-law of Mr. Hon Kwok Lung and the beneficial owners of Fengrong. Mr. Hon Hau Wong, an executive Director of the Company, is the spouse of Ms. Lu Xiaojun.

Particulars of the Group's investments in Dartong Shares are as follows:

Name	Country of incorporation	Particulars of issued shares held	Number of shares held by the Group	Percentage of ownership interest attributable to the Group
名稱	註冊成立國家	所持已發行股份詳情	本集團所持股份數目	本集團應佔擁有權權益百分比
Citychamp Dartong Company Limited 冠城大通股份有限公司	PRC 中國	Ordinary A Share A股普通股	30,389,058	2.04%

During the year, the decrease in fair value of financial assets at fair value through other comprehensive income of HK\$204,233,000 (2018: HK\$123,352,000) has been dealt with in other comprehensive income and FVOCI reserve. There is no transfer of cumulative gain or loss within equity during the year.

## 19. 按公平值計入其他全面收入之金融資產 (續)

(a) (續)

本集團於閩信股份的投資詳情如下：

(b) 按公平值列賬之上市股本投資 135,176,000 港元 (二零一八年：128,730,000 港元) 指於冠城大通股份有限公司 (「大通」，其股份稱為「大通股份」) 之投資。年內，大通宣派現金股息每 10 股人民幣 1 元 (二零一八年：每 10 股人民幣 1.2 元)。本集團於截至二零一九年十二月三十一日止年度於綜合全面收入表的損益確認大通股份的股息收入合共 3,448,000 港元 (二零一八年：4,320,000 港元)。

於二零一九年十二月三十一日，本公司執行董事商建光先生、薛黎曦女士及韓孝煌先生亦為大通之執行董事。大通由福建豐榕投資有限公司 (「豐榕」) 持有約 33.95% (二零一八年：31.99%)。薛黎曦女士及陸曉珺女士均為韓國龍先生之兒媳婦兼豐榕之實益擁有人。本公司執行董事韓孝煌先生為陸曉珺女士之配偶。

本集團於大通股份的投資詳情如下：

年內，按公平值計入其他全面收入之金融資產公平值減少 204,233,000 港元 (二零一八年：123,352,000 港元) 已於其他全面收入及按公平值計入其他全面收入儲備內處理。年內，權益內概無轉撥累計收益或虧損。

## 20. DERIVATIVE FINANCIAL INSTRUMENTS

## 20. 衍生金融工具

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Derivative financial assets</b>	<b>衍生金融資產</b>			
Forward and option contracts	遠期及期權合約	(a)	10,275	7,694
<b>Derivative financial liabilities</b>	<b>衍生金融負債</b>			
Forward and option contracts	遠期及期權合約	(a)	(54,788)	(20,866)

Note:

- (a) Forward and option contracts arising in banking business

The Group's subsidiaries under the banking business segment act as an intermediary to offer derivative products including interest rate and currency forwards and swap to its customers. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the year ended date. The nominal amounts of the derivatives indicate the volume of transactions outstanding as at the reporting date; they do not represent amounts at risk.

附註：

- (a) 來自銀行業務之遠期及期權合約

本集團銀行業務分部下之附屬公司作為中介向其客戶提供衍生工具產品，包括利率以及貨幣遠期及掉期。該等衍生工具持倉乃透過與外界人士訂立背對背交易進行管理以確保餘下風險於可接受風險水平內。

下表及附註就截至該日止年度之衍生工具面值及相應公平值提供分析。衍生工具之面值顯示於報告日尚未完成之交易量而並無呈現風險金額。

		31 December 2019 二零一九年十二月三十一日		
		Nominal amount 面值 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Non-hedging instruments	非對沖工具			
– Currency derivatives	– 貨幣衍生工具	4,531,412	10,275	(54,788)

		31 December 2018 二零一八年十二月三十一日		
		Nominal amount 面值 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Non-hedging instruments	非對沖工具			
– Currency derivatives	– 貨幣衍生工具	2,151,141	7,480	(20,652)
– Option	– 期權	23,839	214	(214)
		2,174,980	7,694	(20,866)

## 20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Note: (Continued)

(a) Forward and option contracts arising in banking business (Continued)

Nominal amount analysed by remaining maturity

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 3 months	3個月內	3,761,590	1,753,659
Between 3 months and 1 year	3個月至1年	26,701	416,090
Between 1 year and 5 years	1年至5年	743,121	5,231
		<b>4,531,412</b>	2,174,980

The remaining term to maturity of derivatives does not represent the Group's intended holding period. Change in the fair value of forward and option contracts arising in banking business has been recognised in the consolidated statement of comprehensive income under "Trading income from banking business".

## 20. 衍生金融工具 (續)

附註：(續)

(a) 來自銀行業務之遠期及期權合約 (續)

按餘下到期日分析之面值

衍生工具到期日餘下期限並不代表本集團之擬持有期。來自銀行業務之遠期及期權合約之公平值變動已根據「銀行業務之交易收入」於綜合全面收入表內確認。

## 21. TRADE RECEIVABLES

## 21. 應收賬款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables arising from watches and timepieces business: (note (a))	鐘錶及時計產品業務產生之應收賬款：(附註(a))		
Trade receivables	應收賬款	533,280	613,650
Less: impairment allowance	減：減值撥備	(58,347)	(50,976)
		<b>474,933</b>	562,674
Trade receivables arising from financial business: (note (b))	金融業務產生之應收賬款：(附註(b))		
– Margin clients	– 保證金客戶	254	260
– Cash clients	– 現金客戶	2,182	8,490
– Clearing house	– 結算所	893	–
		<b>3,329</b>	8,750
Trade receivables, net	應收賬款淨額	<b>478,262</b>	571,424

Notes:

(a) The Group's trading terms with its customers of watches and timepieces business are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of one to six months (2018: one to six months) for major customers. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. In view of the aforementioned and the fact that the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

附註：

(a) 除若干客戶須預先付款外，本集團與其鐘錶及時計產品業務客戶訂立之買賣條款主要為記賬方式。主要客戶一般可獲一至六個月(二零一八年：一至六個月)之信貸期。客戶之信貸期由管理層根據行業慣例並考慮客戶之信譽釐定。鑒於上述事項及本集團應收賬款涉及大量不同客戶，故並無高度集中信貸風險。應收賬款並不計息。

## 21. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) (Continued)

Impairment losses in respect of trade receivables arising from watches and timepieces business are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the expected credit losses of trade receivables arising from watches and timepieces business are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	50,976	53,056
Effect on the adoption of HKFRS 9	採納香港財務報告準則第9號之影響	-	1,793
Written-off of impairment allowance	撇銷減值撥備	(93)	(6,712)
Expected credit losses for the year	年內預期信貸虧損	7,340	4,381
Exchange realignment	匯兌調整	124	(1,542)
At 31 December	於十二月三十一日	58,347	50,976

The Group does not hold any collateral over these balances. As at 31 December 2019, trade receivables of HK\$13,484,000 (2018: HK\$14,639,000) have been pledged to secure banking facilities granted to the Group during the year (note 36).

Ageing analysis of trade receivables arising from watches and timepieces business as at the reporting date, based on invoice dates, and net of provisions, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
1 to 3 months	1至3個月	343,863	401,115
4 to 6 months	4至6個月	44,032	73,448
Over 6 months	超過6個月	87,038	88,111
		474,933	562,674

The directors of the Company consider that as trade receivables arising from watches and timepieces business are expected to be recovered within one year. As such, their fair values are not materially different from their carrying amounts because these balances have short maturity periods on their inception at the reporting date.

## 21. 應收賬款(續)

附註：(續)

(a) (續)

鐘錶及時計產品業務產生之應收賬款減值虧損乃使用撥備賬列賬，除非本集團信納收回有關金額之可能性極低則作別論，在此情況下，減值虧損會直接撇銷應收賬款。

鐘錶及時計產品業務產生之應收賬款之預期信貸虧損變動如下：

本集團並無就該等結餘持有任何抵押品。於二零一九年十二月三十一日，13,484,000港元之應收賬款已予抵押(二零一八年：14,639,000港元)，以使本集團於年內獲授銀行融資(附註36)。

鐘錶及時計產品業務產生之應收賬款(扣除撥備)按照發票日期於報告日之賬齡分析如下：

本公司董事認為，於報告日，由於鐘錶及時計產品業務產生之應收賬款預期將於一年內收回，且有關結餘自其開始以來之到期日偏短，故其公平值與其賬面值並無重大差異。

## 21. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

- (b) The settlement term of trade receivables arising from the financial business of securities dealing is two business days after trade date ("T+2").

Margin loans due from margin clients are current and repayable on demand. Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. As at 31 December 2019, the total market value of securities pledged as collateral in respect of the receivables from margin clients are approximately HK\$1,701,000 (2018: HK\$4,026,000). Margin loans are interest bearings at fixed rate of 8.25% (2018: 8.25%) per annum. Subject to certain conditions, the Group is allowed to repledge collateral from margin clients. There was no repledge of collateral from margin clients as at 31 December 2019 and 2018. No ageing analysis is disclosed for trade receivables from margin clients. In the opinion of the directors, ageing analysis is not meaningful in view of the business nature of securities dealing.

Trade receivable from cash clients related to a wide range of customers for whom there was no recent history of default. Based on the past experience, current assessment and the available forward-looking information, the management believes that no additional impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Limited, is current which represents pending trades arising from the financial business of securities dealing and are normally due on "T+2" day in accordance with the requirements of Hong Kong Exchange and Clearing Limited.

The Group has policy for impairment allowance which requires management's judgement and estimation as mentioned in note 4.13. The directors are in opinion that no impairment allowance is necessary in respect of trade receivables arising from the financial business of securities dealing as at 31 December 2019 and 2018.

## 21. 應收賬款(續)

附註：(續)

- (b) 證券買賣之金融業務所產生應收賬款之結算期限為交易日後兩個營業日("T+2")。

應收保證金客戶之保證金貸款屬即期且須於要求時償還。保證金客戶須抵押證券抵押品予本集團，方可取得證券交易之信貸融資。於二零一九年十二月三十一日，與應收保證金客戶賬款有關作為抵押品抵押之證券市值總額約為1,701,000港元(二零一八年：4,026,000港元)。保證金貸款乃按固定年利率8.25%(二零一八年：8.25%)計息。在若干條件規限下，本集團可再抵押保證金客戶之抵押品。於二零一九年及二零一八年十二月三十一日，概無再抵押保證金客戶之任何抵押品。由於董事認為，鑒於證券買賣之業務性質，賬齡分析並無意義，故並無披露應收保證金客戶賬款之賬齡分析。

與大量客戶有關之應收現金客戶賬款最近並無拖欠記錄。根據過往經驗、現時評估及可用前瞻性資料，管理層相信，無須就該等結餘作額外減值撥備，乃由於信貸質量並無重大變動且結餘被認為可悉數收回。

應收結算所(即香港中央結算有限公司)賬款為即期，其指證券買賣之金融業務產生之待決交易，且一般按照香港交易及結算所有限公司之規定於「T+2」日到期。

如附註4.13所述，本集團就計提減值撥備設有政策，要求管理層作出判斷及估計。董事認為，於二零一九年及二零一八年十二月三十一日，毋須就證券買賣之金融業務所產生應收賬款而計提減值撥備。

## 22. OTHER FINANCIAL ASSETS AT AMORTISED COST

## 22. 按攤銷成本列賬之其他金融資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Listed debt instruments, at amortised cost	上市債務工具，按攤銷成本列賬	<b>1,307,960</b>	1,034,773
Issued by:	由以下人士發行：		
Governments and public sector	政府及公營部門	<b>82,373</b>	7,822
Financial institutions	金融機構	<b>778,199</b>	716,747
Corporations	企業	<b>447,388</b>	310,204
		<b>1,307,960</b>	1,034,773

The listed debt investments represented the investments in listed debt instruments mainly issued by financial institutions and corporations in Europe.

上市債務投資指主要由歐洲金融機構及企業發行之上市債務工具投資。

## 23. INVENTORIES

## 23. 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	<b>480,804</b>	584,342
Work-in-progress	在製品	<b>460,376</b>	359,015
Finished goods and merchandises	製成品及商品	<b>1,316,786</b>	1,371,188
		<b>2,257,966</b>	2,314,545

## 24. INTERESTS IN JOINT VENTURES

## 24. 所佔合營企業權益

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	<b>2,439</b>	5,117
Share of total comprehensive income of joint ventures	應佔合營企業之全面收入總額	<b>(1,343)</b>	(2,678)
At 31 December	於十二月三十一日	<b>1,096</b>	2,439

## 24. INTERESTS IN JOINT VENTURES (CONTINUED)

Particulars of the joint ventures, which are accounted for using equity method in the consolidated financial statements, are as follows:

Name 名稱	Particulars of issued capital 已發行股本詳情	Place of incorporation 註冊成立地點	Percentage of interest held 持有權益所佔百分比 2019 and 2018 二零一九年及二零一八年	Principal activities and principal place of operation 主要業務及主要營業地點
Corum Investment Management Limited ("Corum Investment")	US\$100 100美元	Cayman Islands 開曼群島	40%	Investment holding in Hong Kong 於香港投資控股
Corum Capital Partners Limited ("Corum Capital")	US\$10,000 10,000美元	Cayman Islands 開曼群島	40%	Investment holding in Hong Kong 於香港投資控股

Despite the Group's holding of 40% equity interest in Corum Investment and Corum Capital respectively, the directors have confirmed that neither the Group nor other shareholders of the joint ventures has unilateral control over the operating and financing decision of the joint ventures in accordance with the joint venture agreement. These joint arrangements are classified as joint ventures and have been accounted for in the consolidated financial statements using equity method.

## 24. 所佔合營企業權益 (續)

綜合財務報表採用權益法入賬之合營企業詳情如下：

儘管本集團分別持有 Corum Investment 及 Corum Capital 之 40% 股本權益，根據合資協議，董事確認概無本集團或合營企業之其他股東可單方面控制合營企業之經營及財務決策。該等合營安排被分類為合營企業且於綜合財務報表採用權益法入賬。

## 25. INTERESTS IN ASSOCIATES

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	<b>102,919</b>	99,648
Share of total comprehensive income of associates	應佔聯營公司之全面收入總額	<b>17,567</b>	8,271
Dividend income from an associates	聯營公司之股息收入	<b>(5,000)</b>	(5,000)
At 31 December	於十二月三十一日	<b>115,486</b>	102,919

Particulars of the principal associate, which is a limited liability company, at 31 December 2019 are as follows:

Name 名稱	Particulars of issued capital 發行股本詳情	Place of incorporation 註冊成立地點	Percentage of interest held 持有權益所佔百分比	Principal activities and principal place of operation 主要業務及主要營業地點
Fair Future Industrial Limited ("Fair Future") 俊光實業有限公司(「俊光」)	HK\$600,000 600,000港元	Hong Kong 香港	25% (2018: 25%) (二零一八年：25%)	Manufacturing of watches and related accessories in the PRC 於中國製造鐘錶及相關配件

## 25. 所佔聯營公司權益

於二零一九年十二月三十一日，主要聯營公司(為有限公司)之詳情如下：

## 25. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associate as extracted from its management accounts for the years ended 31 December 2019 and 2018 is as follows:

## 25. 所佔聯營公司權益(續)

以下為截至二零一九年及二零一八年十二月三十一日止年度本集團重大聯營公司之財務資料概要(摘錄自其管理賬目):

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Fair Future</b>	<b>俊光</b>		
<b>As at 31 December</b>	<b>於十二月三十一日</b>		
Current assets	流動資產	<b>660,061</b>	679,548
Non-current assets	非流動資產	<b>171,216</b>	140,252
Current liabilities	流動負債	<b>(499,593)</b>	(556,625)
Non-current liabilities	非流動負債	<b>(18,353)</b>	(275)
<b>Net assets</b>	<b>資產淨值</b>	<b>313,331</b>	262,900
Less: Non-controlling interests	減: 非控股權益	<b>(764)</b>	(352)
<b>Net assets attributable to owners of the associate</b>	<b>聯營公司擁有人應佔資產淨值</b>	<b>312,567</b>	262,548
<b>Reconciliation to the Group's interest in Fair Future:</b>	<b>本集團於俊光之權益之對賬:</b>		
Proportion of the Group's ownership	本集團擁有權之比例	<b>25%</b>	25%
Group's share of net assets of the associate	本集團應佔聯營公司之資產淨值	<b>78,333</b>	65,725
Goodwill on acquisition	收購之商譽	<b>37,987</b>	37,987
Effect of unrealised profits arising from the transactions with an associate	來自與一間聯營公司交易之未實現溢利影響	<b>(1,088)</b>	(1,151)
Other reconciliation items	其他對賬項目	<b>104</b>	208
Carrying amount of the investment	投資賬面值	<b>115,336</b>	102,769
<b>For the year ended 31 December</b>	<b>截至十二月三十一日止年度</b>		
Revenue	收入	<b>1,205,977</b>	1,223,729
Profit for the year	本年度溢利	<b>70,862</b>	31,510
Other comprehensive income	其他全面收入	<b>(431)</b>	(468)
Total comprehensive income	全面收入總額	<b>70,431</b>	31,042
Profit for the year attributable to owners of an associate	一間聯營公司擁有人應佔本年度溢利	<b>70,450</b>	31,774
Total comprehensive income for the year attributable to owners of an associate	一間聯營公司擁有人應佔本年度全面收入總額	<b>70,019</b>	31,306
<b>Reconciliation to the Group's share of results of Fair Future:</b>	<b>本集團應佔俊光業績之對賬:</b>		
Proportion of the Group's ownership	本集團擁有權之比例	<b>25%</b>	25%
Group's share of profits of the associate	本集團應佔聯營公司之溢利	<b>17,612</b>	7,943
Effects of unrealised profits arising from the transactions with an associate	來自與一間聯營公司交易之未實現溢利影響	<b>63</b>	444
Share of profit of the associate for the year	應佔年內聯營公司溢利	<b>17,675</b>	8,387
Group's share of other comprehensive income of the associate	本集團應佔聯營公司之其他全面收入	<b>(108)</b>	(117)
Other	其他	<b>-</b>	1
Share of total comprehensive income of the associate	應佔聯營公司之全面收入總額	<b>17,567</b>	8,271

## 26. PROPERTY, PLANT AND EQUIPMENT

## 26. 物業、廠房及設備

		Right-of-use assets 使用權資產 HK\$'000 千港元	Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俱、裝置及辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	CIP 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>At 1 January 2018</b>	於二零一八年一月一日								
Cost	成本	-	738,529	64,140	166,230	416,957	46,313	60,321	1,492,490
Accumulated depreciation	累計折舊	-	(59,230)	(35,302)	(81,084)	(254,450)	(35,121)	-	(465,187)
<b>Net carrying amount</b>	<b>賬面淨值</b>	-	679,299	28,838	85,146	162,507	11,192	60,321	1,027,303
<b>Year ended 31 December 2018</b>	截至二零一八年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	-	679,299	28,838	85,146	162,507	11,192	60,321	1,027,303
Additions	添置	-	28,874	19,916	5,123	51,849	4,791	2,477	113,030
Transfer	轉撥	-	19,648	-	52	-	-	(20,387)	(687)
Acquisition of subsidiaries (note 48)	收購附屬公司(附註48)	-	27,233	3,637	859	6,915	472	-	39,116
Depreciation	折舊	-	(33,136)	(17,311)	(11,512)	(61,248)	(3,048)	-	(126,255)
Disposal	出售	-	(16)	(138)	(61)	(314)	(1,060)	-	(1,589)
Exchange realignment	匯兌調整	-	(8,137)	(1,482)	(666)	(2,485)	(576)	(836)	(14,182)
<b>Closing carrying amount</b>	<b>年末賬面淨值</b>	-	713,765	33,460	78,941	157,224	11,771	41,575	1,036,736
<b>At 31 December 2018</b>	於二零一八年十二月三十一日								
Cost	成本	-	801,236	85,196	193,058	580,813	48,213	41,575	1,750,091
Accumulated depreciation	累計折舊	-	(87,471)	(51,736)	(114,117)	(423,589)	(36,442)	-	(713,355)
<b>Net carrying amount</b>	<b>賬面淨值</b>	-	713,765	33,460	78,941	157,224	11,771	41,575	1,036,736
<b>Year ended 31 December 2019</b>	截至二零一九年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	-	713,765	33,460	78,941	157,224	11,771	41,575	1,036,736
Initial recognition upon adoption of HKFRS 16	採納香港財務報告準則第16號時初始確認	90,627	-	-	-	-	-	-	90,627
Transfer from prepaid land lease payment upon adoption of HKFRS 16 (note 28)	採納香港財務報告準則第16號時轉撥自預付土地租賃付款(附註28)	47,605	-	-	-	-	-	-	47,605
Transfer from land and buildings upon adoption of HKFRS 16	採納香港財務報告準則第16號時自土地及樓宇轉撥	370,885	(370,885)	-	-	-	-	-	-
Opening net book amount (restated)	年初賬面淨值(經重列)	509,117	342,880	33,460	78,941	157,224	11,771	41,575	1,174,968
Additions	添置	21,230	17,748	28,182	9,798	45,129	2,426	41,710	166,223
Lease modification	租賃修改	10,101	-	-	-	-	-	-	10,101
Transfer	轉撥	-	36,433	-	-	-	-	(36,433)	-
Depreciation	折舊	(55,434)	(6,523)	(26,162)	(15,989)	(66,130)	(2,912)	-	(173,150)
Disposal	出售	-	(101)	-	(66)	(18,971)	(817)	-	(19,955)
Exchange realignment	匯兌調整	(7,921)	2,927	(219)	(8,949)	4,941	(103)	(814)	(10,138)
<b>Closing carrying amount</b>	<b>年末賬面淨值</b>	477,093	393,364	35,261	63,735	122,193	10,365	46,038	1,148,049
<b>At 31 December 2019</b>	於二零一九年十二月三十一日								
Cost	成本	532,527	440,798	101,878	200,823	594,244	46,768	46,038	1,963,076
Accumulated depreciation	累計折舊	(55,434)	(47,434)	(66,617)	(137,088)	(472,051)	(36,403)	-	(815,027)
<b>Net carrying amount</b>	<b>賬面淨值</b>	477,093	393,364	35,261	63,735	122,193	10,365	46,038	1,148,049

At 31 December 2019, land and buildings in Switzerland with an aggregated carrying value of HK\$95,180,000 (2018: HK\$120,711,000) have been pledged to secure banking facilities granted to the Group (note 36).

於二零一九年十二月三十一日，本集團已抵押位於瑞士賬面總值95,180,000港元(二零一八年：120,711,000港元)之土地及樓宇以獲授銀行融資(附註36)。

26. PROPERTY, PLANT AND EQUIPMENT  
(CONTINUED)

## 26. 物業、廠房及設備(續)

Right-of-use assets 使用權資產		Land and buildings leased for own use 租賃作自用 的土地及樓宇 HK\$'000 千港元	Motor vehicles leased for own use 租賃作自用 的汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2018	於二零一八年十二月三十一日	-	-	-
Recognition upon initial application of HKFRS 16	初始應用香港財務報告準則第16號時確認	90,627	-	90,627
Transfer from prepaid land lease payments upon adoption of HKFRS 16 (note 28)	採納香港財務報告準則第16號時自預付土地租賃付款轉撥(附註28)	47,605	-	47,605
Transfer from land and buildings upon adoption of HKFRS 16	採納香港財務報告準則第16號時自土地及樓宇轉撥	370,885	-	370,885
Opening balance under HKFRS 16 as at 1 January 2019, as restated	於二零一九年一月一日根據香港財務報告準則第16號年初結餘，經重列	<b>509,117</b>	-	<b>509,117</b>
Additions	添置	<b>19,087</b>	<b>2,143</b>	<b>21,230</b>
Lease modification	租賃修改	<b>10,101</b>	-	<b>10,101</b>
Depreciation	折舊	<b>(54,947)</b>	<b>(487)</b>	<b>(55,434)</b>
Exchange realignment	匯兌調整	<b>(7,935)</b>	<b>14</b>	<b>(7,921)</b>
As at 31 December 2019	於二零一九年十二月三十一日	<b>475,423</b>	<b>1,670</b>	<b>477,093</b>

## 27. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	179,133	125,384
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	-	57,815
Net surplus/(deficit) on revaluation of investment properties	投資物業重估之盈餘/(虧絀) 淨額	4,047	(4,066)
Exchange realignment	匯兌調整	(994)	-
Carrying amount at 31 December	於十二月三十一日之賬面值	182,186	179,133

The carrying amounts of the Group's investment properties situated in Hong Kong and the PRC held under medium-term leases are analysed as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong	香港	27,400	26,000
PRC	中國	154,786	153,133
		182,186	179,133

As at 31 December 2019, the Group has not obtained the relevant title certificates for investment properties with an aggregate carrying value of HK\$44,650,000 (2018: HK\$46,340,000). The Group's legal advisors have confirmed that the Group is the rightful and equitable owner of these investment properties. The directors are now in process of obtaining the title certificates from the relevant government authorities.

