



佳華百貨控股有限公司 JIAHUA STORES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號：00602)



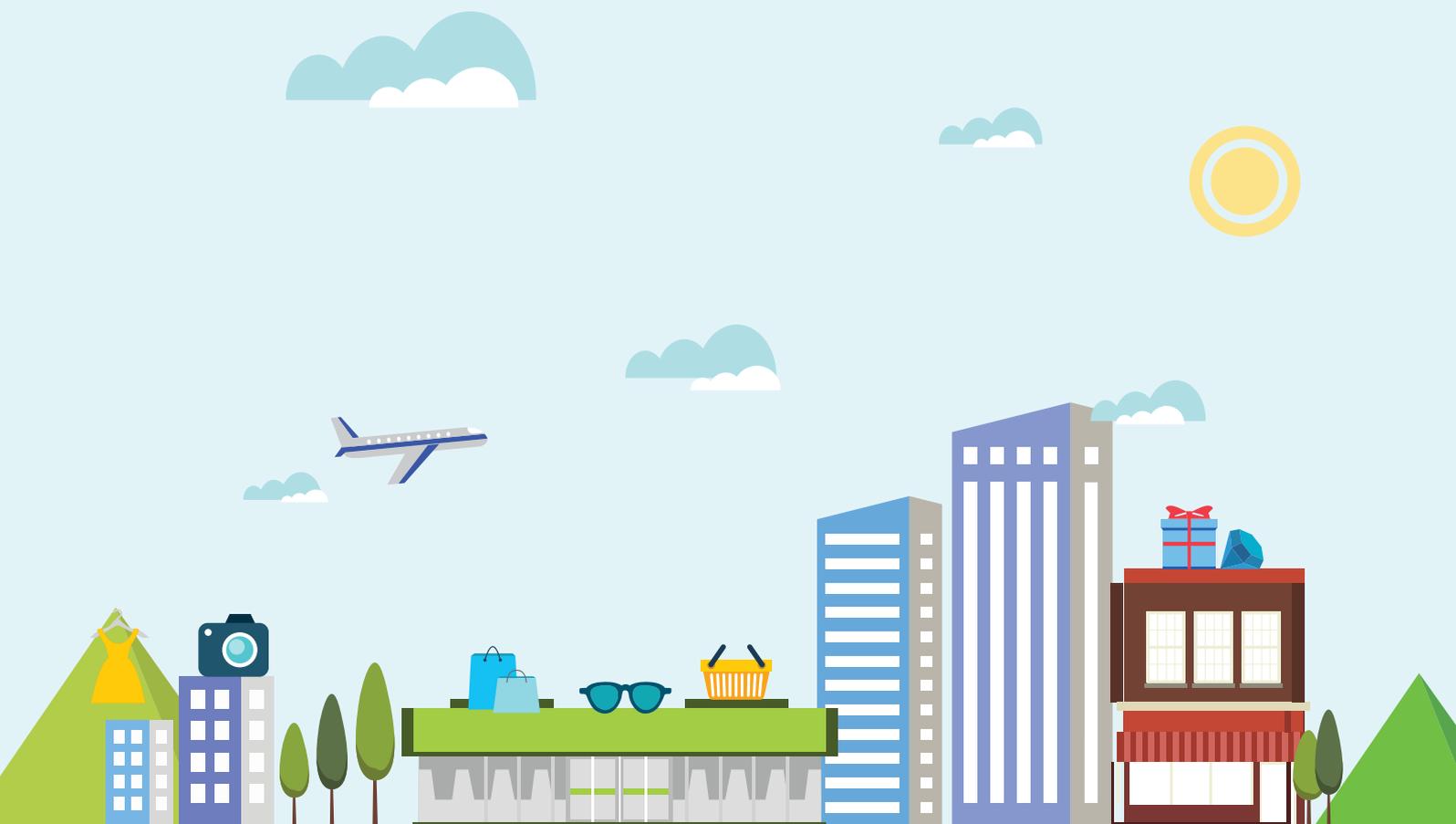
ANNUAL REPORT 2017 年報



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CORPORATE INFORMATION

公司資料

STOCK CODE

00602

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AUTHORISED REPRESENTATIVES

Mr. Zhuang Lu Kun
Mr. Ho Yuet Lee, Leo

股份代號

00602

註冊辦事處

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莊陸坤先生
何悅利先生



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As to PRC law

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The PRC

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Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Level 22 Hopewell Centre
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公司法律顧問

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香港
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開曼群島法律

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中國法律

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501室

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Cayman Islands

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香港
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合和中心22樓



Location of Jiahua Stores and Shopping Mall

佳華商場及購物中心位置圖





Xixiang
西鄉



Songgang
松崗



Gongming
公明



Shiyan
石岩



Shuyuan Yage
書苑雅閣



Taoyuan
桃源(廣西)



Sanlian
三聯



Dashatian
大沙田(廣西)



Yanbu
鹽步(佛山)



Longhua
龍華



Shajing
沙井

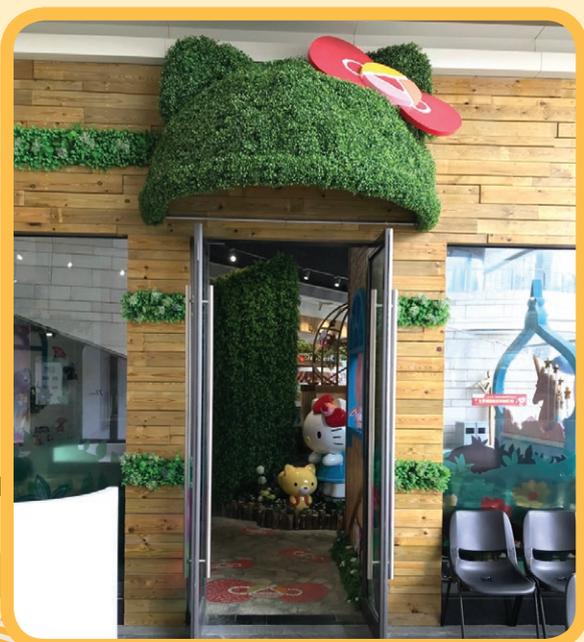
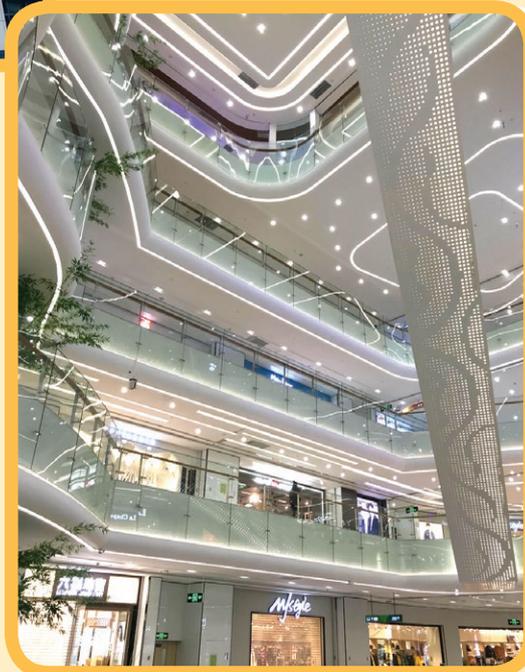


Bantian Shopping Mall
坂田購物中心



Chairman's Statement

董事長報告





INTRODUCTION

During the year, the global economic growth rate was 3.6% which was expectedly risen compared with 2016. The US, Japan and European economies were slowly recovered or getting out from decline, while the emerging market and developing countries growth rate was slowed down. Performance of major economic entities dispersed and the connection of Asia with the world economy accelerated under the new technology. The International Monetary Fund (IMF) forecast the growth rate of world economy is rising, with developed, emerging and developing markets at 2.2% and 4.6% respectively. Overall, the emerging and developing markets surpassed the developed markets, and contributed more to the global growth.

In 2017, the Gross Domestic Product (“GDP”) of China reached 6.9%, slightly higher than 2016 and return to growing trend from 2010 onward. The stable economic condition was attributable to export demand improvement. With the global economic recovery, China export growth rate can attain 8% under the stable consumption and declining investment trend. Among the domestic demand, daily consumption played an important role. The 2017 social consumable retail amount kept at approximately 10.3%, which is similar to 2016. Consumption contributed to around 4.5% of the GDP which investment spending dropped to around 7.2%.

序言

年內，全球經濟增長3.6%，比2016年增速預期回升。美日歐經濟正在緩慢走向復蘇或走出衰退。新興市場國家和發展中國家經濟增速放緩。在主要經濟體走勢分化、新技術革命孕育突破的新形勢下，亞洲與世界經濟互動呈現新態勢。據國際基金組織預測2017年全球經濟增速有所回升，發達經濟體經濟增速約為2.2%，而新興和發展中經濟體的經濟增速達到約4.6%，從主要經濟體來看，新興及發展中經濟體整體增速依然超過發達經濟體，其對全球經濟增量貢獻依然不斷增長。

2017年，中國國內生產總值增速達到約6.9%，比2016年略有回升，雖然回升的幅度不大，但這是自2010年以來中國年度經濟增速首度出現企穩回升。經濟企穩回升主要歸功於外需改善。在全球經濟復蘇的帶動下，中國出口增速有望達到約8%。消費保持穩定，投資繼續下滑。在國內內需當中，消費已經成為中流砥柱。2017年社會消費品零售總額增速有望保持在約10.3%，與2016年增速持平，消費貢獻的國民生產總值增速保持在約4.5%左右。而2017年的投資增速降至約7.2%。



Chairman's Statement (Continued) 董事長報告(續)

There were three main trends in China retail market. Firstly, personalised, high quality and leisure-oriented consumption grew aggressively. With the increase in residents' income, consumers pursue higher living standard and more leisure activities to satisfy their spirit needs. In addition, new generation under informative society urged enhancement of personalized products, and those have same needs gathered together through internet and hence created a variety market. Besides, domestic products cannot satisfy upcoming needs of consumers, this resulted in substantial demand of imported products and stimulate growth of cross border e-commerce. The aggregate annual growth rate of e-commerce was 30% per annum. With the higher price-performance ratio, simplified transaction flow, high message transfer speed, low transaction cost, the prospect of cross border sales was prominent. Lastly, due to the popularity of mobile application, personalized spending will be further enhanced. The logic of e-trader is stimulating online sales flow by group sharing and positive reputation. With the help of special shopping environment, social interaction, information circulation, and the publicity creation, it is expected to convert data flow into order transactions.

BUSINESS REVIEW

During the year, traditional department stores still faced unprecedented pressure, with the gradual reduction of closure of stores by retail giants in the non-core city area. The retail business has been recovering. The impact upon the operation in the retail industry posed by the surge of e-business gradually surfaced, not to mention the effect brought by high rents, high wage and other rising costs. Apart from the tough business environment, the Group still attained reasonable operating results.

中國零售市場呈現三個主要趨勢。首先，相對於基本商品，個性化、高質量、休閒娛樂等消費仍呈現高成長性。隨著居民收入提升至更高水平，消費者擁有更多可支配收入用於追求更高的生活質量、通過各類休閒娛樂活動滿足更高層次的精神需求，且新生代在信息社會的多元文化影響下個性需求提升，同類個性需求的人群通過網絡小區聚集多樣化市場。此外，隨著國內居民收入水平提高，消費升級成為趨勢，而國內產品尚無法滿足人們對質量消費的需求，通過精選並引進海外優質品牌的跨境進口電商直接受益於消費升級而發展。中國跨境電商市場規模在過去5年複合增長率達到30%，跨境電商憑其高度性價比、簡化交易流程、加快信息傳遞速度、降低交易成本、改善消費者跨境購物體驗的優勢，在整體貿易中比例將持續增長。最後，目前電商已由個人計算器端為交易入口的電商購物轉為移動端應用程序為流量入口的電商購物階段。隨著消費者個性化消費需求的提升，移動電商的新邏輯是「社群流量—口碑推廣—電商流量」，在移動端尋求多樣流量入口，打造特別購物場景，強調小區互動交流，促使加強訊息流量，並通過在社群中建立的口碑，有效地將流量轉化為重複購買行為。

業務回顧

年內，實體零售業仍面臨前所未有的壓力，從大城市到二三線城市，零售巨頭關店情況已趨穩定，實體零售業回暖。零售業除受高租金，高工資及其他成本不斷上漲之營運情況外，龍頭電商對傳統零售業的影響逐步浮現。儘管經營環境不佳，集團於本年仍取得合理的營運業績。



Chairman's Statement (Continued)

董事長報告(續)

In 2017, retail industry was generally operating under difficulties. Despite the negative factors, the Group has made changes to its operation and recorded a stable operating result. For the year ended 31 December 2017, the Group has recorded revenue of approximately RMB700.2 million, representing a year-on-year decrease of approximately 3.9%. Gross profit from direct sales except online sales was approximately RMB90.8 million, representing a year-on-year increase of approximately 3.9%, and consolidated profit attributable to owners of the Company was approximately RMB33.2 million, representing a year-on-year decrease of approximately 19.6%. The decrease in revenue was mainly attributable to the additional renovation works to some of our major stores, to give a new shopping environment to the shoppers. Besides, our stores have undergone rearrangement of sales floor area by injecting trendy brand name and hot food and beverage or entertaining operators. During the period of renovation, temporary suspension of business in our stores and this adversely affected our direct sales turnover.