Investment properties were revalued at 31 December 2019 and 2018 by Asset Appraisal Limited ("Asset Appraisal") and Chung, Chan & Associate, independent professionally qualified valuers, at HK\$182,186,000 (2018: HK\$179,133,000) in aggregate. Asset Appraisal is a member of Hong Kong Institutes of Surveyors and Chung, Chan & Associates is a member of Royal Institution of Chartered Surveyors. Both have appropriate qualifications and relevant experiences in the location and category of properties being valued.

## 27. 投資物業

本集團所有就賺取租金或資本增值而以經營租約持有之物業權益，乃按公平值模式計量，並分類及入賬為投資物業。

於綜合財務狀況表呈列之賬面值變動概述如下：

本集團位於香港及中國以中期租約持有之投資物業之賬面值分析如下：

於二零一九年十二月三十一日，本集團並未就賬面總值44,650,000港元（二零一八年：46,340,000港元）之投資物業取得相關業權證明。本集團法律顧問已確認，本集團為該等投資物業之合法權益擁有人。董事現正向相關政府機關取得業權證明。

投資物業於二零一九年及二零一八年十二月三十一日由獨立專業認可估值師中誠達資產評估顧問有限公司（「中誠達」）及Chung, Chan & Associate重估為合共182,186,000港元（二零一八年：179,133,000港元）。中誠達為香港測量師學會成員，Chung, Chan & Associate則為英國皇家特許測量師學會成員。兩者均於經估值物業之位置及分類方面具備適當資格及相關經驗。

## 27. INVESTMENT PROPERTIES (CONTINUED)

**Fair value hierarchy**

The fair value of investment properties is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	年初結餘(第三層經常性公平值)	179,133	125,384
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	-	57,815
Net surplus/(deficit) on revaluation of investment properties charge to profit or loss	扣自溢利或虧損之投資物業重估之盈餘/(虧絀)淨額	4,047	(4,066)
Exchange realignment	匯兌調整	(994)	-
<b>Closing balance (Level 3 recurring fair value)</b>	<b>年末結餘(第三層經常性公平值)</b>	<b>182,186</b>	<b>179,133</b>
Change in unrealised gain/(loss) for the year included in profit or loss for assets held at 31 December	就十二月三十一日所持有資產計入溢利或虧損之年度未變現收益/(虧損)變動	4,047	(4,066)
Change in unrealised gain for the year included in other comprehensive income for assets held at 31 December	就十二月三十一日所持有資產計入其他全面收入之年度未變現收益變動	-	57,128

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

For the fair value measurement for investment properties in the PRC under income approach, the fair value was determined by taking into account the net rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the values at appropriate capitalisation rates.

**Significant unobservable inputs**

	<b>Range</b>
Capitalisation rate	2.0% to 7.10% (2018: 2.0% to 6.50%)
Market unit rent per square metre	HK\$5.56 to HK\$110 (2018: HK\$6.51 to HK\$114.89)

A lower in the capitalisation rate and a higher in the market unit rent used would result in an increase in the fair value measurement of the investment properties, and vice versa.

For the fair value measurement for investment property in Hong Kong under direct comparison method, it is assumed that each of the properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

## 27. 投資物業(續)

**公平值級別**

投資物業之公平值為第三層經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

於截至二零一九年及二零一八年十二月三十一日止年度，第一層與第二層之間並無轉撥，亦無轉撥入第三層或自第三層轉撥出。本集團之政策為於發生之報告期末確認各公平值級別水平之間之轉撥。

就按收益法評估之中國投資物業公平值計量，公平值乃計入該等物業從現有租賃產生之租金收入淨額，並考慮到租賃復歸之後收入潛力，其後按適當資本化比率撥充資本計出價值。

**重大不可觀察輸入數值**

	<b>範圍</b>
資本化比率	2.0%至7.10% (二零一八年：2.0%至6.50%)
單位市場租金 (每平方米)	5.56港元至110港元 (二零一八年：6.51港元至114.89港元)

使用較低資本化比率及較高單位市場租金會導致計算投資物業之公平值增加，反之亦然。

就根據直接比較法計量香港投資物業公平值而言，乃假設各項物業可按其現狀交吉出售，並參考有關市場可得之可比較銷售憑證。

## 27. INVESTMENT PROPERTIES (CONTINUED)

### Fair value hierarchy (Continued)

One of the key inputs used under direct comparison method in valuing the investment property was the price per square feet and taking into account location and other individual factors. The price per square feet used is approximately HK\$17,692 (2018: HK\$17,020). An increase in the price per square feet would result in an increase in the fair value measurement of the investment property, and vice versa.

There has been no change from the valuation technique used in the prior year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

## 28. PREPAID LAND LEASE PAYMENTS

Changes to the carrying amounts are summarised as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	47,605	51,083
Transfer to right-of-use assets upon adoption of HKFRS 16 (note 26)	採納香港財務報告準則第16號時轉撥至使用權資產(附註26)	(47,605)	-
Amortisation during the year	年內攤銷	-	(864)
Exchange realignment	匯兌調整	-	(2,614)
Carrying amount at 31 December	於十二月三十一日之賬面值	-	47,605

As at 31 December 2018, the amount of the Group's prepaid land lease payments expected to be recognised as expense after more than one year is HK\$46,775,000. The remaining prepaid land lease payments are expected to be recognised as expense within one year.

As at 31 December 2018, all of the Group's prepaid land lease payments are related to land located in the PRC and held under medium-term leases.

Due to the initial adoption of the HKFRS 16, the prepaid land lease payments has been transferred to right-of-use assets under property, plant and equipment on 1 January 2019.

## 27. 投資物業(續)

### 公平值級別(續)

評估投資物業時，直接比較法項下主要輸入數值之一為每平方呎價格，且計及位置及其他個別因素。所用每平方呎價格約為17,692港元(二零一八年：17,020港元)。每平方呎價格上升會導致投資物業公平值計量增加，反之亦然。

於上一年度使用之估值方法並無變動。公平值乃根據上述物業之最高及最佳用途為基準計算，該等用途與其實際用途並無不同。

## 28. 預付土地租賃款項

賬面值變動概述如下：

於二零一八年十二月三十一日，本集團一年以後預計將被確認為費用之預付土地租賃付款為46,775,000港元。餘下預付土地租賃款項預計將於一年內確認為費用。

於二零一八年十二月三十一日，本集團之預付土地租賃款項乃與位於中國並根據中期租約持有之土地有關。

由於初始採納香港財務報告準則第16號，於二零一九年一月一日，預付土地租賃款項已轉撥至物業、廠房及設備項下的使用權資產。

## 29. INTANGIBLE ASSETS

## 29. 無形資產

		Supplier and distribution networks 供應商及分銷網絡 HK\$'000 千港元	Brand names 品牌名稱 HK\$'000 千港元	Patents 專利權 HK\$'000 千港元	Trading rights 交易權 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>At 1 January 2018</b>	於二零一八年一月一日					
Cost	成本	21,857	236,246	32,203	7,246	297,552
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(16,272)	(235,941)	(32,203)	–	(284,416)
<b>Net carrying amount</b>	<b>賬面淨值</b>	<b>5,585</b>	<b>305</b>	<b>–</b>	<b>7,246</b>	<b>13,136</b>
<b>Year ended 31 December 2018</b>	截至二零一八年十二月三十一日止年度					
Opening carrying amount	年初賬面值	5,585	305	–	7,246	13,136
Acquisition of subsidiaries (note 48)	收購附屬公司(附註48)	–	42,000	–	–	42,000
Amortisation	攤銷	(1,718)	(76)	–	–	(1,794)
Exchange realignment	匯兌調整	68	(100)	–	–	(32)
<b>Closing carrying amount</b>	<b>年末賬面值</b>	<b>3,935</b>	<b>42,129</b>	<b>–</b>	<b>7,246</b>	<b>53,310</b>
<b>At 31 December 2018</b>	於二零一八年十二月三十一日					
Cost	成本	20,927	271,867	32,203	7,246	332,243
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(16,992)	(229,738)	(32,203)	–	(278,933)
<b>Net carrying amount</b>	<b>賬面淨值</b>	<b>3,935</b>	<b>42,129</b>	<b>–</b>	<b>7,246</b>	<b>53,310</b>
<b>Year ended 31 December 2019</b>	截至二零一九年十二月三十一日止年度					
Opening carrying amount	年初賬面值	3,935	42,129	–	7,246	53,310
Amortisation	攤銷	(1,644)	(72)	–	–	(1,716)
Exchange realignment	匯兌調整	(45)	540	–	–	495
<b>Closing carrying amount</b>	<b>年末賬面值</b>	<b>2,246</b>	<b>42,597</b>	<b>–</b>	<b>7,246</b>	<b>52,089</b>
<b>At 31 December 2019</b>	於二零一九年十二月三十一日					
Cost	成本	20,670	276,662	32,581	7,246	337,159
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(18,424)	(234,065)	(32,581)	–	(285,070)
<b>Net carrying amount</b>	<b>賬面淨值</b>	<b>2,246</b>	<b>42,597</b>	<b>–</b>	<b>7,246</b>	<b>52,089</b>

## 29. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2019, intangible assets of HK\$44,843,000 (2018: HK\$46,064,000) are attributable to watches and timepieces business while intangible assets of HK\$7,246,000 (2018: HK\$7,246,000) are attributable to financial business.

Intangible assets with indefinite useful lives amounted to HK\$101,452,000 (2018: HK\$100,315,000) are attributable to the CGU of Corum Group. The intangible assets of Corum Group had been fully impaired in previous years.

Intangible assets with indefinite useful lives amounted to HK\$98,214,000 (2018: HK\$95,398,000) and intangible assets with definite useful lives amounted to HK\$734,000 (2018: HK\$713,000) are attributable to the CGU of The Dreyfuss Group Limited and its subsidiaries (“Dreyfuss Group”). The intangible assets of Dreyfuss Group had been fully impaired in previous years.

Intangible assets with indefinite useful lives amounted to HK\$2,850,000 (2018: HK\$2,850,000) and HK\$4,396,000 (2018: HK\$4,396,000) are attributable to the CGU of Shun Heng Securities Limited (“Shun Heng”) and Hong Kong Metasequoia Capital Management Limited (“Metasequoia Capital”) respectively. Details of the impairment assessment of the CGU of Shun Heng and Metasequoia Capital are set out in note 30 to the consolidated financial statements.

Intangible assets with indefinite useful lives amounted to HK\$42,000,000 are attributable to the CGU of Ernest Borel Group. The recoverable amount of the CGU are determined by the directors based on fair value less costs of disposal. Details of the impairment assessment of the CGU of Ernest Borel Group are set out in note 30 to the consolidated financial statements.

## 29. 無形資產(續)

於二零一九年十二月三十一日，無形資產44,843,000港元(二零一八年：46,064,000港元)乃來自鐘錶及時計產品業務，而無形資產7,246,000港元(二零一八年：7,246,000港元)則來自金融業務。

崑崙集團現金產生單位應佔具無限可使用年期之無形資產為101,452,000港元(二零一八年：100,315,000港元)。崑崙集團的無形資產於往年已全數減值。

於The Dreyfuss Group Limited及其附屬公司(「帝福時集團」)現金產生單位應佔具無限可使用年期之無形資產為98,214,000港元(二零一八年：95,398,000港元)及可使用年期有限之無形資產為734,000港元(二零一八年：713,000港元)。帝福時集團無形資產於往年已全數減值。

具有無限使用年期之無形資產2,850,000港元(二零一八年：2,850,000港元)及4,396,000港元(二零一八年：4,396,000港元)分別歸屬於信亨証券有限公司(「信亨」)及香港水杉資產管理有限公司(「水杉資產」)之現金產生單位。信亨及水杉資產之現金產生單位之減值評估詳情載於綜合財務報表附註30。

具有無限使用年期之無形資產42,000,000港元歸屬於依波路集團之現金產生單位。該現金產生單位可收回金額經董事按照公平值減出售成本釐定。依波路集團之現金產生單位的減值評估詳情載於綜合財務報表附註30。

## 30. GOODWILL

The amount of goodwill capitalised as assets in the consolidated statement of financial position, arising from business combinations, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>At 1 January</b>	於一月一日		
Gross carrying amount	賬面總值	1,213,345	1,053,412
Accumulated impairment losses	累計減值虧損	(141,793)	(147,376)
Net carrying amount	賬面淨值	1,071,552	906,036
<b>Year ended 31 December</b>	截至十二月三十一日止年度		
Opening carrying amount	年初賬面值	1,071,552	906,036
Acquisition of subsidiaries (note 48)	收購附屬公司(附註48)	-	201,454
Exchange realignment	匯兌調整	(6,501)	(35,938)
Closing carrying amount	年末賬面值	1,065,051	1,071,552
<b>At 31 December</b>	於十二月三十一日		
Gross carrying amount	賬面總值	1,210,135	1,213,345
Accumulated impairment losses	累計減值虧損	(145,084)	(141,793)
Net carrying amount	賬面淨值	1,065,051	1,071,552

For the purpose of impairment testing, goodwill is allocated to different CGUs under watch and timepieces segment and banking and financial businesses segment. The CGUs were identified as follows:

## 30. 商譽

業務合併產生之商譽金額於綜合財務狀況表資本化為資產如下：

就進行減值測試，商譽分配至鐘錶及時計分類以及銀行及金融業務分類之不同現金產生單位。現金產生單位已識別為：

	Segment 分類	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Jia Cheng Investment Limited and its subsidiaries 佳城投資有限公司及其附屬公司	Watches and timepieces 鐘錶及時計產品	611,694	623,243
Corum Group 崑崙集團	Watches and timepieces 鐘錶及時計產品	49,907	49,347
Dreyfuss Group 帝福時集團	Watches and timepieces 鐘錶及時計產品	95,176	92,446
Bendura Group 富地集團	Banking business 銀行業務	246,961	244,192
Shun Heng 信亨	Financial business 金融業務	801	801
Metasquoia Capital 水杉資產	Financial business 金融業務	2,279	2,279
Ernest Borel Group 依波路集團	Watches and timepieces 鐘錶及時計產品	203,317	201,037
Gross carrying amount 賬面總值		1,210,135	1,213,345

### 30. GOODWILL (CONTINUED)

The Group's management has engaged Asset Appraisal to perform valuations for the purpose to assess the recoverable amount of the goodwill arising from the acquisitions. The keys assumptions as adopted in the valuations, including the expected profit margins and the managements' expectations for the future market performance.

#### Jia Cheng Investment Limited and its subsidiaries

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at zero growth rate (2018: zero) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 21% per annum (2018: 19.79%). The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2019 and 2018. No impairment loss was recognised for this CGU since the acquisition of Jia Cheng Investment Limited and its subsidiaries.

#### Corum Group

The goodwill arising from the acquisition of Corum Group in the watch and timepieces segment had been fully impaired in previous years.

#### Dreyfuss Group

The goodwill arising from the acquisition of Dreyfuss Group in the watch and timepieces segment had been fully impaired in previous years.

### 30. 商譽(續)

本集團管理層已委聘中誠達進行估值，以評估收購所產生商譽之可收回金額。估值時採納之主要假設包括預期邊際溢利及管理層對日後市場表現的預測。

#### 佳城投資有限公司及其附屬公司

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按零增長率(二零一八年：零)(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率21%(二零一八年：19.79%)推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一九年及二零一八年十二月三十一日之可收回款項總額。收購佳城投資有限公司及其附屬公司後，該現金產生單位並無確認減值虧損。

#### 崑崙集團

因收購崑崙集團於鐘錶及時計產品分類產生的商譽於往年已全數減值。

#### 帝福時集團

因收購帝福時集團於鐘錶及時計產品分類產生的商譽於往年已全數減值。

### 30. GOODWILL (CONTINUED)

#### Bendura Group

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at zero growth rate (2018: Zero) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 14.49% (2018: 12.48%) per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2019 and 2018. No impairment loss was recognised for this CGU since the acquisition of Bendura Group.

#### Shun Heng and Metasequoia Capital

The recoverable amounts of these CGUs are determined by the directors based on fair value less costs of disposal. The determination of fair value less costs of disposal is based on the recent similar transactions in the market. The fair value less cost of disposal of these CGUs are Level 3 recurring fair value measurement. The key significant unobservable inputs to determine the fair value less cost of disposal are the discount specific to uncertainty on expected profitability of those CGUs. The higher in the discount would result in a lower the fair value less cost of disposal of the CGUs, and vice versa. The directors of the Company concluded that, based on the assessment result, no impairment loss on goodwill has been recognised for the year (2018: Nil).

#### Ernest Borel Group

The recoverable amount of the CGU are determined by the directors based on fair value less costs of disposal. The determination of fair value less costs of disposal is based on the market price of Ernest Borel's share. The fair value less cost of disposal of the CGU is Level 1 fair value measurement. The directors of the Company concluded that, based on the assessment result, no impairment loss on goodwill shall be recognised for the year (2018: Nil).

#### Goodwill arising from business combinations prior to 2001

Goodwill arising from business combinations prior to 2001 had been eliminated against the consolidated reserves. As at 31 December 2019, the carrying amount of goodwill in the consolidated reserves was HK\$15,300,000 (2018: HK\$15,300,000).

### 30. 商譽(續)

#### 富地集團

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按增長率零(二零一八年：零)(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率14.49%(二零一八年：12.48%)推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一九年及二零一八年十二月三十一日之可收回款項總額。自收購富地集團以來並無確認該現金產生單位之減值虧損。

#### 信亨及水杉資產

該等現金產生單位之可收回金額由董事根據公平值減出售成本釐定。釐定公平值減出售成本乃基於近期市場上之類似交易。該等現金產生單位之公平值減出售成本為第三層經常性公平值計量。釐定公平值減出售成本之主要重大不可觀察輸入數值為該等現金產生單位預期盈利不確定因素之特有貼現率。貼現越高，現金產生單位之公平值減出售成本越低，反之亦然。本公司董事之結論為，基於評估結果，本年度並無確認商譽減值虧損(二零一八年：無)。

#### 依波路集團

現金產生單位之可收回金額由董事按公平值減出售成本釐定。釐定公平值減出售成本乃基於依波路股份之市場價格。現金產生單位之公平值減出售成本為第一層公平值計量。本公司董事之結論為，基於評估結果，本年度毋須確認商譽減值虧損(二零一八年：無)。

#### 二零零一年前業務合併產生之商譽

於二零零一年前業務合併產生之商譽已於綜合儲備對銷。於二零一九年十二月三十一日，於綜合儲備內之商譽賬面值為15,300,000港元(二零一八年：15,300,000港元)。

### 31. OTHER ASSETS

### 31. 其他資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Other receivables	其他應收款	172,260	174,845
Dividend receivable from an associate (note 47.1)	應收一間聯營公司股息 (附註47.1)	5,000	5,000
Amounts due from an associate (note 47.1)	應收一間聯營公司款項 (附註47.1)	18,315	18,280
Amounts due from related companies (note 47.1)	應收關連公司款項(附註47.1)	1,065	1,065
Prepayments	預付款項	118,395	111,285
Deposits	按金	67,107	37,450
Management and performance fees receivables	應收管理及履約費	10,182	12,606
Other interest receivables	其他應收利息	24,387	36,128
Settlement and clearing account	交收及結算賬戶	160	911
		<b>416,871</b>	<b>397,570</b>

Other receivables represented cash advance to staff, VAT receivables, other advances and statutory deposits for financial business.

其他應收款即指預付員工之現金、增值稅應收款項、其他墊款及金融業務法定存款。

As at 31 December 2019, the amount of the Group's other assets expected to be recovered or recognised as expense after one year is HK\$8,100,000 (2018: HK\$17,484,000). The remaining other assets are expected to be recovered or recognised as expense within one year.

於二零一九年十二月三十一日，本集團其他資產預計將於一年後收回或確認為開支之金額為8,100,000港元(二零一八年：17,484,000港元)。餘下其他資產預計於一年內收回或確認為開支。

Movements in the loss allowance for the other assets are as follows:

其他資產之虧損撥備變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	5,313	-
Effect on the adoption of HKFRS 9	採納香港財務報告準則第9號 之影響	-	5,313
Expected credit losses for the year	年內預期信貸虧損	2,167	-
Exchange realignment	匯兌調整	(369)	-
At 31 December	於十二月三十一日	<b>7,111</b>	<b>5,313</b>

## 32. DUE TO CLIENTS

## 32. 應付客戶款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Due to clients – precious metals	應付客戶 – 貴金屬款項	56,762	73,950
Other amounts due to clients, mainly bank deposits	其他應付客戶款項 (主要為銀行存款)	11,906,290	12,430,641
		<b>11,963,052</b>	12,504,591

## 33. TRADE PAYABLES

## 33. 應付賬款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade payables arising from watches and timepiece business (Note a)	鐘錶及時計產品業務產生之應付賬款(附註a)	304,944	280,567
Trade payables arising from financial business (note b):	金融業務產生之應付賬款(附註b):		
– Cash clients	– 現金客戶	101,812	36,496
– Margin clients	– 保證金客戶	1,269	2,294
– Clearing house	– 結算所	3,402	4,749
		<b>106,483</b>	43,539
Trade payables	應付賬款	<b>411,427</b>	324,106

- (a) The credit terms of trade payables arising watches and timepieces business vary according to the terms agreed with different suppliers. Trade payables to watches and timepieces business are non-interest bearing.

Ageing analysis of trade payables arising from watches and timepieces business as at the reporting dates, based on the invoice dates, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
1 to 3 months	1至3個月	278,983	215,854
4 to 6 months	4至6個月	6,977	25,151
Over 6 months	超過6個月	18,984	39,562
		<b>304,944</b>	280,567

- (b) The settlement term of trade payables arising from securities dealing of the financial business is "T+2". Trade payables arising from securities dealing of financial business during the "T+2" period are current whereas those which are outstanding after the "T+2" period are repayable on demand.

- (a) 鐘錶及時計產品業務產生之應付賬款之信貸期根據與不同供應商協定之條款而變。鐘錶及時計產品業務之應付賬款為不計息。

鐘錶及時計產品業務所產生之應付賬款按照發票日期於報告日之賬齡分析如下：

- (b) 證券買賣金融業務產生之應付賬款之結算期限為「T+2」。於「T+2」期間，證券買賣金融業務產生之應付賬款屬即期，而於「T+2」期間後，尚未償還之應付賬款則須按要求償還。

### 34. CONTRACT LIABILITIES

The contract liabilities mainly represented the advance consideration received from customers. As at 31 December 2019, the aggregated amount of transaction price allocated to performance obligations under the Group's existing contract is HK\$18,565,000 (2018: HK\$30,918,000). The Group will recognise the expected revenue in future when or as the goods or services are completed, which is expected to occur within the next 12 month.

#### Movement of contract liabilities

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance as at 1 January	於一月一日之結餘	30,918	-
Decrease in contract liabilities as a result of recognising revenue during the year	年內確認收益後合約負債減少	(30,792)	-
Increase in contract liabilities as a result of receipts in advance	因預收款項使合約負債增加	18,588	30,918
Exchange realignment	匯兌調整	(149)	-
Balance as at 31 December	於十二月三十一日之結餘	18,565	30,918

### 34. 合約負債

合約負債主要為自客戶收取之預付代價。於二零一九年十二月三十一日，分配至本集團現有合約下履約責任之交易價格總額為18,565,000港元(二零一八年：30,918,000港元)。未來，本集團將於或就完成提供商品或服務確認預期收入，即預期將於未來12個月進行。

#### 合約負債變動

### 35. CORPORATE BONDS

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	760,244	732,978
Amortisation of transaction costs	交易成本攤銷	2,729	4,243
Sales of corporate bonds	出售公司債券	-	27,566
Repayment of the bonds	償還債券	(756,022)	-
Exchange realignment	匯兌調整	(6,951)	(4,543)
At 31 December	於十二月三十一日	-	760,244

### 35. 公司債券

On 24 July 2014, the Group issued CHF denominated corporate bonds of principal amount of CHF100,000,000 bears interest at 3.625% per annum. The interests of the corporate bonds are paid in arrears on 24 July every year. The corporate bonds are listed in SIX Swiss Exchange in Switzerland and guaranteed by the Company. The corporate bonds has been on 24 July 2019. The Group has fully repaid the corporate bond upon its maturity during the year ended 31 December 2019.

於二零一四年七月二十四日，本集團發行瑞士法郎公司債券，本金額為100,000,000瑞士法郎，按年利率3.625%計息。該等公司債券利息於每年七月二十四日分期支付。該等公司債券於瑞士證券交易所上市及由本公司擔保。該等公司債券已於二零一九年七月二十四日到期。截至二零一九年十二月三十一日止年度，本集團已悉數償還到期的公司債券。

### 35. CORPORATE BONDS (CONTINUED)

Net proceeds from the issue of the corporate bonds, as reduced by transaction cost, amounted to approximately CHF97,295,000 (equivalent to approximately HK\$762,913,000).

The Group may, at any time after the date of issuance and prior to the date of maturity, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving a prior notice to a period of not less than 30 days nor more than 60 days.

During the year ended 31 December 2018, the Group had sold certain re-purchased corporate bonds with principal amount of CHF3,460,000 (equivalent to approximately HK\$27,728,000) at the consideration of CHF3,440,000 (equivalent to approximately HK\$27,566,000) in the public market.

During the year ended 31 December 2019 and 2018, the Group had not repurchased any corporate bonds.

### 36. BORROWINGS

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank overdrafts (note 36.1)	銀行透支(附註36.1)	48,294	14,822
Bank borrowings (note 36.1)	銀行借貸(附註36.1)	1,676,685	1,030,774
Margin loan payable (note 36.2)	應付保證金貸款(附註36.2)	15,383	1,593
		<b>1,740,362</b>	<b>1,047,189</b>

#### 36.1 Bank overdrafts and bank borrowings

Including in the bank borrowings, there is a syndicated loan with outstanding principal amount of HK\$817,702,000 as at 31 December 2019. On 16 July 2019, the Group entered into a facility agreement with a syndicated of banks ("Syndicated Banks"), in which Syndicated Banks agreed to grant a term loan facility in the amount up to US\$150,000,000 to the Group for a term of 36 months. As at 31 December 2019, the Group has drawn down the facilities of HK\$817,702,000 (equivalent to US\$105,000,000).

As at 31 December 2019, the amount of the Group's bank overdrafts and bank borrowings repayable within one year or on demand is HK\$1,724,979,000 (2018: HK\$823,493,000).

### 35. 公司債券(續)

發行公司債券之所得款項淨額(扣除交易成本)為約97,295,000瑞士法郎(相當於約762,913,000港元)。

本集團可於發行日後任何時間至到期日前,發出不少於30日及不多於60日之事先通知,按本金總額100%連同直至該提早贖回日期止累計利息款項贖回全部公司債券。

截至二零一八年十二月三十一日止年度,本集團已於公開市場出售本金額為3,460,000瑞士法郎(相當於約27,728,000港元)之若干購回公司債券,代價為3,440,000瑞士法郎(相當於約27,566,000港元)。

截至二零一九年及二零一八年十二月三十一日止年度,本集團並無購回任何公司債券。

### 36. 借貸

#### 36.1 銀行透支及銀行借貸

於二零一九年十二月三十一日,銀行借貸包括尚未償還本金為817,702,000港元的銀團貸款。於二零一九年七月十六日,本集團與銀團銀行(「銀團銀行」)訂立融資協議,銀團銀行同意向本集團授出定期融資高達150,000,000美元,為期36個月。於二零一九年十二月三十一日,本集團借取817,702,000港元(相當於105,000,000美元)融資。

於二零一九年十二月三十一日,本集團須於一年內償還或按要求償還之銀行透支及銀行借貸金額為1,724,979,000港元(二零一八年:823,493,000港元)。

## 36. BORROWINGS (CONTINUED)

### 36.1 Bank overdrafts and bank borrowings (Continued)

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause. Borrowings are repayable as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Borrowings payable:	應付借貸：		
Within one year or on demand	於一年內或按要求	1,724,979	823,493
In the second year	於第二年	–	103,671
In the third to fifth year	於第三至第五年	–	105,539
After fifth year	第五年後	–	12,893
		–	222,103
		1,724,979	1,045,596

The abovementioned borrowings are charged at floating rates ranging from 1.00% to 5.94% (2018: 2.53% to 7.00%) per annum.

At the reporting dates, the Group's borrowings were secured by:

- (i) corporate guarantees provided by certain subsidiaries within the Group as at 31 December 2019 and 2018;
- (ii) entire equity interest of certain subsidiaries within the Group as at 31 December 2019;
- (iii) pledged bank deposits of HK\$111,763,000 as at 31 December 2019;
- (iv) a legal charge over the Group's land and buildings with the carrying amount of HK\$95,180,000 (2018: HK\$120,711,000) as at 31 December 2019; and
- (v) certain of the Group's trade receivables with the carrying amounts of HK\$13,484,000 (2018: HK\$14,639,000) as at 31 December 2019.

## 36. 借貸(續)

### 36.1 銀行透支及銀行借貸(續)

根據載於貸款協議之計劃還款日期，且不計及按要求償付條款之影響。借貸須按下列方式償付：

上述借貸按浮動年利率介乎1.00%至5.94% (二零一八年：2.53%至7.00%)計息。

於報告日期，本集團之借貸以下列各項作抵押：

- (i) 本集團內若干附屬公司於二零一九年及二零一八年十二月三十一日所提供之公司擔保；
- (ii) 本集團若干附屬公司於二零一九年十二月三十一日的全部股權；
- (iii) 於二零一九年十二月三十一日111,763,000港元的已質押銀行存款；
- (iv) 本集團於二零一九年十二月三十一日賬面值為95,180,000港元(二零一八年：120,711,000港元)之若干土地及樓宇的法定押記；及
- (v) 本集團於二零一九年十二月三十一日之賬面值為13,484,000港元(二零一八年：14,639,000港元)之若干應收賬款。

## 36. BORROWINGS (CONTINUED)

### 36.1 Bank overdrafts and bank borrowings (Continued)

Certain of bank overdrafts and bank borrowings contain clause which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Borrowings due for repayment after one year which contain a repayment on demand clause and are expected to be settled within one year. The carrying amounts of the bank overdrafts and bank borrowings are approximate to their fair value.

As at 31 December 2019, one of the financial covenants as stipulated in the relevant agreements in respect of borrowings with outstanding principal of approximately HK\$973,702,000 was not satisfied. Accordingly, from accounting perspective, the aforesaid borrowings would be regarded as immediately due and payable should the lenders exercise their rights under the agreements as at 31 December 2019. The relevant banks have granted waivers to the Group in respect of the unsatisfied financial covenants before the date of authorisation of the financial statements.

### 36.2 Margin loan payable

The interest rate of the margin loan payable is 4.84% (2018: 6.59%) per annum and repayable on demand. At 31 December 2019, margin loan payable was secured by the Group's trading portfolio investments with the carrying amount of HK\$109,815,000 (2018: HK\$35,749,000). The carrying amount of the margin loan payable is approximate to its fair value. As at 31 December 2019, margin loan payable of HK\$15,383,000 (2018: HK\$1,593,000) are attributable to financial business.

## 36. 借貸(續)

### 36.1 銀行透支及銀行借貸(續)

若干銀行透支及銀行借貸包含給予銀行可要求於任何時間即時償付之全權酌情權之條文，而不論本集團是否已遵守契諾及符合計劃償付責任。於一年後到期償付之借貸部分包含按要求償付條文，且預期於一年內結付。銀行透支及銀行借貸賬面值與其公平值相若。

於二零一九年十二月三十一日，本集團未能達到部份銀行借貸有關協議當中一項財務約定事項，有關借款的未償還本金約為973,702,000港元。因此，從會計角度，於二零一九年十二月三十一日倘貸款人根據協議行使權利，該筆貸款可被視為即時到期。於本財務報表獲批准刊發前，有關銀行已就未達成的財務約定事項向本集團授予豁免。

### 36.2 應付保證金貸款

應付保證金貸款之年利率為4.84%（二零一八年：6.59%），並按要求償還。於二零一九年十二月三十一日，應付保證金貸款以本集團賬面值為109,815,000港元（二零一八年：35,749,000港元）之交易組合投資擔保。應付保證金貸款賬面值與其公平值相若。於二零一九年十二月三十一日，應付保證金貸款15,383,000港元（二零一八年：1,593,000港元）乃來自金融業務。

## 37. PROVISIONS

## 37. 撥備

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Provision for litigation and tax risks</b>	<b>訴訟及稅務風險撥備</b>		
At 1 January	於一月一日	476	721
Released and credited to profit or loss	解除及計入溢利或虧損	(394)	(320)
Exchange realignment	匯兌調整	(82)	75
At 31 December	於十二月三十一日	–	476
<b>Maturity of the provisions</b>	<b>撥備到期日</b>		
Within one year	一年內	–	476

During the year ended 31 December 2019, reversal of provision for litigation risks of HK\$394,000 (2018: HK\$320,000) has been recognised in the consolidated statement of comprehensive income.

截至二零一九年十二月三十一日止年度，撥回訴訟風險撥備394,000港元（二零一八年：320,000港元）已於綜合全面收入表中確認。

### 38. LEASE LIABILITIES

The amount included in the consolidated statement of financial position in respect of the carrying amounts of lease liabilities and the movements during the year is as follows:

### 38. 租賃負債

年內計入綜合財務狀況表內有關租賃負債賬面值的金額以及變動如下：

		Land and buildings 土地及樓宇 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2018	於二零一八年十二月三十一日	–	–	–
Recognition upon initial application of HKFRS 16	初始採納香港財務報告準則第16號後確認	90,627	–	90,627
Opening balance under HKFRS 16 as at 1 January 2019, as restated	於二零一九年一月一日根據香港財務報告準則第16號年初結餘，經重列	<b>90,627</b>	-	<b>90,627</b>
Additions	添置	<b>18,019</b>	<b>2,143</b>	<b>20,162</b>
Interest expenses	利息開支	<b>4,549</b>	<b>84</b>	<b>4,633</b>
Lease modification	租賃修改	<b>10,099</b>	–	<b>10,099</b>
Lease payments	租賃付款	<b>(41,822)</b>	<b>(291)</b>	<b>(42,113)</b>
Exchange realignment	匯兌調整	<b>564</b>	<b>3</b>	<b>567</b>
As at 31 December 2019	於二零一九年十二月三十一日	<b>82,036</b>	<b>1,939</b>	<b>83,975</b>

## 38. LEASE LIABILITIES (CONTINUED)

Future lease payments are due as follows:

		2019 二零一九年 HK\$'000 千港元
Minimum lease payment due	最低租賃付款到期狀況	
– Within one year	– 一年內	42,987
– In the second to fifth years, inclusive	– 第二至第五年(首尾兩年包括在內)	40,190
– After fifth years	– 五年以上	16,584
		99,761
Less: future interest expenses	減：未來利息開支	(15,786)
Present value of lease liabilities	租賃負債現值	83,975

The present value of future lease payments are analysed as:

未來租賃付款現值分析如下：

		2019 二零一九年 HK\$'000 千港元
Current liabilities	流動負債	40,337
Non-current liabilities	非流動負債	43,638
		83,975

		2019 二零一九年 HK\$'000 千港元
Short term leases expenses	短期租賃開支	16,892
Aggregate undiscounted commitments for short term leases	短期租賃未貼現承諾總額	3,901

### 39. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the jurisdictions in which the Group operates.

Details of the Group's deferred tax assets/(liabilities) recognised and movements are as follows:

### 39. 遞延稅項

遞延稅項按負債法採用本集團業務所在司法權區之現行適用稅率就暫時差額全面計算。

本集團之已確認遞延稅項資產/(負債)及其變動詳情載列如下：

		Revaluation of intangible assets	Revaluation of property, plant and equipment	Tax losses	Temporary difference arising from bond repurchase	Decelerated tax depreciation	Other temporary differences	Total
		重估無形資產 HK\$'000 千港元	重估物業、廠房及設備 HK\$'000 千港元	稅項虧損 HK\$'000 千港元	購回債券產生之暫時差額 HK\$'000 千港元	減速稅項折舊 HK\$'000 千港元	其他暫時差額 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	(981)	(11,556)	4,795	(168)	-	6,622	(1,288)
Effect of the adoption of HKFRS 9	採納香港財務報告準則第9號的影響	-	-	-	-	2,289	-	2,289
Acquisition of subsidiaries (note 48)	收購附屬公司(附註48)	(10,416)	-	-	-	(566)	(21,424)	(32,406)
Credited/(Charged) to profit or loss (note 11)	於溢利或虧損中計入/(扣除)(附註11)	-	385	(246)	446	378	358	1,321
(Charged)/credited to other comprehensive income	於其他全面收入中(扣除)/計入	-	(22,212)	-	-	-	1,169	(21,043)
Exchange realignment	匯兌調整	-	207	(43)	(112)	3	140	195
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	(11,397)	(33,176)	4,506	166	2,104	(13,135)	(50,932)
Credited/(Charged) to profit or loss (note 11)	於溢利或虧損中計入/(扣除)(附註11)	-	379	(242)	(166)	128	412	511
Credited to other comprehensive income	於其他全面收入中計入	-	-	-	-	-	1,342	1,342
Exchange realignment	匯兌調整	(118)	363	47	-	(4)	536	824
At 31 December 2019	於二零一九年十二月三十一日	(11,515)	(32,434)	4,311	-	2,228	(10,845)	(48,255)

### 39. DEFERRED TAX (CONTINUED)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	11,626	9,437
Deferred tax liabilities	遞延稅項負債	(59,881)	(60,369)
		<b>(48,255)</b>	(50,932)

As at 31 December 2019, the Group has estimated unused tax losses arising in Hong Kong of HK\$371,528,000 (2018: HK\$357,820,000), subject to the agreement of Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2019, the Group has estimated unused tax losses in United Kingdom of HK\$171,887,000 (2018: HK\$159,848,000), subject to the agreement of tax bureau in United Kingdom, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets (2018: nil) have been recognised in respect of these estimated unused tax losses as these were incurred by the companies that have been loss-making for some time.

As at 31 December 2019, the Group has estimated unused tax losses in Switzerland of HK\$1,211,787,000 (2018: HK\$1,146,355,000), subject to the agreement of tax bureau in Switzerland, that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets of HK\$4,311,000 (2018: HK\$4,506,000) have been recognised in respect of these estimated unused tax losses to the extent of deferred tax liabilities recognised in respect of revaluation of identifiable assets as a result of the acquisitions. Deferred tax assets have not been recognised in respect of the estimated unused tax losses as these were incurred by the subsidiaries that have been loss-making for some time. These estimated unused tax losses will be available for offsetting against future taxable profit for a maximum period of five years from the reporting date.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders during the year.

As at 31 December 2019, deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounted to HK\$2,152,047,000 (2018: HK\$2,081,049,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

### 39. 遞延稅項(續)

為於綜合財務狀況表中呈報，若干遞延稅項資產及負債已予抵銷。以下為用於財務報告之遞延稅項結餘分析：

於二零一九年十二月三十一日，本集團於香港產生估計未動用稅項虧損371,528,000港元（二零一八年：357,820,000港元），有待與稅務局協議，可無期限用作抵銷產生虧損公司之日後應課稅溢利。

於二零一九年十二月三十一日，本集團於英國產生估計未動用稅項虧損171,887,000港元（二零一八年：159,848,000港元），有待與英國稅務局協議，可無限期用作抵銷產生虧損公司之日後應課稅溢利。並無就該等估計未動用稅項虧損確認遞延稅項資產（二零一八年：無），乃由於有關虧損產生自於一段時間內錄得虧損之公司。

於二零一九年十二月三十一日，本集團於瑞士產生估計未動用稅項虧損1,211,787,000港元（二零一八年：1,146,355,000港元），有待與瑞士稅務局協議，可用作抵銷產生虧損公司之日後應課稅溢利。以收購重估可識別資產之已確認遞延稅項負債為限，就該等估計未動用稅項虧損確認之遞延稅項資產為4,311,000港元（二零一八年：4,506,000港元）。並無就該等估計未動用稅項虧損確認遞延稅項資產，乃由於有關虧損產生自於一段時間內錄得虧損之附屬公司。該等估計未動用稅項虧損可用作抵銷最長為由報告日起計五年之日後應課稅溢利。

年內，本公司並無因向其股東支付股息而須承擔任何所得稅後果。

於二零一九年十二月三十一日，綜合財務報表並無就中國附屬公司所賺取溢利應佔之暫時差額2,152,047,000港元（二零一八年：2,081,049,000港元）作出遞延稅項撥備，原因為本集團能夠控制撥回暫時差額之時間，加上暫時差額很可能不會於可見將來撥回。

## 40. OTHER LIABILITIES

## 40. 其他負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Accruals	應計費用	105,794	106,653
Due to associates (note 47.1 (iii)(a) and (c))	應付聯營公司款項 (附註47.1(iii)(a)及(c))	–	25,230
Warranty provision	保養撥備	5,485	5,183
Net defined benefit obligations	定額福利責任淨額	90,908	83,140
Accrued interests and commission	應計利息及佣金	15,994	18,636
Other tax payable	其他應付稅款	23,457	40,054
Interest payable	應付利息	47	20
Commission payable	應付佣金	42,562	41,943
Other payables	其他應付款	212,109	228,072
		<b>496,356</b>	<b>548,931</b>

Other payables represented accrued management and performance fees, accrued services fee, accrued salaries and bonus, accrued audit fee and accrued other operating expenses.

其他應付款即指應計管理及履約費、應計服務費、應計工資及花紅、應計審計費及應計其他營運開支。

As at 31 December 2019, the amount of the Group's other liabilities expected to be due after more than one year is HK\$97,136,000 (2018: HK\$86,787,000). The remaining other liabilities are expected to be due within one year.

於二零一九年十二月三十一日，本集團預期超過一年後到期之其他負債金額為97,136,000港元(二零一八年：86,787,000港元)。餘下其他負債預期將於一年內到期。

## 41. SHARE CAPITAL

## 41. 股本

		2019 二零一九年		2018 二零一八年	
		Number of shares 股份數目	HK\$'000 千港元	Number of shares 股份數目	HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.10 each at 1 January and 31 December	法定： 於一月一日及十二月 三十一日 每股面值0.10港元 之普通股	6,000,000	600,000	6,000,000	600,000
Issued and fully paid: At 1 January	已發行及繳足： 於一月一日	4,351,889	435,189	4,350,314	435,032
Share option scheme – proceeds from shares issued (note (a))	認購股份權計劃—發 行股份所得款項 (附註(a))	–	–	1,575	157
At 31 December	於十二月三十一日	4,351,889	435,189	4,351,889	435,189

## 41. SHARE CAPITAL (CONTINUED)

Note:

- (a) During the year ended 31 December 2018, 1,575,000 new ordinary shares of the Company were issued upon the exercise of share options. The total proceeds received for the issues of shares under the share option scheme are HK\$511,000. The amount of HK\$354,000, representing the excess of the proceeds received over the nominal value of the ordinary shares of HK\$157,000, has been included in share premium account.

Details of the share options exercised during the years ended 31 December 2018 are summarised in note 42. All shares issued in both years in relation to the share option scheme have the same rights as the Company's other issued ordinary shares.

No share option has been exercised during the year ended 31 December 2019.

## 42. SHARE-BASED COMPENSATION

At the general meeting held on 30 May 2008, the shareholders of the Company terminated the option scheme adopted on 25 May 2001 and adopted a new share option scheme (the "Share Option Scheme") for a period of 10 years commencing on the adoption date.

The directors may, at their discretion, invite the eligible participants to take up options to subscribe for shares. The eligible participants include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

Under the Share Option Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the Share Option Scheme if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the Company's shares in issue from time to time.

## 41. 股本(續)

附註：

- (a) 截至二零一八年十二月三十一日止年度，本公司就行使認購股份權時發行1,575,000股新普通股。就根據認購股份權計劃發行股份收取之所得款項總額為511,000港元。為數354,000港元為已收所得款項超出普通股面值157,000港元之金額，該筆款項已計入股份溢價賬。

截至二零一八年十二月三十一日止年度，獲行使認購股份權詳情於附註42概述。所有於兩個年度內發行之股份（與認購股份權計劃有關）與本公司其他已發行普通股享有同等權利。

截至二零一九年十二月三十一日止年度並無認購股份權獲行使。

## 42. 股份補償

於二零零八年五月三十日舉行之股東大會上，本公司股東終止於二零零一年五月二十五日採納之認購股份權計劃並採納新認購股份權計劃（「認購股份權計劃」），自採納日期起計為期10年。

董事可酌情邀請合資格參與者承購認購股份權，以認購股份。合資格參與者包括(i)本公司或其任何附屬公司之任何全職或兼職僱員、行政人員或高級人員；(ii)本公司或其任何附屬公司之任何董事（包括執行董事、非執行董事及獨立非執行董事）；及(iii)本公司或其任何附屬公司之任何顧問、諮詢人士、供應商、客戶及代理。

根據認購股份權計劃，於認購股份權計劃項下授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之最高股份數目，不得超過本公司不時已發行股本之30%。倘授出之認購股份權導致超出有關上限，則不得根據認購股份權計劃授出認購股份權。除經本公司股東批准外，根據認購股份權計劃授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之本公司股份總數，不得超過本公司不時已發行股份之30%。

## 42. SHARE-BASED COMPENSATION (CONTINUED)

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

The exercise period of the share options granted is determinable by the directors, and should not be later than 10 years from the date of the acceptance of the share options (the "Option Period").

The subscription price is equal to the higher of (i) the nominal value of the share of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The fair value of share options granted is recognised in profit or loss taking into account the probability that the options will vest over the vesting period. Upon the exercise of the options the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account. At the time when the share options are exercised, the amount previously recognised in share option reserve is transferred to share premium account. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve is transferred to retained profits. Lapsed options are deleted from the outstanding options prior to their exercise date. All equity-settled share-based compensation expense is settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

## 42. 股份補償(續)

在任何12個月期間根據認購股份權計劃向每名承授人授出之認購股份權(包括已行使或尚未行使之認購股份權)行使時已發行及可能將予發行之股份總數不得超過本公司已發行股本之1%。倘向一名承授人進一步授出認購股份權，導致該名人士根據認購股份權計劃於12個月期間直至進一步授出日期(包括當日)行使獲授及建議獲授之所有認購股份權(包括已行使、註銷及尚未行使認購股份權)後，已發行及將發行股份之數目合共超過已發行股份1%，有關進一步授出認購股份權必須於股東大會獲本公司股東批准，而有關承授人及彼之聯繫人士須放棄表決。

在任何12個月期間直至最後授出日期根據認購股份權計劃向每名合資格人士授出之認購股份權(包括已註銷、行使及尚未行使之認購股份權)行使時已發行及將予發行之股份最高數目，不得超過本公司已發行股份之1%，惟倘於截至有關授出日期止12個月期間向本公司各獨立非執行董事或主要股東或彼等各自之任何聯繫人士授出及將予授出之所有認購股份權獲行使時已發行及將予發行之股份數目超過本公司已發行股份0.1%及價值超過5百萬港元，有關授予必須事先獲本公司獨立股東批准。任何進一步授出超過有關限額之認購股份權必須根據上市規則之規定獲股東於股東大會上批准。

所授出認購股份權之行使期由董事釐定，且不應超過認購股份權接納日期後10年(「認購股份權期間」)。

認購價相當於下列各項之最高者：(i)本公司股份面值；(ii)本公司股份於授出日期在聯交所每日報價表所示之每股收市價；及(iii)緊接授出日期前五個營業日股份於聯交所每日報價表所示之每股平均收市價。

所授出認購股份權之公平值於計及認購股份權於歸屬期歸屬之可能性後在溢利或虧損確認。於認購股份權獲行使時，所產生之已發行股份按股份面值記入額外股本，而每股行使價超出股份面值之差額則計入股份溢價賬。認購股份權獲行使時，先前於認購股份權儲備中確認之款額會轉撥至股份溢價賬。當認購股份權被沒收或於屆滿日期仍未行使時，先前於認購股份權儲備中確認之款額會轉撥至保留溢利。於行使日期前已失效認購股份權會自尚未行使認購股份權中剔除。所有以股本結算之股份補償開支將以權益結算。本集團並無法定或推定責任以現金購回或結算認購股份權。

## 42. SHARE-BASED COMPENSATION (CONTINUED)

The grantees may exercise the options in whole or in part by giving exercise notice to the grantor at any time during the Option Period provided that the grantees shall exercise the options to acquire the option shares in accordance with the following vesting schedule:

Vesting schedule	Maximum percentage of option shares comprised in an option which may be exercised
One year after the grant date	30%
Two years after the grant date	35%
Three years after the grant date	35%

Details of the share options granted up to the reporting date are as follows:

Date of grant:	9 December 2008
Exercisable period:	9 December 2009 to 7 January 2019
Exercise price:	HK\$0.325

The share option scheme has been expired on 30 May 2018.