During the year, the Group has continued renovation enhancement to the stores. Considerable amount of fund has been spent for store enhancement of Songgang store bringing a fresh shopping appearance to consumers and creating a new shopping environment. On the other hand, there were implementation of internet technique on sales by starting online to offline sales through mobile application, and to introduce "Dmall" in the payment system of stores. Besides, the Group extended its factoring business to other supply chain financing service to explore new business. More than that, the catering business has been expanded by adding one more theme restaurant and one new Chinese style specialty restaurant, offering new choice to customers.

On the administration aspect, the Group has implemented various measures to maintain its operational efficiency and minimize operating costs in relation to the human resources system. Recruitments through various channels such as recruitment fair, head hunting, campus recruitment were held during the year, which enhanced the quality and technical knowledge of new staff members for preparing new business in future. With regard to risk management, the Group has expanded the overall risk management framework by enhancing the internal system, internal control, education and introduction, and special investigation.

2017年，零售行業普遍面臨困難，集團面對各種負面因素，在調整轉型中取得穩定的經營業績。於截至2017年12月31日止年度，本集團錄得收入約人民幣700,183,000元，比去年減少約3.9%；除線上銷售外的直接銷售之毛利率約為人民幣90,849,000元，比去年上升約3.9%；本公司權益持有人應佔利潤約為人民幣33,199,000元，比去年下降約19.6%；收入下跌的主要因為年內部份主力店的繼續作出調整，一方面對店鋪室內設計作出更新，務求帶給顧客新一面的購物環境；亦改動店面的使用面積，將近年來的潮流品牌及火熱的專櫃商及餐飲經營商帶進門店內。因此，裝修及改動期間令分店作局部暫停營業，對營業額有所影響。

年內，集團繼續推進各門店超市、百貨的升級調整。集團投入對松崗分店進行升級再造，探索新消費體驗，打造新購物環境。另一方面，銷售信息化落實應用，充分利用移動互聯網技術，推進在線、線下等多渠道協同營銷，並引入「多點」購物模式，提供流行付款方式給顧客。另外，保理業務繼續擴充，提供供應鏈金融服務，開創新收入來源。擴闊零售業務層面，推展餐飲及食物收入界面，開立一家主題餐廳及一家中式餐廳，為顧客提供一個新選擇。

行政管理方面，集團在人資體系建設方面實行多項措施以保持營運效率及減低營運成本。年內舉行了不同形式的招聘會、人才獵頭、校園招聘等，加強新入職員工之質素及專業性，以配對未來不斷出現的新業務。對於風險管理方面，年內擴大對集團整體的風控框架，對內部制度，內控建設，宣貫教育，審計檢查等方面有所提升。



Chairman's Statement (Continued) 董事長報告(續)

On the investment horizon, the Group has commenced one theme restaurant and one Chinese style specialty restaurant during the year to move a step forward to the catering industry. Besides, a new shopping mall has been established in Bantian Longgang Shenzhen. It will bring the neighbourhood residents and visitors a new type of shopping experience. Looking forward, our business will be more diversified as the Group will continuously explore viable investment opportunities by making good use of the resources raised from the Listing to increase the return to shareholders.

PROSPECTS

It is anticipated that the slowdown in economic growth rate of China will exist as the high operating cost will extort the profit margin which led to more business merger in the industry in 2018. The traditional retail store will be highly conglomerated with online store by sharing customer data, product information and sales tactics such that to provide a more enjoyable and convenient shopping experience. Apart from this, multi-operational development will be a main stream. The China retail market will be highly consolidated into various large operators to make use of its corporate marketing power and ability, and to increase the market competitive strength.

The Directors believe that both opportunities and challenges await ahead, and the retail industry will compete and develop in a better market environment.

In business development aspect, the Group will uphold the principle of "consolidating resources and developing retail chain business", to strengthen the management, reiterate the competitive strength, upgrade the brand image and expand in a stable manner. The Group will focus on the development in areas such as Guangdong and Guangxi by making use of different expansion models including "acquisition, merging, investment holdings and joint venture".

On behalf of the Board, I would like to express my sincere appreciation to all staff for their dedication and contribution to the Group, and would like to express my gratitude to all shareholders, business partners, and valuable customers for their utmost support to the Group.

Zhuang Lu Kun
Chairman

Shenzhen, the PRC
28 March 2018

在投資範疇方面，年內分別開立一家主題餐廳及一家特式中式餐廳，為集團於餐飲業務進一步發展。另外，年內開立第一家購物中心，位於深圳龍崗坂田區，為居民及游客帶來新款的體驗消費模式。展望未來業務層面更加多元化，集團會繼續物色可行之投資機會，充分利用上市籌集之資源，增加對股東之回報率。

展望

2018年零售業仍將面臨增速放緩、營運成本高、利潤收窄的壓力，行業整合並購加劇，市場集中度將進一步提高。未來的零售業態中，實體店、網店將高度融合，零售企業通過客戶資源、商品資源和行銷策略的分享，打造兼具網路舒適型和網路便利的購物體驗。另外，多業態發展成區域企業主流，中國零售市場內通過整合企業資源提高市場集中度來提升企業行銷競爭實力和水準，並進一步強化競爭優勢。

董事相信，機遇與挑戰並存，百貨零售業將會在更加完善和良好的市場環境中競爭發展。

在業務發展方面，公司仍會以「整合資源，發展連鎖」之理念，加強管理，強化競爭力，提升品牌形象，以穩健為前提，不斷加快拓展步伐，增強廣東及廣西等區域發展力度，充分利用「收購、兼併、控股、參股」等多種方式拓寬市場，增加份額。

本人謹代表董事會向為集團努力及作出貢獻的全體員工表示感謝，並感謝全體股東、業務夥伴及各位尊貴客戶對集團的大力支持及厚愛。

董事長
莊陸坤

中國深圳
二零一八年三月二十八日

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員簡歷

DIRECTORS

Executive Directors

Mr. Zhuang Lu Kun (莊陸坤), aged 57, is the founder, executive Director and the chairman of the Group. He is responsible for the overall management, strategic planning and major decision making of the Group. Mr. Zhuang is the father of Mr. Zhuang Xiao Xiong. Mr. Zhuang has over 20 years of experience in the retail industry. He had served as a honorary deputy chairman of Shenzhen General Chamber of Commerce (深圳市總商會), a committee member of Guangdong Province Committee of Chinese People's Political Consultative Conference (政協廣東省委員會), a member of the China General Chamber of Commerce (中國商業聯合會), a deputy chairman of Shenzhen Private Entrepreneur's Chamber of Commerce (深圳市民營企業家商會), a deputy chairman of Shenzhen Franchise Association (深圳市零售商業行業協會), and a honorary chairman of Shenzhen Baoan General Chamber of Commerce (深圳寶安區總商會). Mr. Zhuang graduated from Guangdong Administrative and Management College (廣東行政學院) majoring in modern management in July 1999, and obtained the Master of Business Administration of senior management from the Sun Yat-sen University (中山大學). He also received the award of "Paragon of Work" of Guangdong province (廣東省勞動模範稱號) in May 2003 and the award of Outstanding Staff Care Private Ownership Entrepreneur (全國關愛員工優秀民營企業家) in September 2006. He was elected as the Top Ten Person of the Year in Commerce of Guangdong in 2007 and the Top Ten Creditable Entrepreneur in the Integrated Retail Industry in China in the year 2007 and 2009 respectively, and the deputy chairman of the Hong Kong Volunteers Federation in 2014. Mr. Zhuang has served the Group for over 23 years.

Mr. Zhuang Pei Zhong (莊沛忠), aged 56, is an executive Director and the chief financial officer of the Group. He is responsible for the financial accounting of the Group. Mr. Zhuang obtained an undergraduate diploma in financial accounting from Guangdong Radio and Television University (廣東廣播電視大學) in 1990 and pursued advanced studies in management in Sun Yat-Sen University. Mr. Zhuang joined the Group in August 1995 and has over 20 years of experience in the retail industry. Mr. Zhuang was accredited senior membership of the International Profession Certification Association (國際認證協會) and membership of the China Association for Employment Promotion (中國就業促進會) in 2008 and has obtained a master degree in business administration from the University of Wales in England in 2014. Mr. Zhuang has served the Group for over 20 years.

董事

執行董事

莊陸坤先生，57歲，為本集團的創辦人、執行董事及董事長。彼負責本集團的整體管理、策略規劃及主要決策。莊先生為莊小雄先生之父。莊先生於零售行業具有逾廿年經驗。彼為深圳市總商會榮譽副會長、政協廣東省委員會委員、中國商業聯合會理事、深圳市民營企業家商會理事會副會長、深圳市零售商業行業協會副會長及深圳寶安區總商會理事會名譽會長。莊先生一九九九年七月畢業於廣東行政學院，主修現代管理，並獲中山大學頒授高級管理人員工商管理碩士。彼亦分別於二零零三年五月獲得廣東省勞動模範稱號，二零零六年九月獲得全國關愛員工優秀民營企業家，二零零七年當選為「廣東商業十大風雲人物」，二零零七及二零零九年當選「中國綜合零售行業十大誠信企業家」，及二零一四年當選為香港義工聯盟董事會副主席。莊先生已於集團服務了超過二十三年。

莊沛忠先生，56歲，為本集團的執行董事及財務總監。彼負責本集團的財務會計工作。莊先生於一九九零年取得廣東廣播電視大學的財務會計專科文憑，並於中山大學繼續進修管理。彼於一九九五年八月加入本集團並在零售行業擁有超過廿年經驗。莊先生於二零零八年獲取國際認證協會高級會計師資格及中國就業促進會會員資格，並於二零一四年取得英國威爾斯大學頒發之工商管理碩士學位。莊先生已於集團服務了超過二十年。



Biography of Directors and Senior Management (Continued)

董事及高層管理人員簡歷(續)

Mr. Gu Wei Ming (顧衛明), aged 49, is an executive Director and the deputy general manager of the Group responsible for the management of information system and human resources of the Group. He joined the Group in August 1997 and has over 20 years of experience in the retail industry. In 2014, Mr. Gu has obtained the master degree in business administration from University of Tianjin of China. Mr. Gu has served the Group for over 20 years.

Mr. Zhuang Xiao Xiong (莊小雄), aged 35. Mr. Zhuang obtained from the University of Luton, United Kingdom a bachelor of arts degree in business administration in 2005 and a master of science degree in finance and business management in 2006. Mr. Zhuang is the deputy chairman of Shenzhen General Chamber of Commerce (Association of the Industrialists and Businessman) (深圳市總商會(工商聯)) and a committee member of the Chinese People's Political Consultative Conference of Shenzhen (政協深圳市委員會). Mr. Zhuang is the son of Mr. Zhuang Lu Kun and Mrs. Zhuang Su Lan. He joined the Group as full time member in 2006 and is responsible for the overall operation management of the Group. Mr. Zhuang has served the Group for over 12 years.

Independent non-executive Directors

Mr. Chin Kam Cheung (錢錦祥), CPA (practising), FCMA, aged 60, is a practising accountant in Hong Kong. Mr. Chin is a fellow member of the Chartered Institute of Management Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting and financial management. Mr. Chin was appointed independent non-executive director of Excalibur Global Financial Holdings Limited (SEHK: 08350) on 12 January 2018. Mr. Chin has served the Group for over 10 years.

Mr. Sun Ju Yi (孫聚義), aged 65, graduated from the Finance and Economic Institute of Tianjin in the PRC in 1978 and underwent a master research study program at the Finance and Economics Institute of Tianjin in the PRC in 1978. He is a senior accountant and a registered accountant in the PRC. He had been a lecturer of the Finance and Economic Institute of Tianjin and the assistant to the principal of Shenzhen Zhong Hua Accounting Firm. Mr. Sun has over 30 years of experience in financial lecturing, accounting, auditing and corporate financial management. Mr. Sun was an independent non-executive director of Jinchuan Group International Resources Co. Ltd (formerly known as Macau Investment Holdings Limited) (SEHK: 02362). He is a director of Gemdale Corporation (金地集團) (600383.SH), a listed PRC nationwide property developer. Mr. Sun has served the Group for over 5 years.