Share options and weighted average exercise price are as follows for the reporting periods presented:

		2018 二零一八年	
		Weighted average Number '000 數目千份	exercise price 加權平均行使價 HK\$ 港元
Outstanding at 1 January	於一月一日尚未行使	7,055	0.325
Exercised	已行使	(1,575)	0.325
Expired	已屆滿	(5,480)	0.325
Outstanding at 31 December	於十二月三十一日 尚未行使	—	—
Exercisable at the end of the year	於年末可行使	—	—

All the share options granted were expired during the year ended 31 December 2018. The weighted average share price for share options exercised during the year at the date of exercise was HK\$1.74 per share for the year ended 31 December 2018.

The Group did not grant any share options for the year ended 31 December 2018.

## 42. 股份補償(續)

承授人可於認購股份權期間任何時間向授予人發出行使通知，行使全部或部分認購股份權，惟承授人將根據下列歸屬期時間表行使認購股份權購入認購股份權股份：

歸屬時間表	可行使認購股份權所包含認購股份權股份最高百分比
授出日期後一年	30%
授出日期後兩年	35%
授出日期後三年	35%

直至報告日為止已授出認購股份權詳情如下：

授出日期：	二零零八年十二月九日
行使期：	二零零九年十二月九日至 二零一九年一月七日
行使價：	0.325 港元

認購股份權計劃已於二零一八年五月三十日屆滿。

報告期內之認購股份權及加權平均行使價呈列如下：

全部已授出認購股份權已於截至二零一八年十二月三十一日止年度屆滿。截至二零一八年十二月三十一日止年度，已於年內行使之認購股份權於行使日期之加權平均股價為每股 1.74 港元。

截至二零一八年十二月三十一日止年度，本集團概無授出任何認購股份權。

## 42. SHARE-BASED COMPENSATION (CONTINUED)

Movements of the Share Option Scheme for the year ended 31 December 2018 are as follows:

		2018 二零一八年 Number of share options 認購股份權數目			
Name or category of participants		At 1 January 2018 二零一八年 一月一日	Exercised during the year 於年內行使	Expired during the year 於年內屆滿	At 31 December 2018 二零一八年 十二月三十一日
<b>Other eligible employees</b> In aggregate	其他合資格僱員 合計	1,575,000	(1,575,000)	–	–
<b>Other eligible persons</b> In aggregate	其他合資格人士 合計	5,480,000	–	(5,480,000)	–
<b>Total</b>	<b>總計</b>	<b>7,055,000</b>	<b>(1,575,000)</b>	<b>(5,480,000)</b>	<b>–</b>

## 43. RESERVES

### Group

The amounts of the Group's reserves and movements therein during the year are presented in the consolidated statement of changes in equity.

The share premium account mainly includes shares issued at a premium.

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees over the vesting period.

Other reserve represents (i) the cumulative expenses recognised on the granting of share options to an independent third party and (ii) the effect of transactions with non-controlling interests as disclosed in note 49 to the consolidated financial statements and (iii) the effect of the redemption of convertible bond.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against the consolidated reserves.

In accordance with the PRC regulations, certain of the Group's subsidiaries established in the PRC are required to transfer part of their profits after tax to the statutory reserve before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of the directors of these subsidiaries, in accordance with their joint venture agreements and/or articles of association. The statutory reserve is non-distributable and has restricted use.

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 4.23.

## 42. 股份補償(續)

於截至二零一八年十二月三十一日止年度，認購股份權計劃之變動如下：

## 43. 儲備

### 本集團

本集團於年度之儲備數額及有關變動於綜合權益變動表中呈列。

股份溢價賬主要包括按溢價發行之股份。

認購股份權儲備指於歸屬期間向僱員授出認購股份權中確認之累計開支。

其他儲備指(i)向一名獨立第三方授出認購股份權中確認之累計開支；(ii)與非控股權益進行交易之影響(於綜合財務報表附註49披露)及(iii)贖回可換股債券之影響。

於過往年度收購附屬公司所產生之若干商譽仍於綜合儲備對銷。

按照中國法規，本集團若干於中國成立之附屬公司於作出溢利分派前，須將其部分除稅後溢利轉撥至法定儲備。轉撥款額須由該等附屬公司之董事會按各自之合營協議及／或公司章程細則批准。法定儲備不可分派，且用途有所限制。

根據附註4.23內所採納之會計政策，外匯儲備包括換算海外業務財務報表所產生之所有匯兌差額。

**43. RESERVES (CONTINUED)****Group (Continued)**

Investment revaluation reserve represents gains or losses arising on remeasuring financial assets classified as available-for-sale financial assets at fair value.

Fair value through other comprehensive income reserve represents gains or losses on remeasuring the financial assets classified as financial assets at fair value through other comprehensive income.

Revaluation reserve for property, plant and equipment is the revaluation gain arising from the transfer of property, plant and equipment to investment properties.

**Company**

The reserves of the Company as at 31 December 2019 and 2018 are as follows:

		Share premium account	Share option reserve	Fair value through other comprehensive income reserve	Other reserve	(Accumulated) losses/retained profits	Total
		股份溢價賬	認購股份權儲備	按公平值計入其他全面收入儲備	其他儲備	(累計)虧損/保留溢利	總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	771,202	1,070	107,999	22,693	(121,855)	781,109
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	354	-	-	-	-	354
Exercise of share options	行使認購股份權	239	(239)	-	-	-	-
Lapse of share-option	認購股份權失效	-	(831)	-	-	831	-
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	-	-	(12,197)	-	292,370	280,173
2017 final dividend (note 12)	二零一七年末期股息(附註12)	(89,767)	-	-	-	(171,346)	(261,113)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	<b>682,028</b>	-	<b>95,802</b>	<b>22,693</b>	-	<b>800,523</b>
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	-	-	(182,185)	-	142,330	(39,855)
At 31 December 2019	於二零一九年十二月三十一日	<b>682,028</b>	-	<b>(86,383)</b>	<b>22,693</b>	<b>142,330</b>	<b>760,668</b>

Under the Companies Law Cap. 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

**43. 儲備(續)****本集團(續)**

投資重估儲備指按公平值歸類為可供出售金融資產之金融資產重新計量所產生之收益或虧損。

按公平值計入其他全面收入儲備指重新計量分類為按公平值計入其他全面收入之金融資產之金融資產之收益或虧損。

物業、廠房及設備重估儲備為將物業、廠房及設備轉撥至投資物業時產生之重估收益。

**本公司**

本公司於二零一九年及二零一八年十二月三十一日之儲備如下：

根據開曼群島公司法第22章(一九六一年第3條法例，經綜合及修訂)，本公司股份溢價賬之資金可供分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中到期之債務。

#### 44. OPERATING LEASE ARRANGEMENTS/ COMMITMENTS

**44.1** At 31 December 2018 and 2019, total future minimum lease receipts by the Group under non-cancellable operating leases are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	3,657	7,756
In the first to second year	第一年至第二年	1,343	7,325
In the second to third year	第二年至第三年	1,221	6,226
In the third to fourth year	第三年至第四年	1,221	6,157
In the fourth to fifth year	第四年至第五年	1,221	3,800
After fifth year	五年後	-	949
		<b>8,663</b>	<b>32,213</b>

The Group leases certain of its properties under operating lease arrangements, with leases negotiated for initial terms ranging from one to five years. None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干物業，議定之初步租約為期一年至五年不等。該等租約不包括或然租金。

**44.2** At 31 December 2018, the total future minimum lease payments by the Group under non-cancellable operating leases are as follows:

		2018 二零一八年 HK\$'000 千港元
Within one year	一年內	45,107
In the second to fifth year	第二年至第五年	58,588
After fifth year	五年後	8,761
		<b>112,456</b>

The Group leases certain offices and factory premises under operating lease arrangements, for initial terms ranging from one to ten years. None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干辦公室及工廠物業，初步租約為期一年至十年不等。該等租約不包括或然租金。

**44.3** The Group is required to pay an annual fee in respect of the leasehold land in the PRC from 1992 up to 2042 with a 20% increment for every five years. During the year ended 31 December 2019, annual fee of HK\$567,000 (2018: HK\$592,000) was charged as an expense in profit or loss of the Group.

**44.3** 本集團自一九九二年至二零四二年止，須就中國之一幅租賃土地支付年費，年費每五年增加20%。截至二零一九年十二月三十一日止年度，年費567,000港元(二零一八年：592,000港元)已於本集團溢利或虧損內按開支支銷。

## 45. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

## 45. 資本承擔

於報告日，本集團未履行之承擔如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Contracted, but not provided for</b>	<b>已訂約但未撥備：</b>		
– Capital contribution to a property project (note (a))	– 向一個物業項目注資 (附註(a))	<b>212,652</b>	–
– Investment in an associate – Citychamp Allied International Limited (note (b))	– 於聯營公司之投資－冠城 聯合國際有限公司 (附註(b))	<b>270,000</b>	270,000
		<b>482,652</b>	270,000

Notes:

- (a) During the year ended 31 December 2019, EBOHR Luxuries International Ltd. ("EBOHR"), a wholly-owned subsidiary of the Company, entered into an agreement with several independent third parties in respect of a property project in the PRC. Pursuant to the agreement, EBOHR agreed to contribute the capital amount up to RMB190,270,000 (equivalent to HK\$212,652,000) into the property project.
- (b) On 28 September 2016, Union United Investment Limited ("Union United"), a wholly-owned subsidiary of the Company, entered into an agreement with Citychamp Dartong (Hong Kong) Limited ("CD(HK)") and Fengrong Investment (Hong Kong) Company Limited ("FI(HK)"), in relation to the formation of the joint venture company ("JV Company") in the British Virgin Island. JV Company shall be owned as to 40% by FI(HK), 30% by CD(HK) and 30% by Union United. JV Company is engaged in potential overseas equity investment. Pursuant to the agreement, Union United agreed to contribute the maximum capital commitment of HK\$270,000,000 to JV Company. Details of the transaction are set out in the Company's announcement dated 28 September 2016.

附註：

- (a) 截至二零一九年十二月三十一日止年度，本公司全資附屬公司依波精品(深圳)有限公司(「依波精品」)就中國物業項目與若干獨立第三方訂立協議。據此，依波精品同意向物業項目出資最多人民幣190,270,000元(相當於212,652,000港元)。
- (b) 於二零一六年九月二十八日，本公司之全資附屬公司聯和投資有限公司(「聯和」)與冠城大通(香港)有限公司(「冠城大通(香港)」)及豐榕投資(香港)有限公司(「豐榕投資(香港)」)訂立協議，內容有關於英屬處女群島成立合營公司(「合營公司」)。豐榕投資(香港)、冠城大通(香港)及聯和將分別擁有合營公司40%、30%及30%權益。合營公司從事潛在境外股本投資業務。根據該協議，聯和同意向合營公司作出最高資本承擔270,000,000港元。交易詳情載於日期為二零一六年九月二十八日本公司之公佈。

## 46. OFF BALANCE SHEET ITEMS

## 46. 資產負債表外項目

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Irrevocable commitments	不可收回承擔	20,983	4,642
Contract volume	合約量	4,531,412	2,174,980
Fiduciary transactions with third-party banks	與第三方銀行之信託交易	2,582,678	2,506,925
		<b>7,135,073</b>	4,686,547

## 47. RELATED PARTY TRANSACTIONS

## 47. 關連人士交易

47.1 Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions carried out with related parties:

47.1 除於綜合財務報表其他部分所披露者外，本集團曾與關連人士進行以下交易：

(i) Transactions with an associate, Fair Future and its subsidiaries

(i) 與一間聯營公司、俊光及其附屬公司之交易

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods	貨品銷售	798	1,107
Purchases of goods	購買貨品	37,122	40,688
Rental expenses paid	已付租金開支	354	354
Inspection fee paid	已付檢查費用	47	1,016
Interest expenses	利息開支	1,048	804

(ii) Transactions between Shun Heng and the related parties of the Group

(ii) 信亨與本集團關連人士之交易

Name of related party 關連人士名稱	Nature of transaction 交易性質	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Directors of the company and their close family members 本公司董事及其直系親屬	Services fees and commission income 服務費及佣金收入	8	8
	Interest income 利息收入	4	10
Related company 關連公司	Services fees and commission income 服務費及佣金收入	265	109
	Interest income 利息收入	5	37

Mr. Hon Kwok Lung, a director of the Company is also the director and beneficial owner of the related company.

本公司董事韓國龍先生亦為關連公司之董事及實益擁有人。

## 47. RELATED PARTY TRANSACTIONS (CONTINUED)

## 47. 關連人士交易 (續)

## 47.1 (Continued)

## 47.1 (續)

## (iii) Outstanding related party balances

## (iii) 未償付關連人士結餘

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Dividend receivable from an associate#	應收一間聯營公司股息#	5,000	5,000
Due from an associate (note (a))#	應收一間聯營公司款項(附註(a))#	18,315	18,280
Trade receivables from associates	應收聯營公司賬款	3,855	3,927
Due from related companies (note (b))#	應收關連公司款項(附註(b))#	1,065	1,065
Loan from an associate (note (c))*	來自一間聯營公司貸款(附註(c))*	–	25,000
Due to a shareholder (note (e))	應付一名股東之款項(附註(e))	12,000	73,000
Due to associates (note (a))*	應付聯營公司款項(附註(a))*	–	230
Trade payables to associates	應付聯營公司賬款	50,595	38,113
Due to directors (note (d))	應付董事款項(附註(d))	22,241	–

# Included in other assets  
\* Included in other liabilities

# 計入其他資產  
\* 計入其他負債

## Notes:

## 附註:

- (a) The balance was unsecured, interest-free and repayable on demand. The maximum outstanding balance of amounts due from associates during the year was HK\$18,315,000 (2018: HK\$25,067,000).
- (b) The amounts were due from related companies of which Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, directors of the Company are also the directors of these companies. The balance was unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK\$1,065,000 (2018: HK\$1,065,000).
- (c) Loan from an associate with principal amount of HK\$25,000,000 was unsecured, interest bearing at 5% per annum and has been fully repaid on 28 January 2019.
- (d) As at 31 December 2019, amounts due to Mr. Shang Jianguang and Mr. Teguh Halim, directors of the Company, were unsecured, interest bearing at 5% per annum and repayable within one year. During the year ended 31 December 2019, interest expense of HK\$241,000 was payable to the directors.
- (e) As at 31 December 2019, amount due to a shareholder of aggregate principal amount of HK\$12,000,000 was unsecured, interest bearing at 5% per annum and repayable within one year. As at 31 December 2018, amount due to a shareholder of aggregate principal amount of HK\$73,000,000 was unsecured, interest free and repayable on demand.

- (a) 有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付應收聯營公司款項結餘為18,315,000港元(二零一八年: 25,067,000港元)。
- (b) 該等款項為應收關連公司款項，而本公司董事商建光先生、薛黎曦女士及韓孝煌先生亦為該等公司之董事。有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付金額為1,065,000港元(二零一八年: 1,065,000港元)。
- (c) 本金額為25,000,000港元來自一間聯營公司貸款為無抵押、按年利率5%計息及已於二零一九年一月二十八日全數償還。
- (d) 於二零一九年十二月三十一日，該等款項為應收本公司董事商建光先生及Teguh Halim先生款項，為無抵押、按年利率5%計息及須於一年內償還。截至二零一九年十二月三十一日止年度，應向董事支付利息開支241,000港元。
- (e) 於二零一九年十二月三十一日，本金總額為12,000,000港元的應付一名股東之款項為無抵押、按年利率5%計息及須於一年內償還。於二零一八年十二月三十一日，本金總額為73,000,000港元的應付一名股東之款項為無抵押、免息及須按要求償還。

## (iv) Financial guarantee provided to Fair Future

As at 31 December 2019, the Group has provided a corporate guarantee of HK\$30,000,000 (2018: HK\$60,000,000) in respect of a revolving loan facility of up to HK\$30,000,000 (2018: HK\$60,000,000) granted to Fair Future (note 51.1). The corporate guarantee is ending on the expiry of the term of the revolving loan facility.

## (iv) 向俊光提供之財務擔保

於二零一九年十二月三十一日，本集團就授予俊光一項最多30,000,000港元(二零一八年: 60,000,000港元)之循環貸款融資提供30,000,000港元(二零一八年: 60,000,000港元)之公司擔保(附註51.1)。公司擔保於循環貸款融資期限屆滿時終止。

The above transactions were conducted in accordance with the terms mutually agreed between the Group and the related companies controlled by the directors.

上述交易乃按本集團與董事控制之關連公司互相協定之條款進行。

## 47. RELATED PARTY TRANSACTIONS (CONTINUED) 47. 關連人士交易 (續)

### 47.2 Key management personnel compensation:

Included in staff costs are key management personnel compensation and comprises the following categories:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	28,759	27,174
Post-employment benefits	離職後福利	347	214
		<b>29,106</b>	<b>27,388</b>

The key management represents all directors of the Company. Further details of directors' emoluments are included in note 15.1 to the consolidated financial statements.

### 47.2 主要管理人員之酬金：

主要管理人員之酬金計入員工成本內，包括以下類別：

主要管理人員為本公司所有董事。有關董事酬金之進一步詳情載於綜合財務報表附註15.1。

## 48. ACQUISITION OF SUBSIDIARIES

### Acquisition of Ernest Borel Group

The Group had completed the acquisition of approximately 58.22% of the issued share capital of Ernest Borel Group, which listed on Stock Exchange and the stock number is 1856, through acquired the issued share capital of Ernest Borel Group from independent third parties in September 2018. The total consideration paid for acquiring the interests is HK\$374,209,000.

Details of the net assets acquired as at the acquisition date are as follows:

		HK\$'000 千港元
Cash consideration	現金代價	374,209
Less: Fair value of net assets acquired	減：已收購資產淨值之公平值	(172,755)
Goodwill (note 30)	商譽(附註30)	201,454

The goodwill of HK\$201,454,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected synergy with existing watch business of the Group.

## 48. 收購附屬公司

### 收購依波路集團

於二零一八年九月，本集團通過向獨立第三方購入依波路集團(聯交所上市公司，股份代號為1856)已發行股本完成收購依波路集團已發行股本約58.22%。就收購事項已付之總代價為374,209,000港元。

於收購日期收購之資產淨值詳情如下：

不可扣稅商譽201,454,000港元包括已獲得之勞動力及預期與本集團現有鐘錶業務之協同效應。

## 48. ACQUISITION OF SUBSIDIARIES (CONTINUED)

**Acquisition of Ernest Borel Group (Continued)**

The fair values of the identifiable assets and liabilities arising from the acquisition of Ernest Borel Group as at the date of acquisition:

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	25,714
Property, plant and equipment (note 26)	物業、廠房及設備(附註26)	39,116
Intangible assets (note 29)	無形資產(附註29)	42,000
Inventories	存貨	383,747
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損之 金融資產	16,995
Trade receivables	應收賬款	55,024
Other assets	其他資產	11,501
Deferred tax liabilities (note 39)	遞延稅項負債(附註39)	(32,406)
Trade payables	應付賬款	(5,324)
Notes payable	應付票據	(100,000)
Bank borrowings	銀行借貸	(10,505)
Income tax payables	應付所得稅	(2,951)
Liability portion of convertible bonds	可換股債券負債部分	(97,184)
Other liabilities	其他負債	(28,999)
		296,728
Less: Non-controlling interests	減：非控股權益	(123,973)
		172,755
Fair value of net assets acquired	已收購資產淨值之公平值	172,755

		HK\$'000 千港元
Net cash outflow from acquisition of subsidiaries:	收購一間附屬公司之現金 流出淨額：	
Cash and deposits in subsidiaries acquired	已收購附屬公司之現金及存款	25,714
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(374,209)
		(348,495)

Ernest Borel Group contributed revenue of approximately HK\$41,501,000 and net loss of approximately HK\$35,568,000 to the Group from the date of acquisition to 31 December 2018.

Had the business combination taken place on 1 January 2018, revenue of the Group for the year ended 31 December 2018 would have been increased by approximately HK\$130,305,000 and net loss would have been increased by HK\$62,098,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Ernest Borel Group been completed on 1 January 2018 nor are they intended to be a projection of future results.

## 48. 收購附屬公司(續)

**收購依波路集團(續)**

收購依波路集團所產生之可識別資產及負債於收購日期之公平值：

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	25,714
Property, plant and equipment (note 26)	物業、廠房及設備(附註26)	39,116
Intangible assets (note 29)	無形資產(附註29)	42,000
Inventories	存貨	383,747
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損之 金融資產	16,995
Trade receivables	應收賬款	55,024
Other assets	其他資產	11,501
Deferred tax liabilities (note 39)	遞延稅項負債(附註39)	(32,406)
Trade payables	應付賬款	(5,324)
Notes payable	應付票據	(100,000)
Bank borrowings	銀行借貸	(10,505)
Income tax payables	應付所得稅	(2,951)
Liability portion of convertible bonds	可換股債券負債部分	(97,184)
Other liabilities	其他負債	(28,999)
		296,728
Less: Non-controlling interests	減：非控股權益	(123,973)
		172,755

		HK\$'000 千港元
Net cash outflow from acquisition of subsidiaries:	收購一間附屬公司之現金 流出淨額：	
Cash and deposits in subsidiaries acquired	已收購附屬公司之現金及存款	25,714
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(374,209)
		(348,495)

自收購日期起至二零一八年十二月三十一日止，依波路集團向本集團貢獻收入約41,501,000港元及虧損淨額約35,568,000港元。

倘業務合併已於二零一八年一月一日進行，本集團於截至二零一八年十二月三十一日止年度之收入應增加約130,305,000港元，而虧損淨額應增加62,098,000港元。備考資料僅供說明，不一定代表於二零一八年一月一日完成收購依波路集團後本集團實際應取得之收入及經營業績之指標，亦不擬作未來業績之預測。

## 49. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### (a) Partial disposal of interest in Ernest Borel

In January and March 2019, the Group has disposed of aggregate 64,006,515 shares of Ernest Borel, representing approximately 18.42% equity interests of Ernest Borel at HK\$1.74 per share, the total consideration received for such disposal is HK\$111,371,000. Upon the completion of the disposal, the Group's effective interest in Ernest Borel decreased from 82.5% to 64.08%. The transaction has been accounted for an equity transaction with the non-controlling interests. The transaction cost for the equity transaction is HK\$4,887,000. The effect of changes in the ownership interests of Ernest Borel Group on the equity attributable to owners of the Company during the year is summarised as below:

		2019 二零一九年 HK\$'000 千港元
Carrying amount of partial equity interest disposal	出售部份股權之賬面值	(47,443)
Consideration received for the partial disposal	部分出售獲取之代價	111,371
Gain on the partial disposal recognised within equity		63,928

### (b) Deemed acquisition of additional interest in Bendura Group

During the year ended 31 December 2019, Bendura Bank AG ("Bendura Bank") repurchased its 350 equity share at cash consideration of CHF189,000 (equivalent to HK\$1,490,000). Following the repurchase, the Company's effective equity interest in Bendura group increased by 0.15% and the Company effectively hold 85.22% equity interest of Bendura Group. The Group recognised a decrease of in non-controlling interests of HK\$1,443,000 and a increase in equity attributable to owners of the Company of HK\$47,000. The effect of changes in the ownership interest of Bendura Group on the equity attributable to owners of the Company during the year is summarised as below:

		2019 二零一九年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	1,443
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(1,490)
Excess of consideration paid recognised within equity		(47)

## 49. 與非控股權益之交易

### (a) 部分出售依波路之權益

於二零一九年一月及三月，本集團以每股1.74港元出售依波路合共64,006,515股股份，約佔依波路股權之18.42%，出售有關權益獲取的總代價為111,371,000港元。出售完成後，本集團於依波路的實際權益由82.5%減少至64.08%。有關交易已作為與非控股權益的權益交易入賬。權益交易的交易成本為4,887,000港元。年內，依波路集團擁有權益之變動對本公司擁有人應佔權益之影響概述如下：

### (b) 視為收購富地集團之額外權益

截至二零一九年十二月三十一日止年度，富地銀行股份有限公司（「富地銀行」）以現金代價189,000瑞士法郎（相當於1,490,000港元）購回350股權益股份。購回完成後，本公司實際持有富地集團的權益增加0.15%，本公司實際持有富地集團85.22%之股權。本集團確認非控股權益減少1,443,000港元及本公司擁有人應佔權益增加47,000港元。年內，富地集團擁有權益之變動對本公司擁有人應佔權益之影響概述如下：

## 49. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

**(c) Acquisition of additional interest in Ernest Borel Group**

In September 2018, the Group has further acquired 84,366,000 shares of Ernest Borel, representing approximately 24.28% at HK\$1.85 per share, through an open offer, the total consideration paid for acquiring the interest is HK\$156,077,000. The effect of changes in the ownership interest of Ernest Borel Group on the equity attributable to owners of the Company during the year is summarised as below:

		2018 二零一八年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	68,875
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(156,077)
Excess of consideration paid recognised within equity		
	於股權內確認之已支付代價之 超出差額	(87,202)

**(d) Deemed acquisition of additional interest in Bendura Group**

In July 2018, Bendura Bank repurchased its 500 equity shares at cash consideration CHF352,000 (equivalent to HK\$2,756,000). Following the repurchase, the Company's effective equity interest in Bendura Group increased by 0.21%. The Group recognised a decrease in non-controlling interest of HK\$2,225,000 and a decrease in equity attributable to owners of the Company of HK\$531,000. The effect of changes in the ownership interest of Bendura Group on the equity attributable to owners of the Company during the year is summarised as below:

		2018 二零一八年 HK\$'000 千港元
Carrying amount of non-controlling interests acquired	已收購非控股權益之賬面值	2,225
Consideration paid for acquisition of non-controlling interests	收購非控股權益已支付之代價	(2,756)
Excess of consideration paid recognised within equity		
	於股權內確認之已支付代價之超出 差額	(531)

## 49. 與非控股權益之交易 (續)

**(c) 收購依波路集團額外之權益**

於二零一八年九月，本集團透過公開要約，按每股 1.85 港元之價格進一步收購依波路 84,366,000 股股份，相當於約 24.28% 之股權，就收購額外股權已支付之總代價為 156,077,000 港元。年內，依波路擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

**(d) 視為收購富地集團之額外權益**

於二零一八年七月，富地銀行以現金代價 352,000 瑞士法郎（相當於 2,756,000 港元）購回 500 股權益股。購回完成後，本公司於富地集團之實際股權增加 0.21%。本集團確認非控股權益減少 2,225,000 港元及本公司擁有人應佔權益減少 531,000 港元。年內，富地集團擁有權權益之變動對本公司擁有人應佔權益之影響概述如下：

#### 49. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

##### (e) Effect of transactions with non-controlling interest on the equity attributable to owners of the Company for the year ended 31 December 2019

		2019 二零一九年 HK\$'000 千港元
Change in equity attributable to owners of the Company arising from:	本公司擁有人應佔權益之變動來自：	
– Partial disposal of equity interest in Ernest Borel	– 一部分出售依波路之股權	63,928
– Transaction cost for equity transaction regarding the partial disposal of equity interest in Ernest Borel	– 一部分出售依波路股權之權益交易的交易成本	(4,887)
– Deemed acquisition additional equity interest in Bendura Bank	– 視為收購富地銀行之額外股權	(47)
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	與非控股權益進行交易對本公司擁有人應佔權益之淨影響	58,994

#### 49. 與非控股權益之交易(續)

##### (e) 與非控股權益之交易對截至二零一九年十二月三十一日止年度本公司擁有人應佔權益之影響

##### (f) Effect of transactions with non-controlling interest on the equity attributable to owners of the Company for the year ended 31 December 2018

		2018 二零一八年 HK\$'000 千港元
Change in equity attributable to owners of the Company arising from:	本公司擁有人應佔權益之變動來自：	
– Deemed acquisition additional equity interest in Bendura Bank	– 視為收購富地銀行之額外股權	(531)
– Acquisition additional equity interest in Ernest Borel	– 收購依波路之額外股權	(87,202)
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	與非控股權益進行交易對本公司擁有人應佔權益之淨影響	(87,733)

##### (f) 與非控股權益之交易對截至二零一八年十二月三十一日止年度本公司擁有人應佔權益之影響

## 50. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## 50. 綜合現金流量表附註

Reconciliation of liabilities arising from financing activities:

融資活動產生之負債之對賬：

		Borrowings, excluding bank overdrafts 借貸， 銀行透支除外 HK\$'000 千港元	Corporate bonds 公司債券 HK\$'000 千港元	Due to a shareholder 應付一名 股東之款項 HK\$'000 千港元	Due to directors 應付董事 之款項 HK\$'000 千港元	Lease liabilities 租賃負債 HK\$'000 千港元
<b>As at 1 January 2019, as originally presented</b>	於二零一九年一月一日，原先呈列	1,032,367	760,244	73,000	-	-
Effect of adoption of HKFRS 16	採納香港財務報告準則第16號之影響	-	-	-	-	90,627
<b>As at 1 January 2019, as restated</b>	於二零一九年一月一日，經重列	1,032,367	760,244	73,000	-	90,627
Proceeds from new loans	新貸款之所得款項	-	-	12,000	22,000	-
Repayment of loan	償還貸款	-	-	(73,000)	-	-
Proceeds from new borrowings	新借款之所得款項	1,479,128	-	-	-	-
Repayment of borrowings	償還借貸	(866,520)	-	-	-	-
Redemption of corporate bonds	購回公司債券	-	(756,022)	-	-	-
Repayment of principal portion of the lease liabilities	償還租賃負債本金部分	-	-	-	-	(37,480)
Interest paid	已付利息	(60,786)	(18,605)	-	-	(4,633)
Total changes from financing cash flow	融資現金流量變動總額	551,822	(774,627)	(61,000)	22,000	(42,113)
<b>Other changes:</b>	<b>其他變動：</b>					
Interest accrued	應計利息	71,841	18,605	-	241	4,633
Amortisation of transaction costs	交易成本攤銷	-	2,729	-	-	-
Increase in lease liabilities from entering into new leases during the year	年內因訂立新租約使租賃負債增加	-	-	-	-	20,162
Lease modification	租賃修訂	-	-	-	-	10,099
Exchange realignment	匯兌調整	36,038	(6,951)	-	-	567
<b>As at 31 December 2019</b>	於二零一九年十二月三十一日	1,692,068	-	12,000	22,241	83,975

## 50. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## 50. 綜合現金流量表附註(續)

		Borrowings, excluding bank overdrafts 借貸， 銀行透支除外 HK\$'000 千港元	Corporate bonds 公司債券 HK\$'000 千港元	Subordinate debt 次級債務 HK\$'000 千港元	Dividend payables 應付股息 HK\$'000 千港元	Due to a shareholder 應付一名 股東之款項 HK\$'000 千港元	Notes payable 應付票據 HK\$'000 千港元	Liability component of convertible bond 可換股債券 負債部分 HK\$'000 千港元
<b>As at 1 January 2018</b>	於二零一八年一月一日	528,803	732,978	95,674	-	-	-	-
Proceeds from new loans	新貸款之所得款項	-	-	-	-	73,000	-	-
Repayment of loan	償還貸款	-	-	(95,767)	-	-	(100,000)	(100,000)
Proceeds from sales of repurchased bonds	銷售購回債券之所得款項	-	27,566	-	-	-	-	-
Proceeds from new borrowings	新借款之所得款項	710,999	-	-	-	-	-	-
Repayment of borrowings	償還借貸	(188,285)	-	-	-	-	-	-
Dividend paid to shareholders of the Company	向本公司股東派付股息	-	-	-	(261,113)	-	-	-
Interest paid	已付利息	(29,510)	(27,630)	-	-	-	-	(744)
<b>Total changes from financing cash flow</b>	<b>融資現金流量變動總額</b>	<b>493,204</b>	<b>(64)</b>	<b>(95,767)</b>	<b>(261,113)</b>	<b>73,000</b>	<b>(100,000)</b>	<b>(100,744)</b>
<b>Other changes:</b>	<b>其他變動:</b>							
Acquisition of subsidiaries (note 48)	收購附屬公司(附註48)	10,505	-	-	-	-	100,000	97,184
Amortisation of transaction costs	交易成本攤銷	-	4,243	-	-	-	-	-
Dividend declared	宣派股息	-	-	-	261,113	-	-	-
Fair value loss on early redemption of convertible bond	提早贖回可換股債券之 公平值虧損	-	-	-	-	-	-	978
Interest accrued	應計利息	29,510	27,630	-	-	-	-	2,582
Exchange realignment	匯兌調整:	(29,655)	(4,543)	93	-	-	-	-
<b>As at 31 December 2018</b>	於二零一八年十二月三十一日	<b>1,032,367</b>	<b>760,244</b>	<b>-</b>	<b>-</b>	<b>73,000</b>	<b>-</b>	<b>-</b>

## 51. CONTINGENT LIABILITIES

## 51. 或然負債

### 51.1 Financial guarantees

### 51.1 財務擔保

		<b>2019</b> 二零一九年 HK\$'000 千港元	<b>2018</b> 二零一八年 HK\$'000 千港元
Financial guarantees	財務擔保	<b>30,000</b>	60,000

At 31 December 2019, the Group had contingent liability in relation to guarantee of approximately HK\$30,000,000 (2018: HK\$60,000,000) given to a bank in respect of a revolving loan facility of up to HK\$30,000,000 (2018: HK\$60,000,000) granted to an associate. The corporate guarantee is ending on the expiry of the term of the revolving loan facility. In the opinion of the directors, it is unlikely that a claim will be made against the Group and no cash outflow under the financial guarantee contract. The directors have assessed and considered the financial impact arising from the above guarantee is insignificant.

於二零一九年十二月三十一日，本集團之或然負債為就一間聯營公司獲授最多30,000,000港元(二零一八年：60,000,000港元)之循環貸款融資而向一間銀行提供約30,000,000港元(二零一八年：60,000,000港元)之擔保。公司擔保於循環貸款融資期限屆滿時終止。董事認為，根據財務擔保合約對本集團作出申索之機會甚微，且並無現金流出。董事已評估並認為上述擔保產生之財務影響並不重大。

## 51. CONTINGENT LIABILITIES (CONTINUED)

### 51.2 Legal proceeding

In June 2016, Bendura Bank and Bendura Fund Management Alpha AG have been confronted with potential claims of one investor having invested into an investment fund that currently is in liquidation. Bendura Bank acted as custodian and Bendura Fund Management Alpha AG acts as fund management company whereas the asset management function has been outsourced to an external asset manager. The court dismissed the case at first instance. The investor appealed against the decision. The appeal court referred back to the first instance. The case has been settled during the year ended 31 December 2019.

### 51.3 Credit card commitments

As 31 December 2019, the Group had contingent liability in relation to credit card commitments of approximately HK\$93,462,000 (2018: approximately HK\$98,387,000) given to third parties. Credit card commitments represents the undrawn amount of credit card limits. In the opinion of the directors, those credit commitments are given with collateral and the possibility of an outflow of economic resources is not probable.

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and financial liabilities such as trading portfolio investments, derivative financial assets, cash and deposits, due from banks and clients, trade receivables, financial assets at fair value through other comprehensive income, other financial assets at amortised cost, other assets, derivative financial liabilities, due to banks and clients, trade payables, corporate bonds, borrowings, due to a shareholder, due to directors, lease liabilities and other liabilities, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, fair value risk and equity price risk.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. Its treasury department works under the policies approved by the directors and identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors. The board has reviewed and agreed policies periodically for managing each of these risks and they are summarised below.

## 50. 或然負債(續)

### 51.2 訴訟

於二零一六年六月，富地銀行及Bendura Fund Management Alpha AG面臨一名投資於一項清算中投資基金之投資者之可能申索。富地銀行擔任託管人及Bendura Fund Management Alpha AG擔任基金管理公司，而資產管理職能則外判予外部資產經理。法院於一審駁回此案。有關投資者對該判決提出上訴。上訴庭發還一審。案件於截至二零一九年十二月三十一日止年度已經解決。

### 51.3 信用卡承擔

於二零一九年十二月三十一日，本集團擁有就授予第三方之信用卡承擔之或然負債約93,462,000港元(二零一八年：約98,387,000港元)。信用卡承擔指信用卡額度之未提取金額。董事認為，該等信貸承擔是以抵押品之形式所提供，故經濟資源流出之可能性不大。

## 52. 財務風險管理目標及政策

本集團有直接源自業務之金融資產及金融負債，例如交易組合投資、衍生金融資產、現金及存款、應收銀行及客戶款項、應收賬款、按公平值計入其他全面收入之金融資產、按攤銷成本列賬之其他金融資產、其他資產、衍生金融負債、應付銀行及客戶款項、應付賬款、公司債券、借貸、應付一名股東之款項、應付董事之款項、租賃負債及其他負債。本集團金融工具所產生主要風險為利率風險、外匯風險、信貸風險、流動資金風險、公平值風險及股本價格風險。

本集團之政策並非就投機目的積極買賣金融工具。其庫務部門根據經董事批准之政策行事，並確定涉足金融市場之方法及監察本集團所面對財務風險，並定期向董事提供報告。董事會定期檢討及協定管理上述各項風險之政策，有關政策概述如下。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.1 Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2019 and 2018 are categorised as follows:

## 52. 財務風險管理目標及政策(續)

### 52.1 金融資產及金融負債分類概要

於二零一九年及二零一八年十二月三十一日確認之本集團金融資產及金融負債賬面值分類如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Financial assets</b>	<b>金融資產</b>		
Financial assets at fair value:	按公平值列賬之金融資產：		
– Due from banks	– 應收銀行款項	56,935	74,301
– Trading portfolio investments	– 交易組合投資	227,903	123,606
– Derivative financial assets	– 衍生金融資產	10,275	7,694
		<b>295,113</b>	205,601
Financial assets at amortised cost:	按攤銷成本列賬之金融資產：		
– Cash and deposits	– 現金及存款	4,897,246	7,701,743
– Due from clients	– 應收客戶款項	2,093,250	1,575,438
– Due from banks	– 應收銀行款項	4,844,263	3,313,535
– Trade receivables	– 應收賬款	478,262	571,424
– Other financial assets at amortised cost	– 按攤銷成本列賬之其他金融資產	1,307,960	1,034,773
– Other assets	– 其他資產	276,730	283,417
		<b>13,897,711</b>	14,480,330
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	422,861	627,200
		<b>14,615,685</b>	15,313,131
<b>Financial liabilities</b>	<b>金融負債</b>		
Financial liabilities at fair value:	按公平值列賬之金融負債：		
– Due to clients	– 應付客戶款項	56,762	73,950
– Derivative financial liabilities	– 衍生金融負債	54,788	20,866
		<b>111,550</b>	94,816
Financial liabilities measured at amortised cost:	按攤銷成本計量之金融負債：		
– Due to banks	– 應付銀行款項	17,968	4,181
– Due to clients	– 應付客戶款項	11,906,290	12,430,641
– Trade payables	– 應付賬款	411,427	324,106
– Corporate bonds	– 公司債券	–	760,244
– Borrowings	– 借貸	1,740,362	1,047,189
– Due to a shareholder	– 應付一名股東之款項	12,000	73,000
– Due to directors	– 應付董事之款項	22,241	–
– Lease liabilities	– 租賃負債	83,975	–
– Other liabilities	– 其他負債	467,414	503,694
		<b>14,661,677</b>	15,143,055
		<b>14,773,227</b>	15,237,871

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from borrowings and bank deposits. Borrowings and bank deposits bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowings outstanding at the end of the reporting period are disclosed in note 36.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings and bank deposits with a floating interest rate.

#### Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained profits by approximately HK\$7,877,000 (2018: increase/decrease the Group's profit after income tax and retained profits by approximately HK\$22,756,000). The assumed changes have no impact on the Group's other components of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period. The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis for the year ended 31 December 2018 has been prepared on the same basis.

## 52. 財務風險管理目標及政策(續)

### 52.2 利率風險

利率風險與金融工具之公平值或現金流量因市場利率變動而波動之風險有關。本集團之利率風險主要源自借貸及銀行存款。本集團分別因按浮息及定息計息之借貸及銀行存款面對現金流量利率風險及公平值利率風險。於報告期末尚未償還借貸之利率及償還條款於附註36披露。

本集團所面對市場利率變動風險主要與本集團按浮息計息之借貸及銀行存款有關。

#### 敏感度分析

於二零一九年十二月三十一日，假設所有其他因素維持不變，估計假如利率整體上調／下調50個基點，將導致本集團之除所得稅後溢利及保留溢利增加／減少約7,877,000港元(二零一八年：本集團之除所得稅後溢利及保留溢利增加／減少約22,756,000港元)。所假設變動對本集團權益內其他項目並無影響。

上述敏感度分析乃假設利率於報告期末出現變動。利率之假設變動乃經觀察現行市況後被視為合理可能出現之變動，並為管理層對未來十二個月期間利率之合理可能變動之評估。

計算乃依據各期間市場平均利率變動及於各報告日所持對利率變動敏感度高之金融工具作出。所有其他因素保持不變。截至二零一八年十二月三十一日止年度之敏感度分析乃按相同基準編製。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC with most of the transactions denominated and settled in HK\$, US\$, Euro, CHF, GBP and RMB. The Group's exposure to foreign currency risk primarily arise from certain financial instruments including financial assets at fair value through other comprehensive income, other assets, cash and deposits, due from clients and banks, trading portfolio investments, derivative financial assets, other financial assets at amortised cost, due to clients, derivative financial liabilities, other liabilities and borrowings which are denominated in US\$, Euro, CHF, GBP and RMB. The management continuously monitors the foreign exchange exposure.

The following table summarises the Group's major financial assets and financial liabilities denominated in currencies other than the functional currencies of the respective group companies as at 31 December 2019 and 2018.

		Expressed in HK\$'000 以千港元呈列				
		US\$ 美元	Euro 歐元	CHF 瑞士法郎	GBP 英鎊	RMB 人民幣
<b>As at 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>					
Cash and deposits	現金及存款	26,990	1,213,291	529	52	1,025
Due from clients	應收客戶款項	64,613	645,831	-	-	-
Due from banks	應收銀行款項	2,599,320	797,157	-	-	-
Trading portfolio investments	交易組合投資	46,758	-	-	-	-
Derivative financial assets	衍生金融資產	401	8,635	-	-	-
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	-	-	135,174
Other financial assets at amortised cost	按攤銷成本列賬之其他金融資產	843,992	411,730	-	-	-
Other assets	其他資產	29,794	143	-	-	9,603
Due to clients	應付客戶款項	(6,985,123)	(3,751,785)	-	-	-
Due to banks	應付銀行款項	(16,358)	-	-	-	-
Derivative financial liabilities	衍生金融負債	(53,844)	(944)	-	-	-
Borrowings	借貸	(817,702)	(46,731)	-	-	(939)
Other liabilities	其他負債	(7,695)	(466)	-	-	-
<b>Overall net exposure</b>	<b>整體風險淨額</b>	<b>(4,268,854)</b>	<b>(723,139)</b>	<b>529</b>	<b>52</b>	<b>144,863</b>

## 52. 財務風險管理目標及政策 (續)

### 52.3 外匯風險

外匯風險指金融工具之公平值或未來現金流量因匯率變動而波動之風險。本集團主要於香港、瑞士、英國、列支敦士登及中國經營，大部分交易以港元、美元、歐元、瑞士法郎、英鎊及人民幣列值及結算。本集團面對之外匯風險主要源自若干以美元、歐元、瑞士法郎、英鎊及人民幣列值之金融工具，包括按公平值計入其他全面收入之金融資產、其他資產、現金及存款、應收客戶及銀行款項、交易組合投資、衍生金融資產、按攤銷成本列賬之其他金融資產、應付客戶款項、衍生金融負債、其他負債及借貸。管理層一直監察外匯風險。

下表概述於二零一九年及二零一八年十二月三十一日本集團以有關集團公司各自功能貨幣以外之貨幣列值之主要金融資產及金融負債。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策(續)

## 52.3 Foreign currency risk (Continued)

## 52.3 外匯風險(續)

		Expressed in HK\$'000 以千港元呈列				
		US\$ 美元	Euro 歐元	CHF 瑞士法郎	GBP 英鎊	RMB 人民幣
<b>As at 31 December 2018</b>	<b>於二零一八年十二月三十一日</b>					
Cash and deposits	現金及存款	11,303	4,925,392	1,040	54	47,171
Due from clients	應收客戶款項	122,489	884,262	-	-	-
Due from banks	應收銀行款項	2,577,822	176,602	-	-	-
Trading portfolio investments	交易組合投資	546	5,931	-	-	-
Derivative financial assets	衍生金融資產	6,468	226	-	-	-
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	-	-	128,730
Financial assets at amortised cost	按攤銷成本列賬之金融資產	613,832	347,405	-	-	-
Other assets	其他資產	43,368	2,144	319	-	8,254
Due to clients	應付客戶款項	(4,797,723)	(6,343,678)	-	-	-
Derivative financial liabilities	衍生金融負債	(13,493)	-	-	-	-
Borrowings	借貸	-	-	-	-	(232)
Other liabilities	其他負債	(6,886)	(1,360)	-	-	-
<b>Overall net exposure</b>	<b>整體風險淨額</b>	<b>(1,442,274)</b>	<b>(3,076)</b>	<b>1,359</b>	<b>54</b>	<b>183,923</b>

The following table indicates the approximate change in the Group's profit for the year and fair value through other comprehensive income reserve (due to the change in fair value of the financial assets at fair value through other comprehensive income) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between Group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates an increase in profit and fair value through other comprehensive income reserve where the underlying functional currency weakens against the relevant foreign currency. For a strengthening of the underlying functional currency against the relevant foreign currency, there would be an equal and opposite impact on the profit and investment, revaluation reserve, and the balances below would be negative.

下表顯示本集團(因按公平值計入其他全面收入之金融資產之公平值變動)就本集團於報告期末有重大風險之外匯匯率之合理可能變動所作出之本年度溢利及按公平值計入其他全面收入儲備之概約變動。敏感度分析包括本集團公司間之結餘，結餘以非貸款人或借款人之功能貨幣之貨幣列值。以下正數表示相關功能貨幣兌有關外幣貶值情況下，溢利及按公平值計入其他全面收入儲備之增加。倘相關功能貨幣兌有關外幣升值，則對溢利及投資重估儲備有相等及相反影響，而以下結餘將為負數。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.3 Foreign currency risk (Continued)

## 52. 財務風險管理目標及政策 (續)

### 52.3 外匯風險 (續)

		2019 二零一九年			2018 二零一八年		
Change in foreign exchange rates against the respective functional currencies of the group entities 外匯兌集團實體功能貨幣的匯率變動		Effect on profit for the year 對本年度溢利之影響	Effect on fair value through other comprehensive income reserve 對按公平值計入其他全面收入儲備之影響	Change in foreign exchange rates against the respective functional currencies of the group entities 外匯兌集團實體功能貨幣的匯率變動	Effect on profit for the year 對本年度溢利之影響	Effect on fair value through other comprehensive income reserve 對按公平值計入其他全面收入儲備之影響	
		HK\$'000 千港元	HK\$'000 千港元		HK\$'000 千港元	HK\$'000 千港元	
US\$	美元	+5%	(173,802)	–	+5%	(72,114)	–
		-5%	173,802	–	-5%	72,114	–
Euro	歐元	+5%	(36,157)	–	+5%	(154)	–
		-5%	36,157	–	-5%	154	–
CHF	瑞士法郎	+5%	26	–	+5%	68	–
		-5%	(26)	–	-5%	(68)	–
GBP	英鎊	+5%	3	–	+5%	3	–
		-5%	(3)	–	-5%	(3)	–
RMB	人民幣	+5%	484	6,759	+5%	2,760	6,437
		-5%	(484)	(6,759)	-5%	(2,760)	(6,437)

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that there is no significant exposure expected on financial assets and liabilities denominated in US\$ for Group companies whose functional currency is HK\$ since HK\$ are pegged to USD. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit for the year and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2018.