顧衛明先生，49歲，為本集團執行董事及副總經理，負責集團之信息及人力資源管理工作。彼於一九九七年八月加入本集團並於零售業擁有超過廿年經驗。於二零一四年，顧先生取得中國天津大學頒發之工商管理碩士學位。顧先生已於集團服務了超過二十年。

莊小雄先生，35歲，分別於二零零五年及二零零六年獲英國盧頓大學頒授工商管理文學士學位以及財務及商務管理碩士學位。莊先生現為深圳市總商會(工商聯)副會長及政協深圳市委員會委員。莊先生為莊陸坤先生及莊素蘭女士之兒子。彼於二零零六年加盟本集團成為全職僱員。現負責本集團的整體經營管理。莊先生已於集團服務了超過十二年。

獨立非執行董事

錢錦祥先生，CPA (practising)，FCMA，60歲，香港之執業會計師。錢先生是英國特許管理會計師公會資深會員及香港會計師公會會員。彼於審計、會計及財務管理方面擁有豐富的經驗。於二零一八年一月十二日，錢先生獲委任為駿溢環球金融控股有限公司(聯交所：08350)之獨立非執行董事。錢先生已於集團服務了超過十年。

孫聚義先生，65歲。彼於一九七八年畢業於天津財經學院，並於一九七八年於中國天津修畢碩士研究生學習課程。彼為中國高級會計師及中國註冊會計師。彼曾為天津財經學院講師及中國深圳中華會計師事務所所長助理。孫先生於財經授課、會計、審計及企業財務管理方面超過30年經驗。孫先生曾為金川集團國際資源有限公司(前名為澳門投資控股有限公司)(聯交所：02362)之獨立非執行董事。現為中國上市國家地產發展商金地(集團)股份有限公司(上交所：600383)之董事。孫先生已於集團服務了超過五年。



Biography of Directors and Senior Management (Continued) 董事及高層管理人員簡歷(續)

Mr. Ai Ji (艾及), aged 64, graduated from Hunan Radio and Television University (湖南廣播電視大學) with a bachelor's degree in law and obtained the qualification of a practising lawyer in 1988. Mr. Ai is a practising lawyer in the PRC, has worked for Hunan Chuhua Law Firm (湖南楚華律師事務所) and Guangdong ShenTianCheng Law Firm (廣東深天成律師事務所), and is a senior partner of the Yingke Law Firm (盈科律師事務所). He is a member of the standing committee of the fifth session of National Committee of the Chinese People's Political Consultative Conference (Shenzhen) (中國人民政治協商會議深圳市委員會), a member of various committees (including member of the sixth and seventh sessions of standing committee of Guangdong, deputy chairman of legal system committee, and deputy chairman of the fifth and sixth sessions of Shenzhen committee) of the China Democratic National Construction Association (中國民主建國會). Mr. Ai practised as a legal counsel and has accumulated over 36 years experience in various commercial and law firms in the PRC. Mr. Ai has served the Group for over 10 years.

SENIOR MANAGEMENT

Ms. Zhou Ling Li (周玲利), aged 30, is the manager for the supermarket division of the Group, responsible for the overall strategic development, implementation and operation, commodity procurement and resource allocation, and logistic delivery management etc of the supermarket division. Ms. Zhou obtained the certificate of Business Enterprise Management and the Internet Education from the Nankai University of Tianjin and Dongbei University of Finance & Economics University of Liaoning respectively. Ms. Zhou joined the Group in 2009. She has extensive experience in retail supermarket management and procurement. Ms. Zhou has served the Group for over 9 years.

Mr. Chen Li Chong (陳理崇), aged 42, is the manager for the engineering department of the Group, responsible for the establishment of engineering and facilities management system, purchase of bulk equipment, and project based renovation program etc. Mr. Chen obtained the certificate of Housing Architecture from the Fujian Agriculture And Forestry University and is a PRC registered civil engineer. Mr. Chen joined the Group in 2003. He has extensive engineering facilities management experience. Mr. Chen has served the Group for over 15 years.

艾及先生，64歲，一九八八年畢業於湖南廣播電視大學並獲得中國律師資格。艾先生為中國執業律師，曾執業於湖南楚華律師事務所及廣東深天成律師事務所，現為盈科律師事務所任高級合夥人。彼為中國人民政治協商會議深圳市第五屆委員會常務委員，中國民主建國會廣東省委員會第六及七屆委員、法制委員會副主任、深圳市委員會第四及五屆副主委。艾先生為法律顧問，曾於中國多間企業及律師行累積超過三十六年經驗。艾先生已於集團服務了超過十年。

高級管理層

周玲利女士，30歲，超市事業部總監，負責超市業態的戰略發展規劃、實施運營，超市商品的採購與資源整合，以及物流配送管理等工作；周女士分別取得天津南開大學工商企業管理專業證書及遼寧東北財經大學網絡教育本科學歷。周女士於二零零九年加入本集團，擁有豐富的零售商超營運管理及採購工作經驗。周女士已於集團服務了超過九年。

陳理崇先生，42歲，工程設備中心總監，負責工程及設備管理體系的建立，大型動力設備的採購，以及大型裝修改造工程項目管理等工作；陳先生取得福建農林大學房屋建築專業證書，為中國註冊土建工程師。陳先生於二零零三年加入本集團，擁有豐富的工程設備管理經驗。陳先生已於集團服務了超過十五年。



Biography of Directors and Senior Management (Continued)

董事及高層管理人員簡歷(續)

Mr. Li Dong (李棟), aged 43, is the manager responsible for security and safety management of the Group. Mr. Li obtained a certificate of Business Administration from the Open University of China in 2011. Mr. Li has served as store manager, deputy manager of the human resources department, the chief operation officer, the general manager of the Guangxi subsidiary and the deputy manager of the procurement department. Mr. Li has over 17 years of experience in the retail industry. Mr. Li has served the Group for over 14 years.

Mr. Zhuang Ru Zhao (莊汝昭), aged 36, is the manager responsible for the management of online sales of the Group. Mr. Zhuang obtained the certificate of Education Management and the master degree of Business Administration from the South China Normal University of China and University of Wales in England in 2005 and 2014 respectively. Mr. Zhuang joined the Group in 2005. He has worked for the positions of office administration manager, senior executive manager and chairman of labour union. Mr. Zhuang has served the Group for over 13 years.

COMPANY SECRETARY

Mr. Ho Yuet Lee, Leo (何悅利), FCCA, CPA, ACIS, ACS, aged 44, is the finance manager and company secretary of the Group. Mr. Ho obtained bachelor degree of Business Administration (Honours) in Accounting from the Hong Kong Baptist University in 1995 and a master degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators. Mr. Ho has experience in accounting, auditing and corporate finance. Mr. Ho has served the Group for over 10 years.

李棟先生，43歲，安防總監，負責整體安全防範管理工作。李先生於二零一一年畢業於中央廣播電視大學工商管理專業。李先生擔任過分店店長、人力資源副總監、營運總監、廣西子公司總經理及採配副總監。李先生於零售行業擁有超過十七年經驗。李先生已於集團服務了超過十四年。

莊汝昭先生，36歲，電商總監，負責網購管理工作；莊先生分別於二零零五年及二零一四年於華南師範大學及英國威爾斯大學取得教育管理本科學歷及工商管理碩士學位。莊先生於二零零五年加入本集團，曾擔任辦公室主任、行管中心高級經理及工會主席。莊先生已於集團服務了超過十三年。

公司秘書

何悅利先生，FCCA，CPA，ACIS，ACS，44歲，為本集團財務經理及公司秘書。分別於一九九五年及二零零八年獲香港浸會大學頒授工商管理學士(榮譽)學位(主修會計)以及香港理工大學頒授公司管治碩士學位。彼為英國特許公認會計師公會資深會員，香港會計師公會會員，香港特許秘書公會會員及英國特許秘書及行政人員公會會員。何先生在會計、審計及企業融資方面擁有經驗。何先生已於集團服務了超過十年。

Management Discussion and Analysis

管理層討論及分析





Management Discussion and Analysis (Continued)
管理層討論及分析(續)



(A) INDUSTRY REVIEW

In 2017, the Global economy was growing steadily in a critical stage. Global economic activities improved with recovery in the developed nations and fast growing in the developing countries. However, the strength of recovery was not strong and differentiated. The growing pace of US and China economies was stable, with positive effect on the Latin America and “Belt and Road” zone. The European economy was under recovery stage, and the political prospect needs special concern. Difference in developing pace in different countries will change the global economic pattern, with the economic core moving eastward.

Chinese resident income increased steadily. This accelerated the switch and expansion of spending market. New consumption form and pattern arose, which changed the operating structure, the commodity mix and the market strategy, helped to drive the economic growth. At the same time, traditional retail entities resumed sales growth by extending its sales channel. Supermarket and department stores employed commodity delivery chain, artificial intelligence and mobile internet technique to optimize its delivery system. With the combination of the e-commerce platform, a new retail industry providing catering, shopping, entertaining and leisure activities appear.

(一) 行業概覽

二零一七年，全球經濟穩定增長，處於關鍵時期。發達經濟體復蘇，新興經濟體快速增長，全球經貿活動回暖。但復蘇力度依然不足，區域差距依舊較大。美國、中國經濟有望穩定增長，對拉丁美洲和「一帶一路」地區產生正面影響。歐洲經濟走上復蘇階段，需要密切關注政治前景。各國經濟發展差異將改變全球經濟格局，世界經濟重心將向東移。

中國居民收入增長穩定，消費轉型升級形勢明顯，消費品市場規模進一步擴大，新興業態和新商業模式快速發展，消費品市場業態結構、商品結構、及城鄉結構持續變動，消費繼續發揮經濟增長主要驅動力的作用。同時，傳統零售業企業積極拓展銷售管道，呈現恢復性增長態勢。超市及百貨依託商品配送鏈、人工智能和移動互聯網等技術以完善配送體系，與電商平台融合，湧現出集餐飲、購物、娛樂及休閒等多功能於一體的新零售行業。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

According to the statistics released by the National Bureau of Statistics of China, GDP for the year amounted to RMB82,700 billion, representing a 6.9% increase over last year. Total retail sales of social consumer goods for the year was RMB36,600 billion, representing an year-on-year (“YOY”) growth of 10.2%. Among them, retail sales of “over-the-threshold” consumer goods grew by 8.1% on an YOY basis to RMB16,100 billion. Retail sales of urban consumer goods rose by 10.0% to RMB31,400 billion YOY, while retail sales of rural consumer goods rose by 11.8% to RMB5,200 billion YOY. By consumption pattern, retail sales of commodities went up 10.2% to RMB32,700 billion YOY. During the year, total domestic online retail sales amounted to RMB7,200 billion, representing an YOY growth of 32.2%. Among them, commodity goods online retail sales grew by 28.0% on an YOY basis to RMB5,500 billion, accounting for 15.0% of the total retail sales of social consumer goods. The growth in the food and drink, apparel and daily consumption categories were 28.6%, 20.3% and 30.8% respectively. The annual per capita income amounted to RMB26,000. On further breakdown, per capita disposable income of urban residents amounted to RMB34,000, increased by 7.2% as compared with last year; Per capita disposable income of rural residents amounted to RMB13,000, increased by 8.6% as compared with last year.

Overall, despite certain decrease in sales of commodities category (mainly apparel), the traditional retail store industry is still healthy and flourishing.

根據中國國家統計局的統計數據，全年國內生產總值人民幣82.7萬億元，比上年增長6.9%。全年社會消費品零售總額人民幣36.6萬億元，比上年增長10.2%，其中，限額消費品零售額人民幣16.1萬億元，比上年增長8.1%。城鎮消費品零售額人民幣31.4萬億元，比上年增長10.0%。鄉村消費品零售額人民幣5.2萬億元，比上年增長11.8%。按消費形態計，商品零售人民幣32.7萬億元，比上年增長10.2%。全年全國網上零售總額人民幣7.2萬億元，比上年增長32.2%。其中，實物商品網上零售額人民幣5.5萬億元，比上年增長28.0%，佔社會消費品零售總額的比重為15.0%。飲食、服裝和日常用品類別分別增長28.6%、20.3%和30.8%。全年人均收入人民幣2.6萬元。其中，城鎮居民人均可支配收入人民幣3.4萬元，比上年增長7.2%；農村居民人均可支配收入人民幣1.3萬元，比上年增長8.6%。

總體來看，除了若干商品類別(主要為服裝)銷售下行外，傳統零售店行業整體仍保持暢旺。



Management Discussion and Analysis (Continued) 管理層討論及分析(續)

(B) BUSINESS REVIEW

At year end date, the Group has directly operated 11 retail stores with a total gross floor area of approximately 149,000 square meters, principally located in Guangdong province (including Shenzhen and Foshan) and Guangxi Zhuang autonomous region. Among them, ten retail stores (total gross floor area of approximately 146,000 square meters) are operating as retail outlets and one is used for leasing purpose. For the ten retail outlets, eight of them are in Guangdong (seven in Shenzhen and one in Foshan) and the remaining two are in Nanning Guangxi. On the catering side, the Group has operating three restaurants (two main theme restaurants located in Nanshan and Baoan Central District of Shenzhen) and one Chinese restaurant (located in Longgang Shenzhen). During the year, the Group has closed two beverage kiosks.

Besides, the Group also owns a four-floor commercial property located in Baoan Central District, Shenzhen, Guangdong province. Except for part of one floor being used as the Group's own headquarters, all other commercial floors have been fully leased out for rental purpose. The Group has completed the takeover of Bantian shopping mall in Longgang of Shenzhen from the connected party landlord on September 2017. Renovation of the mall has been carried out and the mall has inaugurated before the end of year. The Group has started a new page for operating a shopping mall.

Establish the first shopping mall to connect the new trend of retail industry

The Group has commenced operation of the Max City (the shopping mall portion of the Jiahua Ling Hui Plaza). The shopping mall is located at the Bantian Longgang of Shenzhen which has seven floors covering approximately 35,000 square meters. It is situated at the busy crossroad of Bantian Longgang, which will bring a new type of shopping experience to the neighbourhood.

The mall was renovated with new ideas which bring up a combined spirit of the charming of Chinese culture and modernization. The theme is named "Splendid of the East". It used the elements of bamboo to represent the aroma of eastern culture and expressed a sense of LOHAS, which gives our customers a visual impact and green concept.

(二) 業務回顧

於年末，本集團直接經營的零售門店有11家，總建築面積約14.9萬平方米，主要集中在廣東省(包括深圳及佛山)及廣西壯族自治區。其中，10家(總建築面積約14.6萬平方米)作為零售門店及1家作為出租物業。10家零售門店中，8家位於廣東(深圳及佛山分別有7家及1家)，其餘2家位於廣西南寧。餐飲方面，本集團經營3家餐廳(2家主題餐廳分別位於深圳南山區及寶安中心區)及1家中式餐廳(位於深圳龍崗區)。年內，本集團關閉了2家主題茶店。

另外，本集團亦擁有位於廣東省深圳市寶安中心區之四層商業部份物業，除其中一層部份面積用作為集團總部辦公室外，所有其餘商業樓層已全部作出租物業用途。本集團於二零一七年九月從關連方業主接收了深圳龍崗區坂田購物中心，中心已進行翻新並於年底前正式開業，揭開了本集團營運購物中心之新一頁。

建立首個購物中心 迎合零售行業新趨勢

百佳華購物中心(佳華領匯廣場)位於深圳市龍崗坂田，合共約3.5萬平方米的七層購物商場正式開業。購物中心雄踞龍崗坂田繁華位置，為附近一帶居民帶來全新購物體驗。

購物中心室內設計上投放了大量新構想，力圖打造一個極具中國傳統及現代感的氛圍。設計以「悅目東方」為主題，使用大量「竹元素」滲透出東方文化的韻味，展演了樂活精神，給顧客帶來視覺衝擊及環保概念。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Each floor has its own unique topic with different design idea and floor plan layout. The auxiliary corridor was decorated with hand-made graffiti and the wooden chairs in the open area was shaped in artistic knitting. The complex was the first shopping mall in Bantian having the elements of buying, leisure, entertaining and beverage in one stop, with cinema, elite supermarket, fashionable brand name, international food bazaar and parenting activities etc.

Advance the Internet Technology subsidiary to promote shop freely mode

During the year, the Group has obtained recognition of the integration of informatization and industrialization in the management system as the first retail company achieving this merit in the country. The integration covers both operation and financial areas, including data, technique, work flow and organizational structure, and encompasses management duties, basic security, implementation schedule, and assessment and improvement. The system should be information based and sustainable.

On the other hand, the subsidiary of the Group was listed on the Chinese High-Tech Enterprise Certification of Shenzhen in 2017. The subsidiary engaged in internet plus transformation, innovation, multi-class integration, technology research concepts to develop service platform.

For the development of smart supermarket, the Group has cooperated with Dmall Life Network Technology Co., Ltd. ("DMall") to introduce its shop freely function in three of our stores and promote a new way of shopping with no tills or cashiers. DMall application allows shoppers to scan their smartphone upon purchases and the bill will be automatically charged to a his/her online account when they leave the store. This enhances traditional shopping experience and reduces operation costs. More applications will be available, including minutes pay, membership consolidation, O2O etc, will give customers more shopping experience in the new shopping era.

商場樓層都具有獨立主題，設計思想各具特色，場景打造細膩。在樓層通道以純手繪形式對牆面進行了粉飾，及場外休憩區域的木椅以藝術編織成形。購物中心為坂田區內首個集購物、休閒、娛樂及餐飲於一體的一站式時尚購物中心，包括影院、精品超市、時尚品牌、國際美食廣場、親子娛樂等。

發展網路科技附屬公司，推進自由購物模式

年內，本集團取得「管理體系兩化融合」認證評定，成為全國首家通過「兩化融合」評定的零售企業。實現業務和財務一體化的兩化融合管理。該管理體系包括資料、技術、業務流程與組織結構，涵蓋管理職責、基礎保障、實施時間表以及評測與改進。該體系以資訊支撐，追求可持續發展模式。

另外，集團之子公司被列入為深圳市二零一七年國家高新技術企業名單。子公司以互聯網+轉型，創新驅動、跨界融合，以技術研究的理念，發展服務平台。

於商場超市智慧化方面，本集團與多點新鮮(北京)電子商務有限公司(「多點」)合作，接入多點自由購功能於3家門店，推進逛超市不排隊的新購物模式。多點自由購使客戶於購物時掃描彼等的智能手機後，即可於離開店舖時從彼等的網上戶口自動扣除賬單，不僅提升了傳統的購物體驗，亦節省營運成本。多點秒付、會員一體化及線上線下等業務還將陸續推出，為消費者帶來更多新零售時代購物體驗。



Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Establish the new commercial factoring system to expand the business scope

During the year, the Group has produced a set financial product solution (including accounts receivable pledging transfer and invoice financing) through a first tier supplier of a national telecommunication giant. The Group walked through the full process from sales order making, material purchases, production planning, logistic, invoice dispatch and debt recovering etc. By cross verification with clients, core business, manufacturer and logistic partner, the financing risk will be reduced.

In 2017, the government has tightened the control within the financing industry which affects banks and securities house towards the factoring business. Nevertheless, the Group was able to obtain a better performance. In future, we are going to expand the scope of factoring business by establishing a factoring system with specific adjustment to particular industry to generate standardized products.

Operate theme and specialty restaurant to broaden business criteria

The Group has operated two theme restaurants, which were located at the hot vacation park (Shenzhen Nanshan OCT Harbour) and a hypermarket (Shenzhen Baoan Uniwalk) during the year, serving western style cuisine of fresh raw materials and new cooking technique, together with side dish and dessert. The restaurants offer healthy food and beverage for family and friends to enjoy the menu in the secret path, and activities such as salon photo-taking, birthday party, wine tasting and tea time etc. On the other hand, the Group has started preparation for two new restaurants in Shenzhen, which are located at Longgang Wanke Square and Bantian Jiahua Linghui Plaza, which have been opened in January 2018.

A Chinese cuisine restaurant – the Goose pot, was introduced from Guangdong Qingyuan to Shenzhen residents. The food provided was simple and stable, with reliable supply chain, and traditional recipe. The first store was opened in Bantian Jiahua Linghui Plaza in Longgang, and there will be another stall coming in Gongming Shenzhen.

搭建新保理系統，擴大業務範疇

於年內，本集團通過對一家全國大型電訊公司的一級供應商提供供應鏈金融服務(其中包括應收賬款質押轉讓及訂單融資)，摸索出一套供應鏈金融產品方案。本集團從訂單下達、採購原料、生產規劃、物流運輸、發票收送至回款把控等，全環節參與，通過與客戶、核心企業、廠家、物流企業的交叉驗證，有效地提高風險把控。

二零一七年，儘管政府提高對金融業的監管措施導致銀行、券商對保理行業有所影響，但本集團於這方面的收益亦有所提升。未來，我們將通過保理系統的搭建，並根據各行各業的特點進行具體調整，把有關方案生成標準化的產品，擴大保理業務的範疇。

經營主題及特色餐廳，擴闊業務層面

本集團年內經營兩家主題餐廳，位於深圳市之南山區歡樂海岸及寶安區壹方城中心內，為區內假日渡假熱點及超大型購物中心，以西餐為主，原生食材與新穎烹飪技術結合，還有小食和甜品系列。令顧客可以享受豐富多樣的餐飲，也能在秘密花園與朋友家人共享美食。餐廳提供沙龍拍攝、生日聚會、品酒會及下午茶等活動。另外，於年底前已開展另外兩家深圳新分店之籌備工作，龍崗萬科里廣場及坂田佳華領匯廣場分店已順利於二零一八年一月開業。

集團亦開辦一家中菜餐廳－肥鵝鵝煲，從廣東省清遠市引入予深圳居民。該項目出品簡單穩定，原材料供應鏈有保障，加上傳統配方。首家分店已落戶龍崗區坂田領匯廣場，另一家新分店亦會稍後於深圳公開開業。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The Group was preparing another restaurant with new technology, aiming at sharing, interactive and experience. It named “I enjoy cooking”. There will be different functional zone surrounding different catering topics, offering a one stop leisure place for local residents and visitors. The first store will be opened in Longgang Bantian Jiahua Linghui Plaza soon.

Reform the risk management system by improving the organizational chart

The Group has been building the risk management system focusing on ideology and structure. The risk management division will enact relevant rules and regulation documents, arrange publication and training to all managerial and general staff. Apart from these, the existing working procedure and internal control manual will be updated, adjusted and improved to form a more scientific risk management framework.

The framework contained four major components. System is the fundamental element. The rules, procedures and guideline of the five basic duties of risk management division will be documented. Then, the internal control of the Group will be enhanced by strengthening of work flow document and importing key risk and control measures. Furthermore, publication and education will be launched by organizing meeting, training, alert activities and promissory declaration etc. The main purpose is to reinforce risk control and prevent fraud. The final one will be audit and inspection. This covers adjustment on audit direction and project based audit. Criteria includes external audit, management audit and due diligence etc.

The organization of risk management encompasses five components, including internal control, major risk management, anti-fraud, internal audit and legal risk management. The mission is to promote business development by managing risk. The task force will be composed of internal control, audit and legal departments to accomplish the goal.

本集團於年內開始籌備一家具備新科技、以分享，互動，體驗為主線的餐廳－我樂廚。餐廳分為不同功能區域，主題圍繞不同的飲食題材，為本地居民及遊客提供一站式消閒地點。首家分店即將於龍崗坂田領匯廣場開業。

改革風險管理系統，優化組織結構

本集團年內建設風控體系，風控意識導入和風控框架搭建尤為重要。一方面，風控中心將陸續制定規範的風控制度相關檔，向集團各級管理人員和普通員工進行宣貫和培訓；除此以外，現有工作流程和內控手冊將作出更新、調整和優化，以建立起更為科學的風控框架。

風控框架包含四個主要骨架。首先是制度；制定風控中心五個基本職能的制度／流程／指引檔。本集團將透過鞏固公司制度流程檔，嵌入關鍵風險和控制措施，提升內控。此外，宣貫教育將通過舉行會議、培訓、警示教育活動、簽署承諾書等形式進行，主要目的為強化風險控制和防範舞弊。最後為審計檢查，包括調整審計檢查的工作方向，及圍繞工程項目等重點方向，以審計稽查、管理審計、審計調查等方式。

風控體系由內部控制、重大風險管理、反舞弊、內部審計、法律風險管理等五個部分組成，目標為「管控風險，促進業務發展」。風控中心將由內控部、審計部、法務部共三個部門組成，以配合及支援風控達成目標。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

(C) OUTLOOK

Looking forward to 2018, retail industry is still facing rising cost and e-commerce competition. The operation mode division will be more apparent. With the increase in resident household income and demand of service, the spending pattern will be heading quality goods and lofty leisure activities. Shopping and leisure experience will become the focus point for retailers, and shopping mall will be the general direction.

Apart from this, the Group is prepared for the sales reorientation works by strengthening operation management to enhance our profit level and tackle challenge from the e-commerce operators. At the same time, the Group will continuously renovated our stores to enhance the shopping experience, to prepare new shopping mall, to put forward system construction for factoring business, to develop food and beverage business, to open up community convenience store, and to make use of online shopping platform. On the operation level, information system build up and improvement, customer satisfaction enhancement will be maintained. On the investment side, the Group will look for other appropriate investment opportunities, extend our business horizon, to increase return rate to shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, total revenue of the Group (that is, the aggregate proceeds from direct sales of goods, commissions from concessionaire sales, rental income from sub-leasing of shop premises, rental income from investment properties, rental income from sub-leasing of a shopping mall, interest income from factoring services, and sales of food and catering) was approximately RMB700.2 million, representing a decrease of approximately 3.9% from approximately RMB728.9 million in 2016.

During the year, there were additional renovation works to some of our major stores, to give a new shopping environment to the shoppers. Besides, our stores have undergone rearrangement of sales floor area by injecting trendy brand name and hot food and beverage or entertaining operators. During the period of renovation, temporary suspension of business in our stores and this adversely affected our direct sales turnover. The Group has opened its first shopping mall in Longgang Bantian to bring new operation income from the new retailing era.