### 52.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

列示之變動代表管理層對外匯匯率於直至下一年度報告日止期間之合理可能變動之評估。就此而言，由於港元與美元掛鉤，故已假設功能貨幣為港元之本集團公司以美元所計值之金融資產及負債不會承擔任何重大風險。上表呈列之分析結果，代表對各集團實體本年度溢利及股本（以各自功能貨幣計量及按報告期末規定作呈列用途之匯率換算為港元）之總體影響。二零一八年進行之分析採用相同基準。

### 52.4 信貸風險

信貸風險指金融工具之交易對手未能按金融工具之條款履行其責任，並導致本集團錄得財務虧損之風險。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued)

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

The credit risk of the Group is primarily attributable to the cash and deposits, due from clients and banks, trade receivables, other financial assets at amortised cost and other assets.

The credit risk of the cash and deposit is limited because the majority of the counterparties are banks with good reputation. No impairment had been provided under 12-month expected credit loss assessment.

## 52. 財務風險管理目標及政策 (續)

### 52.4 信貸風險 (續)

本集團於初步確認資產時考慮違約或然率及於各報告期內持續考慮信貸風險有否大幅增加。為評估信貸風險有否大幅增加，本集團將於報告日資產發生違約之風險與於初步確認日期之違約風險作比較。

本集團考慮可得之合理及有理據前瞻性資料，特別包括下列指標：

- 外部信貸評級 (如適用)
- 預期會導致交易對手履行責任之能力發生重大變動之業務、財務或經濟狀況之實際或預期重大不利變動
- 交易對手經營業績之實際或預期重大變動
- 交易對手之表現及行為出現重大預期變動，包括集團內交易對手之付款狀況變動及交易對手經營業績之變動

倘交易對手未能於合約付款到期時支付，則屬金融資產違約。

倘無合理預期可收回款項時，則撇銷金融資產。

評估信貸風險及估計預期信貸虧損採用公正及概率加權方式，並計入所有與評估相關之可得資料，包括有關過往事件之資料、現行狀況、有關未來事件之合理及有理據預測以及報告日之經濟狀況。此外，預期信貸虧損估計應計及貨幣時間價值。

本集團之信貸風險主要產生自現金及存款、應收客戶及銀行款項、應收賬款、按攤銷成本列賬之其他金融資產以及其他資產。

由於大部分交易對手為信譽良好之銀行，現金及存款之信貸風險有限。概無根據12個月預期信貸虧損評估計提減值撥備。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued)

The credit risk of due from clients and banks (excluding the precious metal) is determined based on the combination of the internal and external credit rating, the average debt recovery, peer review information and comparison with publically available data. The Group calculates ECL using three main components: a probability of default, a loss given default ('LGD') and the exposure at default ('EAD'). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. Reversal of expected credit losses for due from banks and clients of HK\$1,812,000 has been recognised (2018: provision for expected credit losses of HK\$3,256,000) under expected credit loss assessment for the year ended 31 December 2019.

The balance of due from clients and banks also subject to concentration risk which the ten largest single exposures encompass HK\$1,024,413,000 (2018: HK\$858,871,000), which are related to due from clients of the banking business as of 31 December 2019.

Since 1 January 2018, the Group adopts the "ECL model" on its debt instruments which are classified as financial assets measured at amortised cost and at FVOCI in accordance with the provisions of HKFRS 9. For financial assets that are included in the measurement of ECL, the Group evaluates whether the credit risks of related financial assets have increased significantly since initial recognition. The "three stage" impairment model is used to measure their loss allowances respectively to recognise ECL and their movements. The ECL assessment made by the Group mainly reference to the internal and market credit rating information. Amount to HK\$291,000 (2018: HK\$22,000) impairment allowance has been provided after the assessment during the year.

## 52. 財務風險管理目標及政策 (續)

### 52.4 信貸風險 (續)

應收客戶及銀行款項(不包括貴金屬)信貸風險乃結合內部及外部信貸評級、平均債務收款、同行檢討資料及與公開資料比較而釐定。本集團以三個主要組成部分計算預期信貸虧損：違約或然率、違約損失率(「違約損失率」)及違約風險承擔(「違約風險承擔」)。12個月預期信貸虧損乃將12個月違約或然率與違約損失率及違約風險承擔相乘而計算。全期預期信貸虧損則使用全期違約或然率計算。12個月及全期違約或然率分別指未來12個月及工具剩餘年內發生違約之概率。違約風險承擔指預期違約結餘，並經計及結算日至違約事件期間之本金及利息還款及承諾融資的任何預期提取額。違約損失率指出現違約事件時違約風險承擔之預期虧損，並經計及(包括其他特性)預期變現抵押品價值時之緩和影響及貨幣時間價值。截至二零一九年十二月三十一日止年度，根據預期信貸虧損評估確認應收銀行及客戶款項的預期信貸虧損撥回1,812,000港元(二零一八年：預期信貸虧損撥備3,256,000港元)。

應收客戶及銀行款項結餘亦面對集中風險，十大單一風險包括於二零一九年十二月三十一日之1,024,413,000港元(二零一八年：858,871,000港元)，乃與應收銀行業務客戶賬款相關。

自二零一八年一月一日起，本集團對債務工具採納「預期信貸虧損模式」，根據香港財務報告準則第9號之規定，有關債務工具分類為按攤銷成本計量及按公平值計入其他全面收入之金融資產。就預期信貸虧損計量涉及之金融資產而言，本集團評估相關金融資產之信貸風險自初步確認起有否大幅增加，並就確認預期信貸虧損及其變動分別使用「三階段」減值模式計量虧損撥備。本集團進行預期信貸虧損評估時，主要參照內部及市場信貸評級資料。年內，於評估後已計提減值撥備291,000港元(二零一八年：22,000港元)。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52.4 Credit risk (Continued)

For the trade receivables, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances and historical credit loss experience adjusted to reflect the Group's view of current and forecast economic conditions that may affect the ability of the debtors to settle receivables. Amounted to HK\$7,340,000 (2018: HK\$4,381,000) impairment allowance had been provided under expected credit loss assessment which calculated using simplified approach according to the ageing by due date disclose in note 21.

The loss allowance as at 31 December 2019 was determined for trade receivables arising from watches and timepieces business as follows:

## 31 December 2019

		Expected credit loss rate – weighted average (%) 預期信貸虧損率 – 加權平均 (%)	Gross carrying amount (after excluding credit-impaired balance) 賬面總值 (扣除信貸減值結餘後) HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
Not yet pass due	尚未逾期	0.30%	344,897	(1,034)	343,863
Overdue within 90 days	逾期不超過90天	1.00%	44,477	(445)	44,032
Overdue 91 to 180 days	逾期91至180天	3.00%	15,481	(464)	15,017
Overdue over 180 days	逾期超過180天	7.00%-100%	128,425	(56,404)	72,021
Total	總計		533,280	(58,347)	474,933

The loss allowance as at 31 December 2018 was determined for trade receivables as follows:

## 31 December 2018

		Expected credit loss rate – weighted average (%) 預期信貸虧損率 – 加權平均 (%)	Gross carrying amount (after excluding credit-impaired balance) 賬面總值 (扣除信貸減值結餘後) HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
Not yet pass due	尚未逾期	0.13%	401,619	(504)	401,115
Overdue within 90 days	逾期不超過90天	0.48%	73,800	(352)	73,448
Overdue 91 to 180 days	逾期91至180天	1.04%	61,045	(637)	60,408
Overdue over 180 days	逾期超過180天	6.56%-100%	77,186	(49,483)	27,703
Total	總計		613,650	(50,976)	562,674

## 52. 財務風險管理目標及政策 (續)

## 52.4 信貸風險 (續)

至於應收賬款，本集團定期檢討結餘及對任何逾期金額採取跟進行動，以盡量降低信貸風險。本集團根據未償還結餘及過往信貸虧損經驗計量全期預期信貸虧損，並作出調整以反映本集團對可能影響債務人償付應收款項能力之現時及預測經濟狀況的看法。根據附註21所披露按到期日劃分賬齡採用簡化方法計算之預期信貸虧損評估，已計提減值撥備7,340,000港元(二零一八年：4,381,000港元)。

於二零一九年十二月三十一日釐定之鐘錶及時計產品業務應收賬款虧損撥備如下：

## 二零一九年十二月三十一日

於二零一八年十二月三十一日釐定之應收賬款虧損撥備如下：

## 二零一八年十二月三十一日

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued)

For the other assets mainly comprise of rental deposits, dividend receivables, amounts due from an associate and related parties and other tax recoverable. Management considers rental deposits do not have significant credit risk since the deposits are refundable from landlords upon end of lease term or recoverable by the Group through using the leased property. For the other assets, given the short term nature of these assets, the ECL is had been provided under 12-month expected credit loss assessment. An ECL provision of HK\$5,313,000 has been made as at 1 January 2018 after the implementation of the HKFRS 9. The management considered there is no additional provision has to make for the other assets after the assessments for the year ended 31 December 2018. The management has provided an ECL provision of HK\$2,167,000 for the year ended 31 December 2019 after their assessment.

#### (i) Maximum credit risk exposure of the Group

The maximum exposure to credit risk (excluding cash and deposits as at the end of reporting date without taking into consideration of any collateral held or other credit enhancement) is represented by the net balance of each type of financial assets in the consolidated statement of financial position (after deducting any impairment allowance). A summary of the maximum exposure is as follows:

At 31 December 2019

		Banking business	Financial business	Non-banking and financial businesses	Total
		銀行業務	金融業務	非銀行及 金融業務	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Due from clients	應收客戶款項	2,093,250	-	-	2,093,250
Due from banks	應收銀行款項	4,901,198	-	-	4,901,198
Trading portfolio assets	交易組合資產	46,758	127,519	53,626	227,903
Derivative financial assets	衍生金融資產	10,275	-	-	10,275
Trade receivables	應收賬款	-	3,329	474,933	478,262
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	-	-	422,861	422,861
Other financial assets at amortised cost	按攤銷成本列賬之其他金融資產	1,307,960	-	-	1,307,960
Other assets	其他資產	46,442	3,449	226,839	276,730
		<b>8,405,883</b>	<b>134,297</b>	<b>1,178,259</b>	<b>9,718,439</b>
Credit card commitments, irrevocable commitment and guarantees provided	信用卡承擔、不可收回承擔及已提供擔保	114,445	-	30,000	144,445
Maximum credit risk exposure	最高信貸風險	<b>8,520,328</b>	<b>134,297</b>	<b>1,208,259</b>	<b>9,862,884</b>

## 52. 財務風險管理目標及政策 (續)

### 52.4 信貸風險 (續)

其他資產主要包括租金按金、應收股息、應收一間聯營公司及關連人士款項以及其他可收回稅項。管理層認為租金按金並無重大信貸風險，原因為租期結束時將可由業主退還按金或本集團將可透過使用租賃物業收回按金。就其他資產而言，鑒於該等資產之短期性質，預期信貸虧損按12個月預期信貸虧損評估計提撥備。於實施香港財務報告準則第9號後，於二零一八年一月一日已計提預期信貸虧損撥備5,313,000港元。管理層於評估後認為於截至二零一八年十二月三十一日止年度毋須就其他資產計提額外撥備。管理層經評核後已就截至二零一九年十二月三十一日止年度計提預期信貸虧損撥備2,167,000港元。

#### (i) 本集團之最大信貸風險

於各報告日末，除現金及存款以外之最大信貸風險（不計及任何所持抵押品或其他信用增級）由綜合財務狀況表中各類金融資產之結餘淨值（經扣除任何減值撥備後）呈列。最高風險概要如下：

於二零一九年十二月三十一日

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策(續)

## 52.4 Credit risk (Continued)

## 52.4 信貸風險(續)

## (i) Maximum credit risk exposure of the Group (Continued)

## (i) 本集團之最大信貸風險(續)

At 31 December 2018

於二零一八年十二月三十一日

		Banking business 銀行業務 HK\$'000 千港元	Financial business 金融業務 HK\$'000 千港元	Non-banking and financial businesses 非銀行及 金融業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from clients	應收客戶款項	1,575,438	-	-	1,575,438
Due from banks	應收銀行款項	3,387,836	-	-	3,387,836
Trading portfolio assets	交易組合資產	6,655	46,686	70,265	123,606
Derivative financial assets	衍生金融資產	7,694	-	-	7,694
Trade receivables	應收賬款	-	8,750	562,674	571,424
Financial assets at fair value through other comprehensive income	按公平值計入其他全面 收入之金融資產	-	-	627,200	627,200
Other financial assets at amortised cost	按攤銷成本列賬之 其他金融資產	1,034,773	-	-	1,034,773
Other assets	其他資產	52,313	3,017	228,087	283,417
		6,064,709	58,453	1,488,226	7,611,388
Credit card commitments, irrevocable commitment and guarantees provided	信用卡承擔、不可收回 承擔及已提供擔保	103,030	-	60,000	163,030
Maximum credit risk exposure	最高信貸風險	6,167,739	58,453	1,548,226	7,774,418

## (ii) Credit exposure by quality of assets of the banking business is as follows:

## (ii) 按銀行業務資產質素劃分之信貸風險如下:

As at 31 December 2019

於二零一九年十二月三十一日

		AAA to AA AAA級至AA級 HK\$'000 千港元	A+ to BBB- A+級至BBB-級 HK\$'000 千港元	BB+ or lower BB+級或更低 HK\$'000 千港元	No external rating 無外部評級 HK\$'000 千港元	Book value of impaired loans net 已減值貸款 之賬面淨值 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	1,558,493	3,304,404	-	38,301	-	4,901,198
Due from clients	應收客戶款項	-	-	-	2,089,520	3,730	2,093,250
Financial instruments	金融工具	577,316	730,644	-	46,758	-	1,354,718
Other assets	其他資產	-	-	-	46,442	-	46,442
Derivative financial instruments	衍生金融工具	1,047	76	-	9,152	-	10,275
		2,136,856	4,035,124	-	2,230,173	3,730	8,405,883
Contingent liabilities	或然負債	-	2,185	-	112,260	-	114,445

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued)

#### (ii) (Continued)

As at 31 December 2018

		AAA to AA	A+ to BBB-	BB+ or lower	No external rating	Book value of impaired loans net of impaired loans net of face value	Total
		AAA 級至 AA 級	A+ 級至 BBB- 級	BB+ 級或更低	無外部評級	已減值貸款之賬面淨值	總計
		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
Due from banks	應收銀行款項	1,118,414	2,162,781	-	106,458	183	3,387,836
Due from clients	應收客戶款項	-	-	-	1,570,472	4,966	1,575,438
Financial instruments	金融工具	527,488	509,391	-	4,549	-	1,041,428
Other assets	其他資產	-	37	-	52,276	-	52,313
Derivative financial instruments	衍生金融工具	5,823	24	-	1,847	-	7,694
		1,651,725	2,672,233	-	1,735,602	5,149	6,064,709
Contingent liabilities	或然負債	-	3,585	-	99,445	-	103,030

The above table shows the quality of assets according to the external ratings available. Financial instruments without a rating are mainly instruments for which there is no external rating available. Amounts due from clients are allocated to the category "no external rating".

於二零一八年十二月三十一日

## 52. 財務風險管理目標及政策 (續)

### 52.4 信貸風險 (續)

#### (ii) (續)

於二零一八年十二月三十一日

上表列示根據已有外部評級的資產質素。無評級金融工具主要為並無外部評級之工具。應收客戶款項歸類為「無外部評級」。

(iii) Credit exposure by collateral of the banking business is as follows:

(iii) 按銀行業務抵押品劃分之信貸風險如下：

As at 31 December 2019

		Mortgage-backed	Other collateral	No collateral	Total
		以按揭支持	其他抵押品	無抵押品	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Due from clients of which mortgage loan	按揭貸款之應收客戶款項				
- Residential property	- 住宅物業	887,165	158	44	887,367
- Office and business property	- 辦公室及商用物業	125,998	-	-	125,998
- Commercial and industrial property	- 工商物業	241,005	-	-	241,005
- Other	- 其他	930	824,357	13,593	838,880
Financial instruments	金融工具	-	-	1,307,960	1,307,960
Trading portfolio investments	交易組合投資	-	-	46,758	46,758
Derivative financial instruments	衍生金融工具	-	-	10,275	10,275
		1,255,098	824,515	1,378,630	3,458,243
Contingent liabilities	或然負債	20,976	93,462	7	114,445

於二零一九年十二月三十一日

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策(續)

## 52.4 Credit risk (Continued)

## 52.4 信貸風險(續)

(iii) (Continued)

(iii) (續)

As at 31 December 2018

於二零一八年十二月三十一日

		Mortgage-backed 以按揭支持	Other collateral 其他抵押品	No collateral 無抵押品	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Due from clients of which mortgage loan	按揭貸款之應收客戶款項				
– Residential property	– 住宅物業	723,400	11,997	98	735,495
– Office and business property	– 辦公室及商用物業	7,366	–	–	7,366
– Commercial and industrial property	– 工商物業	80,096	–	–	80,096
– Other	– 其他	291	729,146	23,044	752,481
Financial instruments	金融工具	–	–	1,034,773	1,034,773
Derivative financial instruments	衍生金融工具	–	–	7,694	7,694
		811,153	741,143	1,065,609	2,617,905
Contingent liabilities	或然負債	4,642	98,378	10	103,030

The above table shows that secured lending represents constantly more than 90 per cent of the total due from clients.

上表顯示有抵押貸款持續佔應收客戶款項總額超過90%。

(iv) Credit risk by geographical sector of the banking business is as follows:

(iv) 按銀行業務地區區域劃分之信貸風險如下：

As at 31 December 2019

於二零一九年十二月三十一日

		Switzerland and Liechtenstein 瑞士及列支敦士登	Europe (excluding Switzerland and Liechtenstein) 歐洲 (不包括瑞士及列支敦士登)	Other 其他	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Due from banks	應收銀行款項	2,622,390	2,278,808	–	4,901,198
Due from clients	應收客戶款項	438,164	1,273,231	381,855	2,093,250
Financial instruments	金融工具	46,758	527,041	780,919	1,354,718
Other assets	其他資產	31,067	15,354	21	46,442
Derivative financial instruments	衍生金融工具	1,146	8,822	307	10,275
		3,139,525	4,103,256	1,163,102	8,405,883
Contingent liabilities	或然負債	106,966	6,537	942	114,445
		3,246,491	4,109,793	1,164,044	8,520,328

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued) (iv) (Continued)

As at 31 December 2018

		Switzerland and Liechtenstein 瑞士及列支敦士登 HK\$'000 千港元	Europe (excluding Switzerland and Liechtenstein) 歐洲 (不包括瑞士及列支敦士登) HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	1,661,804	1,726,032	-	3,387,836
Due from clients	應收客戶款項	326,891	1,105,377	143,170	1,575,438
Financial instruments	金融工具	2,103	484,313	555,012	1,041,428
Other assets	其他資產	47,854	4,442	17	52,313
Derivative financial instruments	衍生金融工具	5,847	9	1,838	7,694
		2,044,499	3,320,173	700,037	6,064,709
Contingent liabilities	或然負債	98,524	4,033	473	103,030
		2,143,023	3,324,206	700,510	6,167,739

The above table shows a concentration in due from banks and clients as well as financial instruments outside Switzerland and Liechtenstein. As at 31 December 2019, outside Switzerland and Liechtenstein commitments amounted to HK\$5,273,837,000 (2018: HK\$4,024,209,000), or 62% (2018: 65%) percent of the total lending volume.

上表顯示應收瑞士及列支敦士登以外銀行及客戶款項及金融工具集中。於二零一九年十二月三十一日，瑞士及列支敦士登以外承擔為5,273,837,000港元（二零一八年：4,024,209,000港元），或總借貸量之62%（二零一八年：65%）。

(v) Credit risk by counterparty of the banking business is as follows:

(v) 按銀行業務交易對手劃分之信貸風險如下：

As at 31 December 2019

於二零一九年十二月三十一日

		Central banks 中央銀行 HK\$'000 千港元	Banks 銀行 HK\$'000 千港元	Public sector entities 公營實體 HK\$'000 千港元	Private and institutional investment clients 私人及機構投資客戶 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行款項	-	4,901,198	-	-	-	4,901,198
Due from clients	應收客戶款項	-	-	-	2,093,250	-	2,093,250
Financial instruments	金融工具	-	778,199	82,373	447,388	46,758	1,354,718
Derivative financial instruments	衍生金融工具	-	1,123	9,152	-	-	10,275
Other assets	其他資產	-	-	3	46,439	-	46,442
		-	5,680,520	91,528	2,587,077	46,758	8,405,883
Contingent liabilities	或然負債	-	2,426	112,019	-	-	114,445

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52.4 Credit risk (Continued)

(v) (Continued)

As at 31 December 2018

		Central banks	Banks	Public sector entities	Private and institutional investment clients	Other	Total
		中央銀行	銀行	公營實體	私人及機構投資客戶	其他	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Due from banks	應收銀行款項	-	3,387,836	-	-	-	3,387,836
Due from clients	應收客戶款項	-	-	-	1,575,438	-	1,575,438
Financial instruments	金融工具	-	717,349	7,822	316,257	-	1,041,428
Derivative financial instruments	衍生金融工具	-	5,847	-	1,847	-	7,694
Other assets	其他資產	-	16,727	20	35,566	-	52,313
		-	4,127,759	7,842	1,929,108	-	6,064,709
Contingent liabilities	或然負債	-	3,825	-	99,205	-	103,030

The above table shows a concentration of bank counterparties, which is managed by a limit system. This process ensures the diversification of the counterparties themselves as well as the counterparty domiciles. Financial instruments issued by corporate entities are allocated to the category "private and institutional investment clients".