(三) 未來展望

展望二零一八年，零售業依然面臨成本上升及電商衝擊等競爭因素，經營兩極分化將更為明顯。隨著居民家庭收入及服務要求提高，消費模式將向優質產品及高尚優閒活動的方向發展。「購物休閒體驗」將成為零售商的重點，購物中心則成為這一趨勢的大方向。

儘管如此，集團仍會籌劃以銷售為導向的轉型工作，加強營運管理以進一步提高盈利水準，應對電子商務營運商帶來的衝擊。與此同時，集團會繼續升級所有門店，以求提升購物體驗，並籌備新購物中心，推進保理業務系統建設，發展餐飲業務，開立社區便利店，利用網上購物平台。在營運方面，集團會推進資訊系統建設及改進，以提升客戶滿意度。在投資方面，本集團會繼續找尋其他合適之投資機會，擴闊經營範疇，以增加股東之回報率。

財務回顧

收入

截至二零一七年十二月三十一日止年度，本集團的總收入(即直接銷售貨品、專賣銷售所得佣金、分租店舖物業的租金收入、投資物業的租金收入、分租購物中心的租金收入、來自保理服務之利息收入及銷售食物及餐飲合計之所得款項)約為人民幣700.2百萬元，較二零一六年約人民幣728.9百萬元減少約3.9%。

於年內，集團部分的主要店舖進行額外翻新工程，務求為顧客帶來全新的購物環境。另外，我們的店舖亦透過將潮流品牌及火熱的餐飲或娛樂休閒經營商帶進店內，以改動店面的銷售面積。於翻新期間，店舖暫停營業對集團的直接銷售營業額帶來不利影響。本集團亦已於龍崗區坂田開設其首個購物中心，從零售新時代帶來新的營運收入。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

In 2017, total direct sales of goods except online sales declined by approximately 8.1% to approximately RMB508.7 million. Sales margin of direct sales except online sales was approximately 17.9% for the year of 2017, which was apparently higher than the sales margin of direct sales except online sales of approximately 15.8% for the year of 2016, as a result of the tighten control over operation loss and commodity mix. On the other hand, internet sales amounted to approximately RMB0.5 million during the year due to change of sales direction from direct sales to sales on behalf of retailers.

Commission from concessionaire sales decreased by approximately 0.7% to approximately RMB109.5 million for the year of 2017 as the upgrade of suppliers and brand name have been nearly completed, though partly affected by the new retailing era. In contrast, rental income from sub-leasing of store premises increased to approximately RMB51.6 million for the year, an increase of approximately 0.5% comparatively on yearly basis as most of the food and beverage or entertaining operators under fixed rental lease has become mature and stable. Rental income from investment properties increased by approximately 10.5% to approximately RMB10.1 million for the year. The increase was mainly due to arrival of first rental increment period of most of the tenancy, and full year rental income of the second floor of the properties to a related party. During the year, factoring business has been improved. Income from factoring services has been increased by 52.4% to approximately RMB2.8 million. The business in the catering industry of two theme western restaurants and a specialty Chinese restaurant have been expanded which achieved a turnover of approximately RMB10.1 million during the year. The two beverage kiosks have been closed. On the other hand, the Group has started the management of its first shopping mall of with seven lifestyle floors. The rental income was approximately RMB6.9 million during the year.

Other operating income

Other operating income of the Group, which mainly comprised of interest income, net exchange gain, administration and management fee income from suppliers, government grants and miscellaneous income, amounted to approximately RMB63.3 million in 2017, representing a decrease of approximately 9.6% from approximately RMB70.0 million in the year of 2016. The main reasons are (i) the decrease of government grants of approximately RMB1.2 million; (ii) the storage charge from suppliers of approximately RMB1.7 million last year was not recurring; (iii) the sundry income from clearance of old accounts payable balances and compensation for loss from fire insurance of approximately RMB1.2 million and RMB0.3 million respectively last year was not recurring; and (iv) change of tax policies on income with effects of approximately RMB2.9 million.

於二零一七年，除線上銷售外的直接銷售貨品總額下跌約8.1%至約人民幣508.7百萬元。於二零一七年，除線上銷售外的直接銷售毛利率約為17.9%，顯然較二零一六年的除線上銷售外的直接銷售毛利率約15.8%為高，乃由於營運損耗及商品組合的控制收緊。其中，年內網上銷售額約為人民幣50萬元，乃由於銷售方向由直接銷售改為代購代銷。

於二零一七年，雖受零售新時代影響，但專賣銷售所得佣金因引進著名供應商及品牌而減少約0.7%至約人民幣109.5百萬元。相反，年內分租店舖物業的租金收入相對去年增加約0.5%至約人民幣51.6百萬元，乃由於大部分以固定租金形式租賃的餐飲經營或娛樂休閒經營商已開始成熟穩定。年內投資物業的租金收入增加約10.5%至約人民幣10.1百萬元。增加主要由於大部份租賃協議已進入第一次租金遞增時期，以及來自向一名關聯方出租投資物業二樓的全年租金收入。於年內，保理業務已有所改善。來自保理服務的收入增加52.4%至約人民幣2.8百萬元。餐飲業務的兩家主題西餐廳及一家特色中菜廳已開業，於年內達到約人民幣10.1百萬元營業額。而兩家茶店已結業。另外，本集團已開始營運其首個七層時尚購物中心，本年租金收入約為人民幣6.9百萬元。

其他經營收入

於二零一七年，本集團的其他經營收入(主要包括利息收入、匯兌得益淨額、來自供應商的行政及管理費收入、政府補貼及其他收入)約為人民幣63.3百萬元，較二零一六年的約人民幣70.0百萬元下降約9.6%。主要原因為(i)政府補貼減少約人民幣1.2百萬元；(ii)沒有再收取去年供應商收取的儲存費約人民幣1.7百萬元；(iii)沒有再收取去年清理舊應付款項結餘的雜項收入及火災保險損失賠償分別約人民幣1.2百萬元及人民幣30萬元；及(iv)收入稅務政策變動影響約人民幣2.9百萬元。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Cost of inventories sold

Cost of inventories sold represents the cost of inventories sold of approximately RMB421.5 million, representing a decrease of 10.1% from approximately RMB469.0 million in 2016. Upon the stringent control on procurement management, cost of direct sales has been decreased more than the direct sales of goods. The Group's cost of inventories sold for direct sales except online sales declined to approximately RMB417.8 million for the year ended 31 December 2017, representing a decrease of approximately 10.3% from approximately RMB465.9 million in the year of 2016.

Increase in fair value of investment properties

Increase in fair value of investment properties increased from approximately RMB10.6 million for the year ended 31 December 2016, to approximately RMB20.1 million for this year, representing an increase of approximately 89.6% due to changing conditions in real estate market.

Staff costs

The Group's staff costs increased by 10.9% from approximately RMB89.4 million in 2016 to approximately RMB99.2 million in 2017. The increase was mainly due to opening of new shopping mall and new restaurants, and rose in labour cost.

Depreciation

The Group's depreciation increased by 14.6% from RMB31.1 million in 2016 to approximately RMB35.7 million in 2017. The change was primarily due to opening of new restaurants and additional expenditure on the amortisation of fixed assets for renovation of stores during the year. Depreciation as a percentage of total revenue of the Group increased from 4.3% in 2016 to 5.1% in 2017.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB13.9 million, mainly due to opening of new shopping mall and new restaurants.

Administration expenses

Administration expenses increased by approximately RMB7.8 million, mainly due to opening of new shopping mall and new restaurants.

已售存貨成本

已售存貨成本指銷售貨品成本約為人民幣421.5百萬元，較二零一六年約人民幣469.0百萬元減少10.1%。在採購管理的嚴格控制下，直接銷售成本下跌多於直接銷售貨品。本集團除線上銷售外的直接銷售的已售存貨成本由二零一六年約人民幣465.9百萬元下降約10.3%至截至二零一七年十二月三十一日止年度約人民幣417.8百萬元。

投資物業公平值增加

投資物業公平值由截至二零一六年十二月三十一日止年度約人民幣10.6百萬元增加至本年度約人民幣20.1百萬元，升幅約89.6%，乃由於房地產市場變動因素所致。

員工成本

本集團的員工成本由二零一六年約人民幣89.4百萬元增加10.9%至二零一七年約人民幣99.2百萬元。增幅主要由於新購物中心及新餐廳開業，及勞工成本上漲所致。

折舊

本集團的折舊由二零一六年約人民幣31.1百萬元增加14.6%至二零一七年約人民幣35.7百萬元。變動主要由於年內新餐廳開業，以及店舖翻新的固定資產攤銷的額外支出所致。折舊佔本集團總收入百分比由二零一六年的4.3%增加至二零一七年的5.1%。

銷售及分銷成本

銷售及分銷成本增加約人民幣13.9百萬元，主要由於新購物中心及新餐廳開業。

行政開支

行政開支增加約人民幣7.8百萬元，主要由於新購物中心及新餐廳開業。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Other operating expenses

Other operating expenses increased by approximately RMB4.6 million, mainly due to (i) provision for a legal claim of approximately RMB3.2 million; (ii) impairment loss on an intangible asset related to kiosks of approximately RMB1.8 million; and (iii) reduction of impairment loss on an available-for-sale financial asset of approximately RMB0.6 million.

Share of loss of an associate

There was no share of loss of an associate during the year. For the year ended 31 December 2016, there was provision of approximately RMB0.1 million representing impairment loss on Shenzhen Egoos Mobile Internet Limited.

Income tax expense

The Group's income tax expense increased by 14.0% from approximately RMB23.4 million in 2016 to approximately RMB26.7 million in 2017 as there was additional provision of withholding tax on income and deferred tax on fair value change of investment properties of the Group.

Profit for the year

As a result of the reasons mentioned above, profit for the year ended 31 December 2017 amounted to approximately RMB33.2 million, representing a decrease of 19.3% from approximately RMB41.1 million in 2016.

Subsequent events

The Group did not have any significant subsequent events subsequent to 31 December 2017.

其他經營開支

其他經營開支增加約人民幣4.6百萬元，主要由於(i)法律訴訟之撥備約人民幣3.2百萬元；(ii)茶店相關無形資產的減值虧損約人民幣1.8百萬元；及(iii)一項可供出售金融資產的減值虧損減少約人民幣60萬元。

應佔一家聯營公司之虧損

於年內概無應佔一家聯營公司之虧損。截至二零一六年十二月三十一日止年度，就深圳市移樂購移動互聯有限公司的減值虧損作出撥備約人民幣10萬元。

所得稅開支

本集團的所得稅開支由二零一六年的約人民幣23.4百萬元增加14.0%至二零一七年約人民幣26.7百萬元，原因為本集團須就收入預扣稅作出額外撥備及投資物業公平值變動的遞延稅項所致。

年度溢利

基於上述理由，截至二零一七年十二月三十一日止年度的年內溢利約為人民幣33.2百萬元，較二零一六年約人民幣41.1百萬元下跌19.3%。

結算日後事項

本集團於二零一七年十二月三十一日後並無進行任何重大結算日後事項。



Management Discussion and Analysis (Continued) 管理層討論及分析(續)

LIQUIDITY AND FINANCIAL RESOURCES

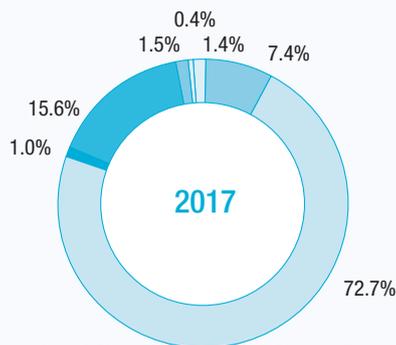
The Group maintains a stable financial position. As at 31 December 2017, the Group had cash and bank balances of approximately RMB288.8 million (2016: approximately RMB328.6 million). During the year, the Group did not use any financial instruments for any hedging purpose.

NET CURRENT ASSETS AND NET ASSETS

The Group's net current assets as at 31 December 2017 was approximately RMB118.6 million, a decrease of 36.6% from the balance of approximately RMB187.1 million recorded as at 31 December 2016.

Net assets slightly up to approximately RMB599.8 million, representing an increase of approximately RMB8.2 million or 1.4% over the balance as at 31 December 2016.

REVENUE – TURNOVER



流動資金及財務資源

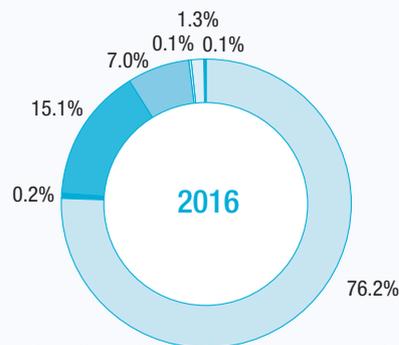
本集團財務狀況維持穩健。於二零一七年十二月三十一日，本集團的銀行結餘及現金約人民幣288,817,000元(二零一六年：約人民幣328,610,000元)。年內，本集團並無採用任何金融工具作對沖用途。

流動資產淨值及資產淨值

本集團於二零一七年十二月三十一日的流動資產淨值約人民幣118,552,000元，較二零一六年十二月三十一日所錄得結餘約人民幣187,094,000元下降36.6%。

資產淨值微升至約人民幣599,776,000元，較於二零一六年十二月三十一日結餘上升約人民幣8,195,000元或1.4%。

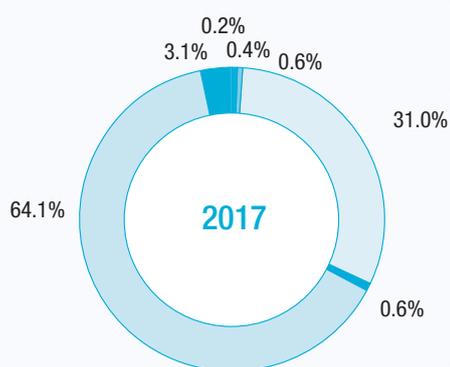
收入－營業額



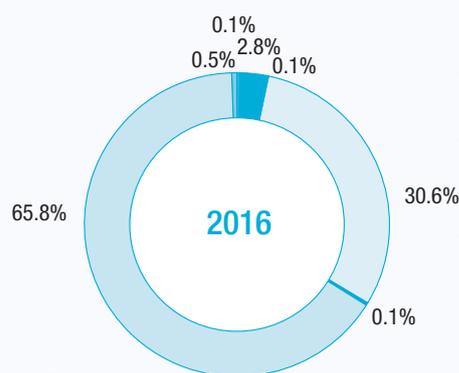
| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| ● Sales of goods | 509,167 | 555,206 |
| ● Commissions from concessionaire sales | 109,525 | 110,330 |
| ● Rental income from sub-leasing of shop premises | 51,581 | 51,331 |
| ● Rental income from investment properties | 10,146 | 9,180 |
| ● Rental income from sub-leasing of a shopping mall | 6,897 | – |
| ● Interest income from factoring service | 2,808 | 1,843 |
| ● Sales of food and catering | 10,059 | 731 |
| ● Others | – | 282 |
| | 700,183 | 728,903 |



GROSS PROCEEDS



所得款項總額



| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| ○ Sales of goods | 509,167 | 555,206 |
| ○ Concessionaire sales | 1,054,112 | 1,190,857 |
| ● Rental income from sub-leasing of shop premises | 51,581 | 51,331 |
| ● Rental income from investment properties | 10,146 | 9,180 |
| ● Rental income from sub-leasing of a shopping mall | 6,897 | – |
| ● Interest income from factoring service | 2,808 | 1,843 |
| ● Sales of food and catering | 10,059 | 731 |
| ● Others | – | 282 |
| | 1,644,770 | 1,809,430 |



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

CORPORATE GOVERNANCE AND OTHER INFORMATION

Risk Management

The activities of the Group expose it to a variety of financial risks, including foreign exchange risk, credit risk, interest rate risk and liquidity risk.

(i) Foreign exchange risk

The Group has operation in the PRC so that the majority of the Group's revenues, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB and HK\$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

(ii) Credit risk

For the operation and management of retail stores and other related businesses and food and catering business, the Group has no significant concentrations of credit risk. Most of the sales transactions were settled in cash basis or by credit card payment. Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from factoring business. In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

The Group's exposure to interest rate risk mainly arises on cash and bank balances and factoring receivables. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

企業管治及其他資料

風險管理

本集團業務承受各種財務風險，包括外匯風險、信貸風險、利率風險及流動資金風險。

(i) 外匯風險

本集團於中國經營業務，故本集團大部分收入、開支及現金流量均以人民幣計值，而本集團大部分資產及負債均以人民幣及港元計值。外幣兌人民幣匯率的任何重大波動可能對本集團造成財務影響。

(ii) 信貸風險

就經營及管理零售店及其他相關業務以及食物及餐飲業務而言，本集團的信貸風險並無出現重大集中情況。大部分銷售交易以現金或信用卡付款結算。現金及銀行結餘的信貸風險已因現金存於享有高度信貸評級的銀行而減低。

本集團面對的信貸風險主要來自保理業務的應收貸款產生。就應收貸款而言，本集團的政策規定所有擬向本集團獲得貸款的客戶須經管理層審核。本集團直接或間接持有抵押物以涵蓋其與應收貸款有關的風險。

信貸及投資政策在過往年度一直由本集團沿用，有效地將本集團承擔之信貸風險限制在理想水平。

(iii) 利率風險

本集團面對的利率風險主要因現金及銀行結餘以及應收保理款項產生。本集團並無採用任何衍生工具合約對沖其利率風險。本集團並無制定管理利率風險的政策。



Management Discussion and Analysis (Continued) 管理層討論及分析(續)

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Risk Management (Continued)

(iv) Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Employees And Remuneration Policy

For the year ended December 2017, the Group had 1,503 full time employees in average in the mainland China and Hong Kong. The Group continues to recruit high calibre individuals and provide continuing education and training for employees to help upgrading their skills and knowledge as well as developing team spirit on an on-going basis. During the year, total staff costs were approximately RMB99.2 million. Competitive remuneration packages are structured to commensurate with reference to individual responsibilities, qualification, experience and performance.

Contingent Liabilities

As at 31 December 2017, the Group has no significant contingent liabilities.

Capital Expenditure

For the year ended 31 December 2017, capital expenditures of the Group for property, plant and equipment amounted to approximately RMB94.2 million (2016: approximately RMB41.9 million).

Capital Commitments

As at 31 December 2017, the Group had capital commitments contracted, but not provided for, amounting to approximately RMB17.4 million (2016: approximately RMB6.4 million).

企業管治及其他資料(續)

風險管理(續)

(iv) 流動資金風險

本集團的政策為維持充足現金及銀行結餘，並取得資金以配合其營運資金需要。本集團的流動資金依賴自其客戶收取的現金。本公司董事信納，本集團將能於可見未來全數履行其到期財務承擔。

本集團的資金管理旨在保障本集團按持續經營基準繼續營運的能力，以為股東帶來回報，同時兼顧其他權益持有人的利益，並維持最佳的資本結構以減低資金成本。

僱員及薪酬政策

截至二零一七年十二月三十一日止年度，本集團於中港兩地聘有平均約1,503名全職僱員。本集團繼續招聘優秀人才，並為僱員提供持續教育與培訓，以不斷提高僱員的技術及知識，並培養團隊精神。年內，員工總成本約為人民幣99,153,000元。本集團按個別僱員的職責、資歷、經驗及表現訂立具競爭力的薪酬待遇。

或然負債

於二零一七年十二月三十一日，本集團並無重大或然負債。

資本開支

截至二零一七年十二月三十一日止年度，本集團就物業、廠房及設備的資本開支約為人民幣94,167,000元(二零一六年：約人民幣41,868,000元)。

資本承擔

於二零一七年十二月三十一日，本集團已訂約但未撥備的資本承擔約為人民幣17,448,000元(二零一六年：約人民幣6,353,000元)。



Management Discussion and Analysis (Continued)
管理層討論及分析(續)

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

企業管治及其他資料(續)

| Retail stores | 分店 | Commence operation on 開始經營時間 | Storey 樓層 | Gross floor area (sq.m.) 建築面積 (平方米) | Average of daily transactions (Supermarket) 每日平均交易數目 (超市) | | Average of daily transactions (Department store) 每日平均交易數目 (百貨) | | Estimated no. of visitors per day 估計每日顧客數目 | |
|---------------|-----|---------------------------------|--------------|--|--|-------|---|-------|---|--------|
| | | | | | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 |
| | | | | | 2017年 | 2016年 | 2017年 | 2016年 | 2017年 | 2016年 |
| Xixiang | 西鄉 | 1/10/1997 | 3 | 8,806 | 4,285 | 4,753 | 28 | 39 | 6,253 | 6,949 |
| Shajing | 沙井 | 1/5/1999 | 5 | 20,978 | 2,787 | 3,426 | 662 | 862 | 5,001 | 6,217 |
| Songgang | 松崗 | 1/1/2001 | 5 | 23,134 | 4,280 | 4,897 | 886 | 997 | 7,491 | 8,545 |
| Longhua | 龍華 | 1/11/2001 | 5 | 24,549 | 2,967 | 2,962 | 1,146 | 1,322 | 5,963 | 6,211 |
| Gongming | 公明 | 1/9/2002 | 4 | 21,843 | 6,422 | 6,699 | 1,250 | 1,349 | 11,124 | 11,670 |
| Shiyan | 石岩 | 1/1/2007 | 1 | 5,852 | 4,886 | 5,143 | 749 | 771 | 8,171 | 8,575 |
| Yanbu | 鹽步 | 1/1/2008 | 2 | 7,987 | 2,090 | 2,294 | 29 | 80 | 3,073 | 3,442 |
| Dashatian | 大沙田 | 1/1/2009 | 3 | 8,500 | 2,590 | 2,619 | 130 | 144 | 3,943 | 4,006 |
| Sanlian | 三聯 | 5/12/2009 | 4 | 9,600 | 2,207 | 2,056 | - | - | 3,200 | 2,981 |
| Taoyuan | 桃源 | 30/12/2009 | 4 | 14,493 | 2,684 | 2,879 | 237 | 248 | 4,235 | 4,535 |

| Retail stores | 分店 | Gross proceeds 所得款項總額 (RMB million) (人民幣百萬元) | | Gross proceeds per day 每日所得款項總額 (RMB thousand) (人民幣千元) | | Gross proceeds per operation area 每日經營面積 所得款項總額 (RMB) (人民幣元) | | Average value per transaction 每宗交易平均值 (RMB) (人民幣元) | |
|---------------|-----|---|-------|--|---------|---|-------|--|-------|
| | | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 |
| | | 2017年 | 2016年 | 2017年 | 2016年 | 2017年 | 2016年 | 2017年 | 2016年 |
| Xixiang | 西鄉 | 67.2 | 75.0 | 184.1 | 205.3 | 23.1 | 25.7 | 47.0 | 45.9 |
| Shajing | 沙井 | 155.7 | 207.4 | 426.6 | 568.2 | 21.5 | 28.6 | 135.9 | 136.5 |
| Songgang | 松崗 | 257.0 | 291.3 | 704.1 | 798.0 | 36.9 | 41.8 | 132.8 | 136.5 |
| Longhua | 龍華 | 308.8 | 342.2 | 846.0 | 937.6 | 40.5 | 44.9 | 232.2 | 218.0 |
| Gongming | 公明 | 379.5 | 407.5 | 1,039.6 | 1,116.5 | 53.1 | 57.0 | 139.8 | 143.1 |
| Shiyan | 石岩 | 268.8 | 290.1 | 736.5 | 794.9 | 156.8 | 169.2 | 132.7 | 140.8 |
| Yanbu | 鹽步 | 30.6 | 33.9 | 83.7 | 92.8 | 14.0 | 15.5 | 38.8 | 38.5 |
| Dashatian | 大沙田 | 59.2 | 58.3 | 162.2 | 159.8 | 34.7 | 34.2 | 61.9 | 58.0 |
| Sanlian | 三聯 | 25.3 | 25.1 | 69.3 | 68.8 | 11.1 | 11.0 | 29.6 | 32.4 |
| Taoyuan | 桃源 | 64.8 | 65.4 | 177.7 | 179.1 | 18.1 | 18.3 | 65.4 | 57.2 |

Notes:

The above-mentioned are unaudited figures and based on internal records.

附註：

上述數字乃未經審核且根據內部記錄作出。

CORPORATE GOVERNANCE REPORT

企業管治報告



The Group fully acknowledges its obligations to its shareholders and investors. For the year ended 31 December 2017, the Company has been in strict compliance with the applicable legal and regulatory requirements of domestic or foreign securities regulatory authorities and has been devoted to improving the transparency of its corporate governance and the quality of information disclosure. The Group also attaches great importance on communication with its shareholders and strives to ensure the timeliness, completeness and accuracy of its information disclosure to its shareholders and investors and to the protection the interests of investors. The Board has strictly complied with the principles of corporate governance and is dedicated to improving the management quality of the Company and the standard of corporate governance continually in order to protect and enhance value for shareholders. To this end, the Company adopted the principles in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules with the aim of enhancing the quality of corporate governance of the Group. Such adoption was reflected in the Company’s Articles of Association, internal rules and regulations and the corporate governance implementation practices.

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code for the year ended 31 December 2017 as contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.6.7 of the Code requires that Independent Non-executive Directors should attend general meeting. Due to other commitments, two Independent Non-executive Directors of the Company had not attended the annual general meeting of the Company held on 29 May 2017.

Code provision E.1.2 of the Code requires that the chairman of the board should attend the annual general meeting. Mr. Zhuang Lu Kun, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 29 May 2017 due to his other business engagements.