## (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 52. 財務風險管理目標及政策 (續)

## 52.4 信貸風險 (續)

(v) (續)

於二零一八年十二月三十一日

上表顯示銀行交易對手集中且由有限體系管理。該過程確保交易對手及其所屬地方分散。公司實體發行之金融工具歸類為「私人及機構投資客戶」。

## (vi) 抵銷

當有可合法執行權利抵銷已確認金額及計劃按淨額基準結清，或同時變現資產及結清負債時，金融資產與金融負債相互抵銷，且淨額於綜合財務狀況表列報。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.4 Credit risk (Continued)

#### (vi) Offsetting (Continued)

## 52. 財務風險管理目標及政策(續)

### 52.4 信貸風險(續)

#### (vi) 抵銷(續)

		Financial assets subject to offsetting 可予抵銷之金融資產					
		Related amounts not offset in the consolidated statement of financial position 並無於綜合財務狀況表中抵銷之相關金額					
		Gross amount of recognised financial liabilities offset in the statement of financial position 於財務狀況表中 抵銷之已確認 金融負債總額	Net amount of financial assets presented in the consolidated statement of financial position 於綜合財務 狀況表中呈列之 金融資產淨額	Financial instruments other than cash collateral 金融工具 (現金抵押品除外)	Cash collateral received 已收現金抵押品	Net amount 淨額	
		Gross amount of recognised financial assets 已確認 金融資產總額					
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
At 31 December 2019 於二零一九年十二月三十一日							
Type of financial assets Trade receivables from clearing house	金融資產類型 應收結算所賬款	5,141	(4,248)	893	-	-	893
At 31 December 2018 於二零一八年十二月三十一日							
Type of financial assets Trade receivables from clearing house	金融資產類型 應收結算所賬款	2,919	(2,919)	-	-	-	-

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52.4 Credit risk (Continued)

## (vi) Offsetting (Continued)

## 52. 財務風險管理目標及政策(續)

## 52.4 信貸風險(續)

## (vi) 抵銷(續)

		Financial liabilities subject to offsetting 可予抵銷之金融負債				
		Related amounts not offset in the consolidated statement of financial position 並無於綜合財務狀況表中抵銷之相關金額				
		Gross amount of recognised financial assets offset in the consolidated statement of financial position 於綜合 財務狀況表中 抵銷之已確認 金融資產總額	Net amount of financial liabilities presented in the consolidated statement of financial position 於綜合 財務狀況表中 呈列之 金融負債淨額	Financial instruments other than cash collateral 金融工具 (現金抵押品 除外)	Cash collateral received 已收 現金抵押品	Net amount 淨額
		Gross amount of recognised financial liabilities 已確認 金融負債總額	Gross amount of recognised financial assets 抵銷之已確認 金融資產總額	Financial instruments other than cash collateral 金融工具 (現金抵押品 除外)	Cash collateral received 已收 現金抵押品	Net amount 淨額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 31 December 2019 於二零一九年十二月三十一日						
Type of financial liabilities	金融負債類型					
Trade payables to clearing house	應付結算所賬款	7,650	(4,248)	3,402	-	3,402
At 31 December 2018 於二零一八年十二月三十一日						
Type of financial liabilities	金融負債類型					
Trade payables from clearing house	應收結算所賬款	7,668	(2,919)	4,749	-	4,749

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策 (續)

### 52.4 Credit risk (Continued)

### 52.4 信貸風險 (續)

#### (vi) Offsetting (Continued)

#### (vi) 抵銷 (續)

The tables below reconcile the amounts of trade receivables and trade payables as presented in the consolidated statement of financial position:

下表為於綜合財務狀況表所呈列應收賬款與應付賬款之對銷：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Trade receivables</b>	<b>應收賬款</b>		
Net amount of trade receivables from clearing house	應收結算所賬款淨額	893	–
Trade, loan and interest receivables not in the scope of offsetting disclosure	不在抵銷披露範圍之應收賬款、應收貸款及應收利息	477,369	571,424
Trade, loan and interest receivables as disclosed in the consolidated statement of financial position	綜合財務狀況表所披露之應收賬款、應收貸款及應收利息	478,262	571,424
<b>Trade payables</b>	<b>應付賬款</b>		
Net amount of trade payables to clearing house	應付結算所賬款淨額	3,402	4,749
Trade payables not in the scope of offsetting disclosure	不在抵銷披露範圍之應付賬款	408,025	319,357
Trade payables as disclosed in the consolidated statement of financial position	綜合財務狀況表所披露之應付賬款	411,427	324,106

### 52.5 Liquidity risk

Liquidity risk related to the risk that the Group will not able to meet its obligation associated with its financial liabilities. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

### 52.5 流動資金風險

流動資金風險與本集團無法履行其金融負債相關責任之風險有關。本集團透過謹慎監控長期金融負債之擬定還款期及日常業務現金流出，以管理其流動資金需求。本集團每日監察其流動資金需求。擁有360日監察期之長期流動資金需求於每月確定。

本集團主要利用現金應付其最多30日期間之流動資金需求。所需長期流動資金透過保持充足承諾信貸融資提供。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.5 Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flow (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay. Specially, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

As at 31 December 2019

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值	合約未貼現現金流量總額	1年內或按 要求	超過1年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>Non-derivative financial liabilities</b>	<b>非衍生金融負債</b>				
Due to banks	應付銀行款項	17,968	17,968	16,358	1,610
Due to clients	應付客戶款項	11,906,290	11,906,290	11,906,290	-
Trade payables	應付賬款	411,427	411,427	411,427	-
Borrowings	借貸	1,740,362	1,750,334	1,750,334	-
Lease liabilities	租賃負債	83,975	99,761	42,987	56,774
Due to directors	應付董事之款項	22,241	23,098	23,098	-
Due to a shareholder	應付一名股東之款項	12,000	12,600	12,600	-
Other liabilities	其他負債	467,414	467,414	467,414	-
		<b>14,661,677</b>	<b>14,688,892</b>	<b>14,630,508</b>	<b>58,384</b>
<b>Maximum contractual amount</b>	<b>最高合約金額</b>				
Financial guarantee issued	已發出財務擔保	-	30,000	30,000	-
Credit card commitments	信用卡承擔	-	93,462	93,462	-
Irrecoverable commitments	不可收回承擔	-	20,983	20,983	-
		-	<b>144,445</b>	<b>144,445</b>	-

## 52. 財務風險管理目標及政策 (續)

### 52.5 流動資金風險 (續)

下表顯示於報告日本集團金融負債之剩餘合約到期日，其以合約未貼現現金流量（包括以合約利率計算之利息款項，或就浮息而言，基於報告日之當前利率）及本集團可能須付款之最早日期為基礎。具體而言，對於包含按要求償還條款而有關係款可由銀行全權酌情行使之銀行借貸，該分析根據實體可能須付款之最早期間列示現金流出，即猶如放款人會行使其要求即時還款之無條件權利。

於二零一九年十二月三十一日

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.5 Liquidity risk (Continued)

As at 31 December 2018

## 52. 財務風險管理目標及政策(續)

### 52.5 流動資金風險(續)

於二零一八年十二月三十一日

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值	合約未貼現現金流量總額	1年內或按要求	超過1年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>Non-derivative financial liabilities</b>	<b>非衍生金融負債</b>				
Due to banks	應付銀行款項	4,181	4,181	2,589	1,592
Due to clients	應付客戶款項	12,430,641	12,430,641	12,382,172	48,469
Trade payables	應付賬款	324,106	324,106	324,106	-
Corporate bonds	公司債券	760,244	776,320	776,320	-
Borrowings	借貸	1,047,189	1,065,349	1,065,349	-
Due to a shareholder	應付一名股東之款項	73,000	73,000	73,000	-
Other liabilities	其他負債	503,694	503,694	503,694	-
		15,143,055	15,177,291	15,127,230	50,061
<b>Maximum contractual amount</b>	<b>最高合約金額</b>				
Financial guarantee issued	已發出財務擔保	-	60,000	60,000	-
Credit card commitments	信用卡承擔	-	98,388	98,388	-
Irrecoverable commitments	不可收回承擔	-	4,642	4,642	-
		-	163,030	163,030	-

Liquidity risk also arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

The Group manages liquidity risk by holding liquid assets (including cash and deposits, financial instruments and other assets) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits.

流動資金風險乃由於金融資產及金融負債之金額及到期日錯配而產生。

本集團透過持有適當質量之流動性資產(包括現金及存款、金融工具及其他資產)管理流動資金風險，以確保在經審慎釐定之限額內符合短期資金需求。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.5 Liquidity risk (Continued)

The following tables indicates the analysis by remaining maturities of the Group's financial assets and liabilities:

As at 31 December 2019

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 1年內 HK\$'000 千港元	More than 1 year 超過1年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	7,057,966	4,923,765	2,202,963	430,991	14,615,685
Total financial liabilities	金融負債總額	(14,039,965)	(635,598)	(97,664)	-	(14,773,227)
Financial asset-liability gap	金融資產負債缺口	(6,981,999)	4,288,167	2,105,299	430,991	(157,542)

As at 31 December 2018

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 1年內 HK\$'000 千港元	More than 1 year 超過1年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	9,918,956	3,050,412	1,716,563	627,200	15,313,131
Total financial liabilities	金融負債總額	(15,096,093)	(91,718)	(50,060)	-	(15,237,871)
Financial asset-liability gap	金融資產負債缺口	(5,177,137)	2,958,694	1,666,503	627,200	(75,260)

As the financial instruments such as trading portfolio investments may be sold before maturity or due to banks and clients may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

The below table summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amount disclosed in the "Within one year and on demand" time band in the maturity analysis above. Taking into account the Group's financial positions, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

As at 31 December 2019, one of the financial covenants as stipulated in the relevant agreements in respect of borrowings with outstanding principal of approximately HK\$973,702,000 was not satisfied. Accordingly, from accounting perspective, the aforesaid borrowings would be regarded as immediately due and payable should the lenders exercise their rights under the agreements as at 31 December 2019. The relevant banks have granted waivers to the Group in respect of the unsatisfied financial covenants before the date of authorisation of the financial statements.

## 52. 財務風險管理目標及政策 (續)

### 52.5 流動資金風險 (續)

下表列示本集團按餘下到期日計算金融資產及負債之分析：

於二零一九年十二月三十一日

於二零一八年十二月三十一日

由於金融工具如交易組合投資可能於到期前出售或應付銀行及客戶款項可能在不被提取之情況下到期，合約到期日並非代表未來現金流量之預計日期。

下表概述根據貸款協議所載協定擬定還款期須按要求償還條款之借貸之到期日分析。有關金額包括以合約利率計算之利息款項。因此，該等金額大於上文到期日分析之「一年內或按要求」時間範圍所披露之金額。經考慮本集團財務狀況後，董事認為銀行將不可能酌情行使其要求即時償付之權利。董事相信有關借貸將根據貸款協議所載擬定還款日償付。

於二零一九年十二月三十一日，本集團未能達到部份銀行借貸有關協議當中一項財務約定事項，有關借款的未償還本金約為973,702,000港元。因此，於二零一九年十二月三十一日，從會計角度，倘貸款人根據協議行使權利，該筆借貸可被視為即時到期。於本財務報表獲批准刊發前，有關銀行已就未達成的財務約定事項向本集團授予豁免。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策 (續)

### 52.5 Liquidity risk (Continued)

The maturity analysis of the bank borrowings is as follows:

### 52.5 流動資金風險 (續)

銀行借貸到期日分析如下：

		Carrying amount 賬面值 HK\$'000 千港元	Total contractual undiscounted cash flow 合約未貼現 現金流量總額 HK\$'000 千港元	Within 1 year or on demand 1年內或 按要求 HK\$'000 千港元	Over 1 year but within 2 years 超過1年 但於2年內 HK\$'000 千港元	Over 2 years 超過2年 HK\$'000 千港元
As at 31 December 2019	於二零一九年 十二月三十一日	953,384	1,061,865	232,980	411,561	417,324
As at 31 December 2018	於二零一八年 十二月三十一日	862,821	895,772	895,772	-	-

### 52.6 Fair value risk

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity. The fair values of non-current financial assets and liabilities were not disclosed because the carrying values were not materially different from their fair values.

### 52.6 公平值風險

由於本集團流動金融資產及負債即時或於短期內到期，故其公平值與賬面值並無重大差異。由於非流動金融資產及負債之賬面值與公平值並無重大差異，故不披露其公平值。

### 52.7 Equity price risk

Equity price risk related to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of change in market price (other than changes in interest rate and foreign exchange rate). The Group is exposed to equity price changes arising from equity investments classified as trading portfolio investments and financial assets at fair value through other comprehensive income.

### 52.7 股本價格風險

股本價格風險與金融工具之公平值或未來現金流量因市價變動而波動(利率及外匯匯率變動除外)之風險有關。本集團須面對來自分類為交易組合投資及按公平值計入其他全面收入之金融資產之股本投資之股本價格變動風險。

Decisions to buy or sell trading portfolio investments are based on daily monitoring of the performance of individual securities and other industry indicators, as well as the Group's liquidity needs. Financial assets at fair value through other comprehensive income are based on their longer term growth potential and are monitored regularly for performance against expectations.

買賣交易組合投資決定按每日監察個別證券之表現及其他行業指標以及本集團之流動資金需要作出。按公平值計入其他全面收入之金融資產以較長期間之增長潛力為基準，並定期監察投資表現是否符合預期。

The following table indicates the approximate change in the Group's profit after income tax and consolidated equity in response to reasonably possible changes in the share prices of the listed investments classified as trading portfolio investments and financial assets at fair value through other comprehensive income to which the Group has significant exposure at the reporting date. The analysis is performed on the same basis for 2018.

下表顯示分類為交易組合投資之上市投資股價及本集團於報告日所持面對重大風險之按公平值計入其他全面收入之金融資產之合理可能變動，對本集團之除所得稅後溢利及綜合權益之概約變動。二零一八年之分析按相同基準編製。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## 52. 財務風險管理目標及政策 (續)

## 52.7 Equity price risk (Continued)

## 52.7 股本價格風險 (續)

		2019 二零一九年		2018 二零一八年	
		Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響	Effect on fair value through other comprehensive income reserve 按公平值 計入其他 全面收入 儲備之影響	Effect on profit after tax and retained profits 對除稅後溢利 及保留溢利 之影響	Effect on fair value through other comprehensive income reserve 按公平值 計入其他 全面收入 儲備之影響
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>Trading portfolio investments:</b>	<b>交易組合投資：</b>				
Increase in share prices of the listed investments by 30% (2018: 30%)	上市投資之股價上升30% (二零一八年：30%)	44,205	-	23,466	-
Decrease in share prices of the listed investments by 30% (2018: 30%)	上市投資之股價下跌30% (二零一八年：30%)	(44,205)	-	(23,466)	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>按公平值計入其他全面收入之金融資產：</b>				
Increase in share price of the listed investment by 30% (2018: 30%)	上市投資之股價上升30% (二零一八年：30%)	-	125,177	-	186,447
Decrease in share price of the listed investment by 30% (2018: 30%)	上市投資之股價下跌30% (二零一八年：30%)	-	(125,177)	-	(186,447)

## 52.8 Operational risks

Operational risk is the risk of losses due to faulty internal processes, procedures and systems, inappropriate behaviour by employees, or external influences. The definition includes all legal risks as well as reputational risks. However, it excludes strategic risks. The ongoing monitoring of operational risk is, whenever possible, embedded in the operational processes. Separation of functions and a dual control principle are crucial elements in monitoring. The directors oversee the management of operational risk based on standardised reporting and ad hoc information.

## Capital management

The Group's capital management objectives are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of potential mergers and acquisitions.

## 52.8 營運風險

營運風險指由於不完善之內部流程、程序及制度、員工行為不當或外部影響而造成損失之風險。其定義包括所有法律風險以及聲譽風險，然而並不包括戰略風險。每當可行，營運過程中均會持續監察營運風險。職能分隔和雙重控制原則是營運風險監控之關鍵因素。董事基於標準化報告及即時資料監察營運風險管理。

## 資本管理

本集團之資本管理目標為：

- 確保本集團能夠持續經營，以繼續為持份者提供回報及利益；
- 支持本集團穩定增長；及
- 為潛在合併及收購提供資金。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.8 Operational risks (Continued)

#### Capital management (Continued)

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

The capital-to-overall financing ratio at reporting date was as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Capital</b>	<b>資本</b>		
Total equity	權益總額	<b>4,660,889</b>	4,809,491
<b>Overall financing</b>	<b>整體融資</b>		
Borrowings	借貸	<b>1,740,362</b>	1,047,189
Due to a shareholder	應付一名股東之款項	<b>12,000</b>	73,000
Due to directors	應付董事之款項	<b>22,241</b>	–
Corporate bonds	公司債券	–	760,244
		<b>1,774,603</b>	1,880,433
Capital-to-overall financing ratio	資本佔整體融資比率	<b>2.63</b>	2.56

#### Capital adequacy of Bendura Group

Starting 1 February 2015, the calculation of regulatory capital incorporates the capital requirements following the Capital Requirements Regulation (EU) No. 575/2013 (Capital Requirements Regulation – CRR) and the Capital Requirements Directive No. 2013/36/EU (CRD 4) as implemented into Liechtenstein law. The minimum capital requirement is 8% of risk weighted assets which consists at least of 4.5% common equity tier 1 (CET 1) capital, 1.5% additional tier 1 capital and 2% tier 2 capital. In addition, Bendura Group has to fulfill 2.5% buffer requirements (capital conservation buffer). The buffer requirement must be fulfilled with CET 1 capital.

Capital ratios measure capital adequacy by comparing Bendura Group's eligible capital with balance sheet assets, off-balance sheet commitments and market positions at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, first being multiplied by a conversion factor and then being assigned a risk weighting according to the amount of capital deemed to be necessary for them. Off-balance sheet commitments and default risk positions are also multiplied and risk-weighted. Market risk is calculated with the standard approach.

## 52. 財務風險管理目標及政策 (續)

### 52.8 營運風險 (續)

#### 資本管理 (續)

本集團根據其整體財務結構之比例釐定股本資金。本集團管理資本結構，並因應經濟狀況轉變及相關資產之風險特徵作出調整。為維持或調整資本結構，本集團或會調整向股東支付之股息金額、發行新股份或出售資產減債。

於報告日，資本佔整體融資比率如下：

#### 富地集團資本充足

自二零一五年二月一日起，隨著列支敦士登法律納入資本要求法規(歐盟)(資本要求法規—CRR)第575/2013號及資本規定指令第2013/36/EU號(CRD 4)，監管資本之計算包含資本要求。最低資本要求為風險加權資產之8%，其中至少包括4.5%核心一級資本(核心一級資本)、1.5%額外一級資本及2%二級資本。此外，富地集團須滿足2.5%之緩衝要求(資本儲備緩衝)。緩衝要求必須以核心一級資本達成。

資本充足率以資本比率衡量，方法為將富地集團之合格資本與資產負債表中資產、資產負債表外承擔及按加權金額計算之市場持倉比較，以反映其相對風險。資產根據大範圍名義風險加權，先乘以一個轉換因素，再根據被視為對其必要之資金數額分配加權風險。資產負債表外承擔及違約風險狀況亦會作出乘數及被分配加權風險。市場風險以標準方法計算。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.8 Operational risks (Continued)

#### Capital adequacy of Bendura Group (Continued)

All results are based on the full application of the final CRR and CRD 4 framework in the European Union and thus without consideration of applicable transitional rules. Bendura Group has complied with all externally imposed capital requirements as at 31 December 2019 and 2018.

### 52.9 Fair value measurements recognised in the consolidated statement of financial position

The fair values of the Group's financial assets and financial liabilities are determined as follows:

- the fair values of listed equity investments, precious metal, and debt instruments classified under due from banks, trading portfolio investments, financial asset at fair value through other comprehensive income and due to clients are determined by reference to their quoted market prices at the reporting date in active markets and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate.
- the fair value of unlisted investment fund units as at 31 December 2018 under trading portfolio investments is determined by reference to their quoted market prices at the reporting date in active markets and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate.
- the fair value of certain equity investments under financial assets at fair value through other comprehensive income is determined based on the fair value of their underlying net assets.
- the fair values of unlisted debt instruments classified under trading portfolio investments have been determined using significant inputs, which are market observable, directly or indirectly.
- the fair values of derivative financial assets and liabilities classified at level 2 financial assets are marked to market using the foreign exchange forward rates ruling at the end of each reporting periods.
- the fair value of unlisted investment in insurance policy is determined based on amount value as stated in cash surrender value statement issued by insurer.
- the fair value of unlisted financial product investments is determined based on the latest transaction price.

## 52. 財務風險管理目標及政策 (續)

### 52.8 營運風險 (續)

#### 富地集團資本充足 (續)

所有結果基於全面遵守歐盟最終版CRR及CRD 4框架而得出，因此未考慮適用過渡規定。富地集團於二零一九年及二零一八年十二月三十一日已全面遵守外部施加之資本要求。

### 52.9 於綜合財務狀況表確認之公平值計量

本集團金融資產及金融負債之公平值按以下情況釐定：

- 分類至應收銀行款項、交易組合投資、按公平值計入其他全面收入之金融資產及應付客戶款項之上市股本投資、貴金屬及債務工具之公平值經參考其於報告日於活躍市場上之買入市價釐定，並已按報告期末之即期匯率換算(如適用)。
- 於二零一八年十二月三十一日，交易組合投資的非上市投資基金單位的公平值參考其於報告日於活躍市場上之買入市價釐定，並已按報告期末之即期匯率換算(如適用)。
- 按公平值計入其他全面收入之金融資產之若干股本投資之公平值按相關資產淨值之公平值釐定。
- 分類至交易組合投資之非上市債務工具之公平值乃直接或間接使用市場可觀察之重大輸入數值釐定。
- 分類為第二級金融資產之衍生金融資產及負債之公平值乃以各個報告期末當前遠期匯率按市價計價。
- 未上市保單投資之公平值乃按保險公司出具現金退保單所示之金額而釐定。
- 非上市金融產品投資之公平值根據最近期交易價釐定。

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.9 Fair value measurements recognised in the consolidated statement of financial position (Continued)

HKFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

## 52. 財務風險管理目標及政策 (續)

### 52.9 於綜合財務狀況表確認之公平值計量 (續)

香港財務報告準則第13號就公平值計量披露及有關公平值計量之相對可靠性之額外披露引入三個公平值層級。

金融資產及金融負債根據用於計量金融資產及金融負債之公平值之重大輸入數值之相對可靠性分為三個層級。公平值層級有以下層級：

- 第一級：相同資產或負債於活躍市場之報價(未經調整)；
- 第二級：直接或間接可觀察之輸入數值(不包括第一級報價)；及
- 第三級：無法觀察之輸入數值乃並無市場數據之輸入數值。

綜合財務狀況表以公平值計量之金融資產及金融負債分為以下公平值層級：

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>2019</b>	<b>二零一九年</b>				
<b>Assets</b>	<b>資產</b>				
Due from bank – precious metal	應收銀行款項—貴金屬	–	56,935	–	56,935
Trading portfolio investments	交易組合投資	147,349	33,796	46,758	227,903
Derivative financial assets	衍生金融資產	–	10,275	–	10,275
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	417,256	5,605	–	422,861
		564,605	106,611	46,758	717,974
<b>Liabilities</b>	<b>負債</b>				
Derivative financial liabilities	衍生金融負債	–	54,788	–	54,788
		–	54,788	–	54,788
<b>2018</b>	<b>二零一八年</b>				
<b>Assets</b>	<b>資產</b>				
Due from bank – precious metal	應收銀行款項—貴金屬	–	74,301	–	74,301
Trading portfolio investments	交易組合投資	80,329	43,277	–	123,606
Derivative financial assets	衍生金融資產	–	7,694	–	7,694
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	621,489	5,711	–	627,200
		701,818	130,983	–	832,801
<b>Liabilities</b>	<b>負債</b>				
Derivative financial liabilities	衍生金融負債	–	20,866	–	20,866
		–	20,866	–	20,866

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 52.9 Fair value measurements recognised in the consolidated statement of financial position (Continued)

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The level in the fair value hierarchy within which the financial assets and financial liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The fair value of unlisted investment funds classified as trading portfolio investments is Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below.