本集團深明對股東及投資者的責任。截至二零一七年十二月三十一日止年度，本公司一直嚴格遵守國內或海外證券監管機關的適用法例及監管規定，並致力改善其企業管治的透明度及資料披露的質量。本集團亦重視與股東的溝通，並致力確保能適時向股東及投資者披露完整準確的資料及保障投資者利益。董事會嚴格恪守企業管治原則，並持續致力改善本公司管理質量及企業管治水平，以保障及提升股東價值。就此，本公司已採納上市規則附錄14所載企業管治守則（「企業管治守則」）的原則，務求提升本集團企業管治水平。採納該等原則已於本公司組織章程細則、內部規則及規例以及企業管治實施常規反映。

董事會認為，除下列偏離外，本公司已於截至二零一七年十二月三十一日止年度遵守上市規則附錄14所載的企業管治守則的守則條文：

根據守則下之守則條文A.6.7條，獨立非執行董事應出席股東大會。本公司兩名獨立非執行董事因其他事務而並無出席本公司於二零一七年五月二十九日舉行的股東周年大會。

根據守則下之守則條文E.1.2條，董事會主席應出席本公司之股東周年大會。由於董事會主席莊陸坤先生公務繁忙，故未能出席本公司於二零一七年五月二十九日舉行的股東周年大會。



Corporate Governance Report (Continued) 企業管治報告(續)

BOARD

The Board consists of seven Directors, of whom four are executive Directors including the chairman of the Board and three of whom are Independent Non-executive Directors. Profiles and particulars of the chairman of the Company and other Directors are set out under the section headed “Biography of Directors and Senior Management”. The term of service of each Director (including Independent Non-executive Directors) is three years (two years for Independent Non-executive Directors). Corresponding to the term of service, all executive Directors have entered into service contracts, which are valid for a term of 3 years (two years for Independent Non-executive Directors) and renewable subject to the applicable laws. The names of Directors referred herein are members of the eleventh session of the Board. The principal responsibilities of the Board include:

- to formulate overall strategies, monitor operating and financial performance and determine proper policies to manage risks exposures arising in the course of achieving the Group’s strategic goals;
- to oversee and review the Company’s internal control system;
- to be ultimately responsible for the preparation of financial statements of the Company and to assess the Company’s performance, financial position and prospects in a balanced, clear and comprehensible way in respect of the interim and annual reports of the Company, other price-sensitive announcements and disclosure of financial information pursuant to the Listing Rules, reports submitted to the regulatory authorities and information disclosure pursuant to legal requirements;
- the executive Directors/management in charge of various aspects of the operations of the Company are responsible for the management of daily operations of the Company. The Board is responsible for setting and handling policies, financial and formulating affairs affecting the overall strategy of the Company, including financial statements, dividends policy, material changes to accounting policies, annual operating budget, material contracts, key finance arrangements, major investments and risk management policies;
- the management has received clear guidelines and instructions in respect of their authorities, especially under all circumstances to report to the Board and to seek Board’s approval prior to making any decision or entering into any commitment on behalf of the Company; and

董事會

董事會由七名董事組成，其中四名為執行董事(包括董事會主席)，另外三名為獨立非執行董事。本公司主席及其他董事的履歷及詳情載於「董事及高層管理人員簡歷」一節。各董事(包括獨立非執行董事)的任期為三年(獨立非執行董事為兩年)。全體執行董事已因應有關服務年期訂立服務合約，有效期為三年(獨立非執行董事為兩年)，並可根據適用法律重續。本年報所述董事姓名為第十一屆董事會董事。董事會的主要職責包括：

- 制定整體策略、監控經營及財務表現以及釐定適當政策以管理本集團達致其策略目標過程中產生的風險；
- 監督及檢討本公司內部監控制度；
- 最終負責編製本公司財務報表及妥善清晰且全面地審閱本公司中期報告及年報、其他股價敏感公佈及根據上市規則作出的財務資料披露、呈交監管機關的報告及根據法例規定披露的資料，評估本公司表現、財務狀況及前景；
- 負責本公司業務不同範疇的執行董事／管理人員負責管理本公司日常營運。董事會負責制定及處理影響本公司整體策略的政策、財務及制定事宜，包括財務報表、股息政策、會計政策的重大改動、年度經營預算、重大合約、主要財務安排、重大投資及風險管理政策；
- 管理人員已接獲有關彼等職權的清晰指引及指示，尤其是於所有情況下向董事會報告，及代表本公司作出任何決定或訂立任何承擔前徵求董事會批准；及



Corporate Governance Report (Continued) 企業管治報告(續)

BOARD (Continued)

- to review the responsibilities and authorities delegated to the executive Directors/management on a regular basis and to ensure such arrangements are appropriate.

The members of the Board fully acknowledge their own duties and obligations in treating all shareholders on an equal basis and protecting the interests of all investors. The Company ensures that documents and information relating to the businesses of the Group are provided to Board members on a timely basis. The Independent Non-executive Directors perform their duties in compliance with relevant laws and regulations and safeguard the interests of the Company and its shareholders as a whole. The Company has received confirmation letters from each of the Independent Non-Executive Director in respect of their independence pursuant to Rule 3.13 of the Listing Rules.

Under the Articles of Association of the Company, at least one-third of the Directors shall retire by rotation at the annual general meeting and all newly appointed Directors will have to retire at the next annual general meeting. The retiring Directors are eligible to offer themselves for re-election.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors and officers against losses or liabilities sustained or incurred from execution of their duties. The insurance coverage is reviewed on an annual basis or any intervals as deemed appropriate by the Board.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board met periodically to review the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

董事會(續)

- 定期檢討授權執行董事／管理人員處理的職責及職權，並確保該等安排恰當。

董事會成員完全明白彼等按平等基準對待全體股東及保障所有投資者利益的責任及義務。本公司確保按時向董事會成員提供有關本集團業務的文件及資料。獨立非執行董事遵照相關法律及規例執行彼等的職務，且保障本公司及股東整體利益。本公司已接獲各獨立非執行董事根據上市規則第3.13條就彼等的獨立身分發出的確認書。

根據本公司組織章程細則，股東週年大會上最少三分之一董事須輪值告退，而所有新委任董事均須於下屆股東週年大會告退。退任董事合資格應選連任。

董事及高級職員的責任

本公司已就董事及高級職員履行職責時遭受或招致的損失或責任而面對的法律行動安排適當保險。投保範圍乃每年或董事會認為適當的任何時候進行檢討。

企業管治職能

董事會負責履行守則第D.3.1條所載的職能。

於回顧年內，董事會定期舉行會議，審閱本公司的企業管治政策及常規、董事及高級管理層的培訓及持續職業發展、本公司在遵守法律及監管規定方面的政策及常規、遵守標準守則及僱員書面指引的情況及本公司遵守守則的情況以及於本企業管治報告內的披露。



Corporate Governance Report (Continued)
企業管治報告(續)

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy with effect from 2 July 2014 and discussed all measurable objectives set for implementing the policy. The Company recognises and embraces the benefits of having a diverse Board with a view to enhancing its effectiveness and achieving a high standard of corporate governance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements 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, experience (professional or otherwise), talents, skills, knowledge, length of service and other qualities of Directors. The ultimate decision of all Board appointments should be based on meritocracy and the likely contributions that the selected candidates will bring to the Board. The Nomination Committee has reviewed such board diversity policy in the year.

Continuous Professional Development

The individual training confirmation of each director received for the year ended 31 December 2017 is summarized below:-

董事會多元化政策

董事會自2014年7月2日起採納多元化政策以及討論就實施該政策所制定之所有可量度目標。本公司確認及信奉董事會成員多元化利益。其致力於確保董事會於技巧、經驗及多樣化方面達致平衡，以切合本公司之業務要求。候選人選舉將基於多樣化範圍，包括但不限於性別、年齡、文化及教育背景、經驗(專業或其他)、能力、技能、知識、服務時間以及其他董事所需的資質。最終決定將基於所選定候選人的能力以及可能將為董事會帶來的益處及貢獻。提名委員會於本年度內回顧了此多元化政策。

持續專業發展

本公司已收到每位董事於截至二零一七年十二月三十一日止年度之培訓確認函，其概括如下：-

| Directors | 董事 | Reading Materials 閱讀資料 | Attending seminar(s) relevant to business or directors' duties and responsibilities 出席與業務或 董事職責相關 之研討會 |
|--|-------|---------------------------|--|
| Executive Directors | | | |
| Mr. Zhuang Lu Kun | 莊陸坤先生 | ✓ | ✓ |
| Mr. Zhuang Pei Zhong | 莊沛忠先生 | ✓ | ✓ |
| Mr. Gu Wei Ming | 顧衛明先生 | ✓ | ✓ |
| Mr. Zhuang Xiao Xiong | 莊小雄先生 | ✓ | ✓ |
| Independent Non-Executive Directors | | | |
| Mr. Chin Kam Cheung | 錢錦祥先生 | ✓ | ✓ |
| Mr. Sun Ju Yi | 孫聚義先生 | ✓ | ✓ |
| Mr. Ai Ji | 艾及先生 | ✓ | ✓ |



Corporate Governance Report (Continued)
企業管治報告(續)

COMMITTEES

The monitoring and assessment of certain governance matters are allocated to three committees which operate under written terms of reference. The composition of the committees up to the date of this report is set out in the table below:

| Directors | 董事 | Audit Committee 審核委員會 | Remuneration Committee 薪酬委員會 | Nomination Committee 提名委員會 |
|--|----------------|--------------------------|---------------------------------|-------------------------------|
| Executive Directors | 執行董事 | | | |
| Mr. Zhuang Lu Kun (<i>Chairman</i>) | 莊陸坤先生(董事長) | - | - | - |
| Mr. Zhuang Pei Zhong | 莊沛忠先生 | - | Member 成員 | - |
| Mr. Gu Wei Ming | 顧衛明先生 | - | - | Member 成員 |
| Mr. Zhuang Xiao Xiong | 莊小雄先生 | - | - | - |
| Independent Non-executive Directors | 獨立非執行董事 | | | |
| Mr. Chin Kam Cheung | 錢錦祥先生 | Chairman 主席 | Member 成員 | Member 成員 |
| Mr. Sun Ju Yi | 孫聚義先生 | Member 成員 | Chairman 主席 | Member 成員 |
| Mr. Ai Ji | 艾及先生 | Member 成員 | Member 成員 | Chairman 主席 |

委員會

若干管治事宜的監察及評估工作分配由三個已訂有書面職權範圍的委員會執行。截至本申報日為止該等委員會的成員如下：

AUDIT COMMITTEE

The Company has established an audit committee on 30 April 2007 with written terms of reference in compliance with the Listing Rules. The audit committee comprises the three Independent Non-executive Directors who together have substantial experience in the fields of accounting, business, legal, corporate governance and regulatory affairs. The audit committee is responsible for reviewing the accounting principles and practices adopted by the Company as well as substantial exceptional items, internal controls and financial reporting matters, which included a review on the audited annual results for the year ended 31 December 2017.

In addition, the audit committee also monitors the appointment of the Company's external independent auditor.

審核委員會

本公司已於二零零七年四月三十日遵照上市規則成立審核委員會，並書面訂明載有其權責的職權範圍。審核委員會成員包括三名獨立非執行董事，彼等具備會計、商業、法律、企業管治及監管事宜的豐富經驗。審核委員會負責檢討本公司所採納會計原則及慣例，以及重大特殊項目、內部監控及財務申報事宜，包括審閱截至二零一七年十二月三十一日止年度經審核全年業績。

此外，審核委員會亦負責監察本公司委聘外聘獨立核數師的事宜。

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 30 April 2007 with written terms of reference in compliance with the Listing Rules. The remuneration committee comprises the three Independent Non-executive Directors and one Executive Director. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management. In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on the remuneration policy and structure of all the Directors and senior management.

薪酬委員會

本公司已於二零零七年四月三十日遵照上市規則成立薪酬委員會，並書面訂明載有其權責的職權範圍。薪酬委員會成員包括三名獨立非執行董事及一名執行董事。薪酬委員會的主要職責為檢討及釐定向董事及高級管理人員支付的薪酬待遇、花紅及其他報酬的條款。此外，薪酬委員會亦負責檢討全體董事及高級管理人員的薪酬政策及結構，並就此向董事會作出恰當建議。



Corporate Governance Report (Continued) 企業管治報告(續)

NOMINATION COMMITTEE

The Company has established a nomination committee on 30 April 2007 with written terms of reference in compliance with the Listing Rules. The nomination committee comprises the three Independent Non-executive Directors and one Executive Director. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and management of Board succession. The responsibilities of the nomination committee are to determine the criteria for identifying candidates suitably qualified and reviewing nominations for the appointment of Directors to the Board.