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	期初結餘(第三級經常性公平值計量)	-	-
Acquisition	收購	47,048	-
Fair value change during the year	年內公平值變動	(1,172)	-
Exchange realignment	匯兌調整	882	-
Closing balance (Level 3 recurring fair value)	期末結餘(第三級經常性公平值計量)	46,758	-

## 52. 財務風險管理目標及政策(續)

### 52.9 於綜合財務狀況表確認之公平值計量(續)

於報告期內，第一級及第二級之間並無重大轉撥。

金融資產及金融負債整體所歸入之公平值層級級別，乃基於對公平值計量屬重大之最低層次輸入數值劃分。

計量公平值所用方法及評估方式與以往報告期間無異。

分類為交易組合投資的非上市投資基金的公平值屬第三級經常性公平值計量。期初及期末公平值結餘的對賬載列如下。

## 53. STATEMENT OF FINANCIAL POSITION

## 53. 財務狀況表

	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	37,967	3,171
Interests in subsidiaries	所佔附屬公司之權益	2,182,132	1,503,248
Financial asset at fair value through other comprehensive income	按公平值計入其他全面收入之金融資產	243,930	426,115
		<b>2,464,029</b>	1,932,534
<b>Current assets</b>	<b>流動資產</b>		
Other assets	其他資產	62,415	61,032
Trading portfolio investments	交易組合投資	57,466	61,865
Cash and deposits	現金及存款	26,441	12,730
		<b>146,322</b>	135,627
<b>Current liabilities</b>	<b>流動負債</b>		
Other liabilities	其他負債	36,379	21,150
Borrowings	借貸	1,329,114	738,299
Lease liabilities	租賃負債	17,665	–
Due to a shareholder	應付一名股東之款項	12,000	73,000
		<b>1,395,158</b>	832,449
<b>Net current liabilities</b>	<b>流動負債淨值</b>	<b>(1,248,836)</b>	(696,822)
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>	<b>1,215,193</b>	1,235,712
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Lease liabilities	租賃負債	19,336	–
<b>Net assets</b>	<b>資產淨值</b>	<b>1,195,857</b>	1,235,712
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	41	435,189
Reserves	儲備	43	760,668
<b>Total equity</b>	<b>權益總額</b>	<b>1,195,857</b>	1,235,712

The statements of financial position of the Company was approved and authorised for issue by the board of directors of the Company on 30 March 2020 and are signed on its behalf by:

本公司財務狀況表於二零二零年三月三十日獲本公司董事會批准及授權刊發，並由以下董事代表簽署：

Hon Kwok Lung  
韓國龍  
Director  
董事

Shang Jianguang  
商建光  
Director  
董事

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, at 31 December 2019 are as follows:

## 54. 主要附屬公司資料

於二零一九年十二月三十一日，主要附屬公司（均為有限公司）之詳情如下：

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Directly held:</i> 直接持有：					
Qingapen Limited 晴嘉投資有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
China Haidian Commercial Network Services Limited 中國海瀾商業網絡服務有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
Haidian-Creation International Limited	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Sure Best Management Limited 港益管理有限公司	Hong Kong 香港	HK\$1 1港元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Jia Cheng Investment Limited 佳城投資有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Citychamp Watch and Jewellery SwissCo AG	Switzerland 瑞士	CHF100,000 100,000瑞士法郎	100%	100%	Issuance of bonds, Switzerland 於瑞士發行債券
Bendura Bank	Liechtenstein	CHF20,000,000	85.22%	85.07%	Assets management, accepting client deposits, making investment and granting loans, Liechtenstein 於列支敦士登管理資產、接受客戶存 款、投資及批出貸款
富地銀行	列支敦士登	20,000,000瑞士法郎			
Shun Heng Finance Holding (Hong Kong) Limited 信亨金融控股(香港)有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000港元	60%	60%	Investment holding, Hong Kong 於香港投資控股
<i>Indirectly held:</i> 間接持有：					
EBOHR Luxuries International Limited (note a)	PRC	HK\$116,000,000	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
依波精品(深圳)有限公司(附註a)	中國	116,000,000港元			
Shenzhen EBOHR Luxuries Online E-commerce Company Limited (note b)	PRC	RMB19,000,000	100%	100%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
深圳市依波精品在線電子商務有限公司 (附註b)	中國	人民幣19,000,000元			
Actor Investments Limited 安達投資有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100%	100%	Investment holding, Hong Kong 於香港投資控股

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

## 54. 主要附屬公司資料 (續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
Zhuhai Rossini Watch Industry Limited (note d)	PRC	RMB180,000,000	91%	91%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
珠海羅西尼錶業有限公司(附註d)	中國	人民幣180,000,000元			
PAMA Precision Manufacturing Limited (note b)	PRC	RMB11,000,000	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
深圳市帕瑪精品製造有限公司(附註b)	中國	人民幣11,000,000元			
Shenzhen Permanence Commerce Co., Limited (note b)	PRC	RMB23,000,000	91%	91%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
深圳市恒譽嘉時貿易有限公司(附註b)	中國	人民幣23,000,000元			
Zhuhai Rossini Glasses Industry Limited (note b)	PRC	RMB1,000,000	91%	91%	Distribution of glasses, PRC 於中國分銷眼鏡
珠海羅西尼眼鏡有限公司(附註b)	中國	人民幣1,000,000元			
Sino Swiss Clock & Watch Technology Limited (note b)	PRC	RMB5,000,000	91%	91%	Provision of services in watch maintenance and repairment and technical advisory, PRC 於中國提供鐘錶維修及技術諮詢服務
中瑞(珠海)鐘錶技術有限公司(附註b)	中國	人民幣5,000,000元			
Eterna AG Uhrenfabrik	Switzerland	CHF6,000,000	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
	瑞士	6,000,000瑞士法郎			
Eterna Movement AG	Switzerland	CHF1,000,000	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
	瑞士	1,000,000瑞士法郎			
Guangdong Juxin Watch Co., Limited (note d)	PRC	RMB15,000,000	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
廣東鉅信鐘錶連鎖有限公司(附註d)	中國	人民幣15,000,000元			
Liaoning Hengjia Horologe Co., Limited (note d)	PRC	RMB25,500,000	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
遼寧恒嘉鐘錶有限公司(附註d)	中國	人民幣25,500,000元			

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

## 54. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
Guangzhou Five Goat Watch Co., Limited (note b)	PRC	RMB100,000,000	74.1%	74.1%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計產品
廣州五羊錶業有限公司(附註b)	中國	人民幣100,000,000元			
Eterna (Asia) Limited	Hong Kong	HK\$5,000,000	70%	70%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品
綺年華(亞洲)有限公司	香港	5,000,000港元			
Centenaire Trading (Shanghai) Co., Ltd (note a)	PRC	RMB4,550,000	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
聖坦尼爾貿易(上海)有限公司(附註a)	中國	人民幣4,550,000元			
Eterna (Beijing) International Trading Co., Ltd (note b)	PRC	RMB1,000,000	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
綺年華(北京)國際貿易有限公司(附註b)	中國	人民幣1,000,000元			
Jilin Dayou Watch Limited (note d)	PRC	RMB15,000,000	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
吉林大有鐘錶有限公司(附註d)	中國	人民幣15,000,000元			
Montres Corum Sàrl	Switzerland	CHF3,000,000	100%	100%	Manufacture, and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
	瑞士	3,000,000瑞士法郎			
Montres Corum (UK) Ltd.	United Kingdom	GBP3,383,424	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
	英國	3,383,424英鎊			
Corum Italia SRL	Italy	EUR10,400	100%	100%	Distribution of watches and timepieces, Italy 於意大利分銷鐘錶及時計產品
	意大利	10,400歐元			
Montres Corum Europe SA	Switzerland	CHF100,000	100%	100%	Distribution of watches and timepieces, Switzerland 於瑞士分銷鐘錶及時計產品
	瑞士	100,000瑞士法郎			
Servicio de Importacion SA	Spain	EUR739,000	100%	100%	Distribution of watches and timepieces, Spain 於西班牙分銷鐘錶及時計產品
	西班牙	739,000歐元			

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

## 54. 主要附屬公司資料 (續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
Corum Deutschland GmbH	Germany 德國	EUR200,000 200,000 歐元	100%	100%	Distribution of watches and timepieces, Germany 於德國分銷鐘錶及時計產品
Corum (Hong Kong) Limited	Hong Kong 香港	HK\$1,000 1,000 港元	100%	100%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品
The Dreyfuss Group Limited	United Kingdom 英國	GBP 221,541 221,541 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Rotary Overseas Limited	United Kingdom 英國	GBP 1,000,000 1,000,000 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Artemis Watch Company Limited	United Kingdom 英國	GBP 100 100 英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Rotary Watches LLC	United States of America 美國	USD 10 10 美元	100%	100%	Distribution of watches and timepieces, United States of America 於美國分銷鐘錶及時計產品
Dreyfuss & Co SA	Switzerland 瑞士	CHF 100,000 100,000 瑞士法郎	100%	100%	Manufacturing of watches and timepieces, Switzerland 於瑞士製造鐘錶及時計產品
Fabrique de Moritres Rotary S.A	Switzerland 瑞士	CHF 1,000,000 1,000,000 瑞士法郎	100%	100%	Manufacturing and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計產品
Bendura Fund Management Alpha AG	Liechtenstein 列支敦士登	CHF1,500,000 1,500,000 瑞士法郎	85.22%	85.07%	Providing investment counselling, acting as technical administrator of fund units, acting as a fund management company and acting as an alternative investment fund manager Liechtenstein 於列支敦士登提供投資諮詢、擔任基 金單位之技術管理員、擔任基金管 理公司及擔任另類投資基金經理

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

## 54. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Indirectly held: (Continued)</i> 間接持有:(續)					
Bendura Fund Management Beta AG	Liechtenstein 列支敦士登	CHF1,500,000 1,500,000 瑞士法郎	<b>85.22%</b>	85.07%	Providing investment counselling, acting as technical administrator of fund units, acting as a fund management company and acting as an alternative investment fund manager, Liechtenstein 於列支敦士登提供投資諮詢、擔任基金單位之技術管理員、擔任基金管理公司及擔任另類投資基金經理
VFM Mutual Fund AG	Liechtenstein 列支敦士登	CHF 500,000 500,000 瑞士法郎	<b>85.22%</b>	85.07%	Managing a particular fund as general partner Liechtenstein 於列支敦士登作為一般合夥人管理一項特別基金
LFM ALPHA SOLUTIONS AGmvk	Liechtenstein 列支敦士登	CHF50,000 50,000 瑞士法郎	<b>85.22%</b>	85.07%	Provision of asset investment and management services for qualified investors, Liechtenstein 於列支敦士登向合資格投資者提供資產投資及管理服務
Metasequoia Capital 水杉資產	Hong Kong 香港	HK\$800,000 800,000 港元	<b>60%</b>	60%	Provision of asset management services, Hong Kong 於香港提供資產管理服務
Shun Heng 信亨	Hong Kong 香港	HK\$26,380,000 26,380,000 港元	<b>60%</b>	60%	Dealing and advising in securities, Hong Kong 於香港進行證券交易及顧問服務
Metasequoia Investment Fund SPC – Global Opportunities Fund SP	Cayman Islands 開曼群島	US\$10,000,000 10,000,000 美元	<b>44.83%</b>	44.98%	Investment fund, Cayman Islands 於開曼群島之投資基金
Ernest Borel Holdings Limited 依波路控股有限公司	Cayman Island 開曼群島	HK\$3,474,000 3,474,000 港元	<b>64.08%</b>	82.5%	Investment holding, Hong Kong 於香港投資控股
Boillat Les Bois S.A.	Switzerland 瑞士	CHF100,000 100,000 瑞士法郎	<b>64.08%</b>	82.5%	Development, manufacturing and marketing of watches, Switzerland 於瑞士開發、製造及推廣鐘錶

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

## 54. 主要附屬公司資料 (續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權之實際百分比		Principal activities and principal place of business 主要業務及主要營業地點
			2019 二零一九年	2018 二零一八年	
<i>Indirectly held: (Continued)</i> 間接持有：(續)					
Ernest Borel S.A.	Switzerland 瑞士	CHF100,000 100,000瑞士法郎	64.08%	82.5%	Manufacturing and trading of watches, Switzerland 於瑞士製造及買賣鐘錶
Ernest Borel (Far East) Company Limited 依波路(遠東)有限公司	Hong Kong 香港	HK\$20,000 20,000港元	64.08%	82.5%	Assembling and sales of watches, Hong Kong 於香港組裝及銷售鐘錶
Ernest Borel (Guangzhou) Trading Co., Ltd 依波路(廣州)貿易有限公司	PRC 中國	RMB20,000,000 人民幣20,000,000元	64.08%	82.5%	Distribution and sales of watches, PRC 於中國分銷及銷售鐘錶
Ernest Borel (Hong Kong) Limited 依波路(香港)有限公司	Hong Kong 香港	HK\$1,000 1,000港元	64.08%	82.5%	Investment holding, Hong Kong 於香港投資控股
Ernest Borel Watch Company Limited (Previously known as: Ernest Borel Investment Limited) Ernest Borel Watch Company Limited (前稱:依波路投資有限公司)	BVI 英屬處女群島	USD100 100美元	64.08%	82.5%	Investment holding, Hong Kong 於香港投資控股
Swissmount Holdings Limited	BVI 英屬處女群島	USD100 100美元	64.08%	82.5%	Investment holding, Hong Kong 於香港投資控股

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

- (a) These subsidiaries are registered as wholly foreign owned enterprises under the law of PRC.
- (b) These subsidiaries are registered as limited liability companies under the law of PRC.
- (c) This subsidiary is registered as foreign joint venture under the law of PRC.
- (d) These subsidiaries are registered as sino-foreign joint ventures under the law of PRC.

上表載列董事認為主要影響本集團本年度之業績或構成本集團資產淨值重大部分之本公司附屬公司。董事認為，詳列其他附屬公司之資料將會令有關資料過於冗長。

概無附屬公司於年末發行任何債務證券。

附註：

- (a) 該等附屬公司根據中國法律登記為外商獨資企業。
- (b) 該等附屬公司根據中國法律登記為有限公司。
- (c) 該附屬公司根據中國法律登記為外商合資企業。
- (d) 該等附屬公司根據中國法律登記為中外合資企業。

## 54. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (CONTINUED)

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any elimination.

## 54. 主要附屬公司資料(續)

下文載列於任何對銷前擁有對本集團而言屬重大之非控股權益之各附屬公司財務資料概要。

		Ernest Borel Group 依波路集團		Bendura Bank AG 富地銀行股份有限公司		Zhuhai Rossini Watch Industry Limited 珠海羅西尼鐘錶有限公司	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Summarised statement of financial position</b>	財務狀況表概要						
<b>As at 31 December</b>	於十二月三十一日						
<b>Effective non-controlling interests percentage</b>	實際非控股權益百分比	<b>35.92%</b>	17.5%	<b>14.78%</b>	14.93%	<b>9%</b>	9%
Assets	資產	<b>474,848</b>	572,056	<b>13,099,804</b>	13,523,012	<b>1,494,686</b>	1,220,004
Liabilities	負債	<b>(274,408)</b>	(300,809)	<b>(12,185,082)</b>	(12,662,307)	<b>(345,176)</b>	(323,596)
<b>Net assets</b>	資產總淨值	<b>200,440</b>	271,247	<b>914,722</b>	860,705	<b>1,149,510</b>	896,408
<b>Accumulated non-controlling interests</b>	累計非控股權益	<b>70,017</b>	47,468	<b>142,934</b>	139,151	<b>92,415</b>	80,677
<b>Summarised statement of comprehensive income</b>	全面收入表概要						
<b>For the year ended 31 December</b>	截至十二月三十一日止年度						
Revenue	收益	<b>141,518</b>	42,826	<b>453,253</b>	480,364	<b>937,152</b>	1,066,289
(Loss)/profit before income tax	除所得稅前(虧損)/溢利	<b>(74,895)</b>	(31,830)	<b>171,603</b>	210,151	<b>210,218</b>	351,241
Other comprehensive income	其他全面收入	<b>2,277</b>	3,836	<b>(309)</b>	8,385	<b>-</b>	-
<b>Total comprehensive income</b>	全面收入總額	<b>(72,618)</b>	(27,994)	<b>146,827</b>	190,506	<b>177,765</b>	185,677
<b>(Loss)/profit allocated to non-controlling interests</b>	分配至非控股權益之(虧損)/溢利	<b>(26,084)</b>	(4,899)	<b>22,277</b>	28,843	<b>15,999</b>	16,711
<b>Dividends paid to non-controlling interests</b>	向非控股權益支付之股息	-	-	<b>13,981</b>	10,295	<b>15,470</b>	44,329
<b>Summarised statement of cash flows</b>	現金流量表概要						
<b>For the year ended 31 December</b>	截至十二月三十一日止年度						
Cash flows generated from/(used in) operating activities	經營業務產生/(所用)之現金流量	<b>11,999</b>	2,165	<b>(2,646,025)</b>	(184,302)	<b>205,028</b>	200,951
Cash flows(used in)/generated from investing activities	投資活動(所用)/產生之現金流量	<b>8,891</b>	16,839	<b>(316,063)</b>	(108,616)	<b>(56,946)</b>	(62,308)
Cash flows used in financing activities	融資活動所用之現金流量	<b>(32,908)</b>	(47,209)	<b>(94,444)</b>	(163,356)	<b>(115,152)</b>	(156,419)
<b>Net cash inflow/(outflow)</b>	現金流入/(流出)淨額	<b>(12,018)</b>	(28,205)	<b>(3,056,532)</b>	(456,274)	<b>32,920</b>	(17,776)

## 55. EVENTS AFTER REPORTING PERIOD

Since January 2020 when COVID-19 breakout happened, the global confirmed cases have been rising continuously worldwide, which has affected the business environment of many regions including those where the Group mainly operate such as Mainland China, Hong Kong, Switzerland and the United Kingdom. Pending on the developments and spread of COVID-19 subsequent to 31 December 2019 and the date of these consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these consolidated financial statements.

## 55. 報告期後事項

自二零二零年一月爆發 COVID-19，全球確診病例持續增加，多個地區的營商環境受到波及，當中包括本集團主要經營業務所在地區，例如中國內地、香港、瑞士及英國。二零一九年十二月三十一日及綜合財務報表日期後，COVID-19 仍在發展和擴散，經濟狀況的進一步變動或對本集團的財務業績構成影響，於綜合財務報表日期，有關影響的程度無法估計。

## FIVE YEAR FINANCIAL SUMMARY

### 五年財務資料摘要

A summary of the published results and financial position of the Group for the year ended 31 December 2019 and the last four years is set out below. This summary does not form part of the audited financial statements.

本集團截至二零一九年十二月三十一日止年度及過去四年之已刊發業績及財務狀況概要載列如下。此概要並不組成經審核財務報表之一部分。

## FINANCIAL PERFORMANCE

## 財務表現

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Net interest income from banking business	銀行業務之利息收入淨額	183,462	180,831	94,992	17,983	-
Net service fees and commission income from banking business	銀行業務之服務費及佣金淨額	212,561	236,361	212,616	72,595	-
Trading income from banking business	銀行業務之交易收入	57,230	63,172	65,227	18,902	-
Service fees and commission income from financial business	金融業務之服務費及佣金收入	3,195	3,342	9,307	-	-
Interest income from financial business	金融業務之利息收入	165	193	128	-	-
Sales of goods from non-banking and financial businesses	非銀行及金融業務之貨品銷售收入	2,249,737	2,444,364	2,583,495	2,811,352	3,458,245
Rental income from non-banking and financial businesses	非銀行及金融業務之租金收入	9,915	9,586	16,936	19,123	18,109
<b>Total revenue</b>	<b>總收入</b>	<b>2,716,265</b>	2,937,849	2,982,701	2,939,955	3,476,354
Cost of sales from non-banking and financial businesses	非銀行及金融業務之銷售成本	(1,004,030)	(1,022,568)	(1,226,494)	(1,296,518)	(1,694,496)
Other income and other net gains or losses	其他收入及其他收益或虧損淨額	104,393	79,486	1,300,392	63,165	257,545
Selling and distribution expenses	銷售及分銷費用	(817,889)	(849,551)	(800,923)	(841,444)	(883,152)
Administrative expenses	行政費用	(777,114)	(737,985)	(774,011)	(648,477)	(616,151)
Share of loss of joint ventures	應佔合營企業虧損	(1,343)	(2,678)	(1,159)	-	-
Share of profit of associates	應佔聯營公司溢利	17,675	8,387	20,711	23,134	9,685
Finance costs from non-banking business	非銀行業務之財務費用	(95,320)	(65,828)	(68,453)	(79,447)	(77,075)
<b>Profit before income tax</b>	<b>除所得稅前溢利</b>	<b>142,637</b>	347,112	1,432,764	160,368	472,710
Income tax expense	所得稅開支	(71,456)	(105,664)	(221,566)	(96,528)	(132,551)
<b>Profit for the year</b>	<b>本年度溢利</b>	<b>71,181</b>	241,448	1,211,198	63,840	340,159
<b>Other comprehensive income</b>	<b>其他全面收入</b>					
Items that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目					
- Remeasurement of net defined benefit obligations	- 重新計量定額福利責任淨額	2,490	33,025	15,186	14,368	9,485
- Change in fair value of financial assets at fair value through other comprehensive income	- 按公平值計入其他全面收入之金融資產公平值變動	(204,233)	(123,352)	-	-	-
- Revaluation gain upon transfer of owner occupied land and buildings to investment properties	- 將自用土地及樓宇轉撥至投資物業之重估收益	-	57,128	-	-	-
- Deferred tax arising from transfer of owner occupied land and buildings to investment properties	- 將自用土地及樓宇轉撥至投資物業產生之遞延稅項	-	(22,212)	-	-	-
		<b>(201,743)</b>	(55,411)	15,186	14,368	9,485

## FINANCIAL PERFORMANCE (CONTINUED)

## 財務表現(續)

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類到溢利或虧損之項目					
- Exchange differences on translation to presentation currency	- 換算呈列貨幣之匯兌差額	(91,282)	(162,086)	233,906	(226,038)	(142,928)
- Release of exchange reserve to profit or loss upon disposal of subsidiaries	- 於出售附屬公司後解除外匯儲備至溢利或虧損	-	-	(2,809)	4,701	256
- Share of exchange differences on translation of associates	- 應佔聯營公司匯兌差異	(108)	(117)	96	(112)	133
- Changes in fair value of available-for-sale financial assets	- 可供出售金融資產公平值變動	-	-	(5,041)	(75,210)	9,051
		(91,390)	(162,203)	226,152	(296,659)	(133,488)
<b>Other comprehensive income for the year</b>	<b>本年度其他全面收入</b>	<b>(293,133)</b>	<b>(217,614)</b>	<b>241,338</b>	<b>(282,291)</b>	<b>(124,003)</b>
<b>Total comprehensive income for the year</b>	<b>本年度全面收入總額</b>	<b>(221,952)</b>	<b>23,834</b>	<b>1,452,536</b>	<b>(218,451)</b>	<b>216,156</b>
<b>Profit for the year attributable to:</b>	<b>以下人士應佔本年度溢利：</b>					
Owners of the Company	本公司擁有人	44,246	201,372	1,170,484	36,703	307,675
Non-controlling interests	非控股權益	26,935	40,076	40,714	27,137	32,484
		71,181	241,448	1,211,198	63,840	340,159
<b>Total comprehensive income for the year attributable to:</b>	<b>以下人士應佔本年度全面收入總額：</b>					
Owners of the Company	本公司擁有人	(243,713)	(9,083)	1,395,850	(227,203)	196,583
Non-controlling interests	非控股權益	21,761	32,917	56,686	8,752	19,573
		(221,952)	23,834	1,452,536	(218,451)	216,156

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

## 資產、負債及非控股權益

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Total assets	總資產	19,597,081	20,258,229	21,855,671	17,255,820	6,838,556
Total liabilities	總負債	(14,936,192)	(15,448,738)	(16,707,545)	(13,403,130)	(2,604,069)
Non-controlling interests	非控股權益	(405,817)	(369,700)	(343,245)	(219,809)	(191,234)
		4,255,072	4,439,791	4,804,881	3,632,881	4,043,253

## SCHEDULE OF PRINCIPAL INVESTMENT PROPERTIES

### 主要投資物業附表

Description	詳情	Group interest 集團權益	Use 用途	Tenure 年期
Flat B, 21st Floor, Jolly Villa No. 8 Tai Hang Road Hong Kong and Car parking space No. 32 on 3rd Floor of the same building	香港大坑道8號 竹麗苑21樓B室及 同一幢樓宇內 3樓之32號車位	100%	Residential 住宅	Medium term lease 中期租約
Industrial Complex including Dormitories in the Sixth Industrial Zone Houjie Town Dongguan County, Guangdong Province The People's Republic of China (the "PRC")	中華人民共和國 (「中國」) 廣東省東莞市 厚街鎮 第六工業區工廠 綜合大樓 (包括宿舍)	100%	Industrial/Residential 工業／住宅	Medium term lease 中期租約
2nd Lower Ground Level Jin Hua Building Yan He South Road Luohu District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 羅湖區 沿河南路 錦花大廈 地下層二層	100%	Commercial 商業	Medium term lease 中期租約
Shops at Street Nos. 13, 14 and 15 New City Centre Plaza Garden Nos. 459, 461 and 463 Xiang Hua Road Zhuhai City, Guangdong Province The PRC	中國 廣東省珠海市 香華路 459、461及463號 新城市中心花園 商舖13、14及15號	100%	Commercial 商業	Medium term lease 中期租約
Office B, 7th Floor No. 78, Nanguan Road Shenhe District, Shenyang City The PRC	中國 瀋陽市沈河區 南關路78號 7樓B座辦公室	100%	Commercial 商業	Short term lease 短期租約
No. 1004, Block B, Xinnengyuan Building Nanhai Avenue, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區南海大道 新能源大廈B座1004號	100%	Commercial 商業	Long term lease 長期租約
Nos. 203, 204, 205, 206, 208 Building 16, Dengliang Garden Dengliang Road, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區登良路 登良花園16棟 203、204、205、 206、208號	100%	Residential 住宅	Medium term lease 中期租約
Nos. 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, Building A, Lifang Village Nanshan Avenue, Nanshan District Shenzhen, Guangdong Province The PRC	中國 廣東省深圳市 南山區南山大道 荔芳村A棟 228、229、230、231、 232、233、234、235、 236、237號	100%	Residential 住宅	Medium term lease 中期租約



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