Attendance record of the Directors (including attendance by proxy) is as follows:

提名委員會

本公司已於二零零七年四月三十日遵照上市規則成立提名委員會，並書面訂明載有其權責的職權範圍。提名委員會成員包括三名獨立非執行董事及一名執行董事。提名委員會主要負責就委任董事及管理董事會的繼任事宜向董事會作出建議。提名委員會負責釐定物色具適當資格人選的準則，並考慮提名加入董事會的董事人選。

董事(包括委派代表出席者)的出席記錄如下：

| | | Attendance/Number of meetings 出席次數/會議次數 | | | | |
|---|-------|--|---|--|--|---------------|
| | | Board meetings 董事會 | Audit committee meetings 審核委員會 | Remuneration committee meetings 薪酬委員會 | Nomination committee meetings 提名委員會 | AGM 股東週年大會 |
| Executive Directors 執行董事 | | | | | | |
| Mr. Zhuang Lu Kun | 莊陸坤先生 | 3/4 | N/A 不適用 | N/A 不適用 | N/A 不適用 | 0/1 |
| Mr. Zhuang Pei Zhong | 莊沛忠先生 | 4/4 | N/A 不適用 | 0/0 | N/A 不適用 | 1/1 |
| Mr. Gu Wei Ming | 顧衛明先生 | 4/4 | N/A 不適用 | N/A 不適用 | 0/0 | 0/1 |
| Mr. Zhuang Xiao Xiong | 莊小雄先生 | 3/4 | N/A 不適用 | N/A 不適用 | N/A 不適用 | 0/1 |
| Independent Non-Executive Directors 獨立非執行董事 | | | | | | |
| Mr. Chin Kam Cheung | 錢錦祥先生 | 4/4 | 3/3 | 0/0 | 0/0 | 1/1 |
| Mr. Sun Ju Yi | 孫聚義先生 | 3/4 | 2/3 | 0/0 | 0/0 | 0/1 |
| Mr. Ai Ji | 艾及先生 | 4/4 | 2/3 | 0/0 | 0/0 | 0/1 |

COMPANY SECRETARY

The company secretary of the Company, Mr. Ho Yuet Lee, Leo, is a full time employee of the Company. During the year, he has taken no less than 15 hours of relevant professional training.

公司秘書

本公司的公司秘書，何悅利先生，是本公司的全職僱員。於年內，彼參加了不少於十五小時的相關職業培訓。

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors hereby confirm their responsibilities for preparing the financial statements of the Company. The Directors confirm that the preparation of the financial statements of the Company complied with the relevant laws and accounting standards and that the Company would publish the financial statements of the Company at the appropriate time. The responsibilities of external independent auditor to the shareholders are set out on pages 61 to 68.

董事及核數師對財務報表的責任

董事謹此確認彼等編製本公司財務報表的責任。董事確認，本公司財務報表的編製符合相關法律及會計準則，且本公司將於適當時候刊發本公司財務報表。外聘獨立核數師對股東的責任載於第61至68頁。



COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS IN APPENDIX 10 OF THE LISTING RULES

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions of the Directors of the Company. After specific enquiries to the Directors, the Board is pleased to confirm that all the Directors have fully complied with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules during the year under review.

REMUNERATION OF AUDITOR

The Audit Committee is responsible for considering the appointment of external independent auditor and reviewing their remuneration. For the year, fee paid of approximately RMB1.1 million was incurred by the Company to the external independent auditor as service charge for its audit service of the Group for the year ended 31 December 2017.

RISK MANAGEMENT AND INTERNAL CONTROLS

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group (“Senior Management”). The Board determines the nature and extent of risks that shall be taken in achieving the Group’s strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems as least annually, covering all material controls including financial, operational and compliance controls.

The Group has formulated and adopted Risk Management Policy in providing directions in identifying, evaluating and managing significant risks. At least on an annual basis, the Senior Management identifies risks that would adversely affect the achievement of the Group’s objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

遵守上市規則附錄10上市發行人董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則，作為本公司董事進行證券交易的行為守則。經向董事作出特定查詢後，董事會欣然確認，全體董事於回顧年內均一直遵守上市規則附錄10所載上市發行人董事進行證券交易的標準守則。

核數師酬金

審核委員會負責考慮委聘外聘獨立核數師及檢討其薪酬。於年內，本公司所產生費用約為人民幣1,071,000元，作為外聘獨立核數師於本集團截至二零一七年十二月三十一日止年度的審核服務費用。

風險管理及內部監控

本集團的風險管理程序及內部監控系統的主要特點是以清晰的治理架構、政策及程序以及彙報機制，協助本集團管理各業務範疇的風險。

本集團已制定風險管理組織框架，由本集團董事局、審核委員會及高級管理層（「高級管理層」）組成。董事局釐定就達成本集團策略目標應承擔的風險性質及程度，並負責風險管理及內部監控系統的設計、實施及整體有效性。董事局透過審核委員會至少每年一次檢討有系統的有效性，範圍涵蓋所有重大控制措施，包括財務、營運及合規控制措施。

本集團亦已制定及採納風險管理政策，提供識別、評估及管理重大風險的指示。高級管理層至少每年一次識別對實現本集團目標造成不利影響的風險，並根據一套標準準則評估及排列所識別風險的優先次序，從而對主要風險制定風險緩解計劃及指定風險負責人。



Corporate Governance Report (Continued) 企業管治報告(續)

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group during the year. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems were effective during the year.

The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

此外，年內本集團外聘獨立專業顧問以協助董事局及審核委員會持續監督本集團的風險管理及內部監控系統以及履行本集團的內部審計職能，識別內部控制設計及實施的不足之處並推薦改進建議。重大內部監控缺失會及時向審核委員會及董事局彙報，以確保採取補救行動。

董事局已透過審核委員會就本集團的風險管理及內部監控系統是否有效進行年度檢討，包括但不限於本集團應付其業務轉型及不斷轉變的外在環境的能力、管理層檢討風險管理及內部監控系統的工作範疇及素質、內部審計工作結果、就風險及內部監控檢討結果與董事局通訊的詳盡程度及次數、已識別的重大監控失誤或弱項以及有關影響，以及就上市規則的合規情況。董事局認為本年度本集團的風險管理及內部監控系統有效。

本集團風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，且僅可就重大的失實陳述或損失作出合理而非絕對的保證。

處理及發放內幕消息的程序和內部監控措施

本集團遵循證券及期貨條例（「證券及期貨條例」）和上市規則的規定。本集團在合理切實可行的情況下，會儘快向公眾披露內幕消息，除非有關消息屬證券及期貨條例所規定屬於任何安全港範圍內。本集團在向公眾全面披露有關消息前，會確保該消息絕對保密。若本集團認為無法保持所需的機密性，或該消息可能已外泄，會即時向公眾披露該消息。本集團致力確保公告或通函中所載的資料就重大事實而言並不屬虛假或具誤導性，或並不因遺漏重大事實而屬虛假或具誤導性，以清晰及平均呈列資料，此需要作出正面及負面事實相等程度的披露。



ORGANISATIONAL STRUCTURE

The Group has established an organizational structure, which sets out the relevant operating policies and procedures, duties and authorizations.

AUTHORIZATIONS AND CONTROLS

Executive directors and senior management have been delegated the relevant authorizations in respect of corporate strategies, policies and contracting liabilities. Budget controls and financial reporting systems are formulated by relevant departments and are subject to review by directors in charge. The Group has formulated relevant procedures to assess, review and approve significant capital and recurrent expenses, while operating results will be compared against the budgets and reported to executive directors on a regular basis.

TRAINING ON INTERNAL CONTROLS

Directors and senior managements participate in internal control training programmes provided by the Group, which are designed to equip them with proper and full knowledge on internal controls, and provide guidance to them to apply internal control systems on a consistent basis.

ACCOUNTING SYSTEM MANAGEMENT

The Group has put in place a comprehensive accounting management system, so as to provide the management with indicators to evaluate its financial and operating performance and financial information for reporting and disclosure purposes. Any deviation from expectation will be analysed and explained, and appropriate steps will be carried out to address issues where necessary. The Group has set up appropriate internal control procedures to ensure full, proper and timely record of accounting and management information, which will be reviewed and inspected on a regular basis to ensure the financial statements are prepared in accordance with generally accepted accounting principles, accounting policies of the Group and applicable laws and regulations.

CONTINUING OPERATION

During the relevant year, there are no uncertain events or conditions that may materially affect the continuing operation of Group on an ongoing concern.

組織架構

本集團已成立組織架構，載列相關經營政策及程序、職責及職權。

授權及控制

執行董事及高級管理人員獲授權處理有關企業策略、政策及合約責任的職權。預算控制及財務申報制度由相關部門制定，並須經負責董事審閱。本集團已制定相關程序，以評估、審閱及批准重大資本及經常性開支，而經營業績將與預算比較及定期向執行董事報告。

內部監控培訓

董事及高級管理人員參與由本集團提供的內部監控培訓計劃，計劃專為裝備彼等有關適當及全面的內部監控知識而設，並持續為彼等提供內部監控制度應用指引。

會計系統管理

本集團設有完善會計管理系統，為管理層提供指標以評估其財務及經營表現以及財務資料作申報及披露。任何與預期的偏差將作分析及詮釋，並將於需要情況下採取適當步驟以處理有關事宜。本集團設有適當內部監控程序，以確保全面、適當及適時記錄會計及管理資料，並定期審閱及檢查，以確保財務報表根據公認會計原則、本集團會計政策以及適用法律及規例編製。

持續經營

於相關年內，並無可能持續重大影響本集團持續經營的不明朗事件或情況。



Corporate Governance Report (Continued) 企業管治報告(續)

INVESTOR RELATIONS

The Company reports to the shareholders regarding corporate information of the Group on a timely and accurate basis. Printed copies of the 2017 interim report have been sent to all shareholders. The Company places great emphasis on communication with shareholders and investors of the Company and improving the Company's transparency of information disclosure. As such, designated officers are assigned to handle relations with investors and analysts. The Company made disclosures in a faithful, true, accurate, complete and timely manner in strict accordance with the applicable laws and regulations, Articles of Association and Listing Rules. At the same time, the Company places great importance in collecting and analyzing various comments and recommendations of analysts and investors on the Company's operations, which would be compiled into reports regularly and adopted selectively in its operations. The Company has set up a website, allowing investors to access updates on the Company's particulars, statutory announcements, management and recent operating affairs. All published annual reports, interim reports, circulars and announcements since the Listing are and will be included in the "Investors Relations" section of the website. The Company persistently adheres to its disclosure principle of honesty and integrity and actively initiates communications with various parties.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Articles of Association, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: Suite 715, Ocean Centre, 5 Canton Road,
Tsimshatsui, Kowloon, Hong Kong
(For the attention of the Investor Relations
Department)
Fax: 852-36203100
Email: office@szbjh.com

投資者關係

本公司按時準確向股東報告有關本集團企業資料。二零一七年度中期報告的印刷本已寄交全體股東。本公司高度重視與本公司股東及投資者的溝通以及改善本公司資料披露的透明度，因此已委派指定員工處理與投資者及分析員的關係。本公司嚴格遵守適用法律及規例、組織章程細則及上市規則，真誠、真實、準確、全面及準時作出披露。同時，本公司高度重視收集及分析分析員及投資者對本公司業務的各種評論及建議，並會定期編入報告及於其業務作選擇性採納。本公司設有網站，讓投資者查閱本公司最新資料、法定公佈、管理及最近經營事宜。所有上市後刊發的年報、中期報告、通函及公佈均已經及將會載於網站內「投資者關係」一欄。本公司一直恪守其誠實及完整的披露原則，並積極主動與各方人士溝通。

股東權利

為了保障股東權益及權利，股東大會上會就各重大事項(包括選舉個別董事)提呈獨立決議案，供股東考慮及投票。此外，根據組織章程，持有不少於十分之一本公司附有股東大會投票權的繳足股本的股東可要求本公司召開股東特別大會，方法為向董事會或公司秘書發出書面要求。召開會議的目的必須載於書面要求內。

股東可向本公司寄發書面查詢或建議以向本公司董事會作出任何查詢。聯絡詳情如下：

地址：香港九龍尖沙咀廣東道5號
海洋中心715室
(收件人為投資者關係部)
傳真：852-36203100
電子郵件：office@szbjh.com

Corporate Governance Report (Continued)

企業管治報告(續)



For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the year, the Company did not make any changes to its Articles of Association. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.szbjh.com) immediately after the relevant general meetings.

為免生疑問，股東須將妥為簽署的書面要求、通知或聲明或查詢(視情況而定)的正本存放於及寄發至上述地址，並提供彼等的全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

年內，本公司並無對其組織章程作出任何變動。組織章程的最新版本可在本公司網站及聯交所網站查閱。股東亦可參考組織章程以取得有關其權利的詳情。

根據上市規則，所有在股東大會提呈的決議案均將以一股一票點票方式表決，且投票表決結果將緊隨有關股東大會召開後於聯交所網站(www.hkexnews.hk)及本公司網站(www.szbjh.com)刊登。



REPORT OF THE DIRECTORS

董事會報告

The Directors are pleased to present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of each member of the Company are set out in note 32 to the financial statements. The principal activities of the operating subsidiaries of the Company during the year ended 31 December 2017 are operation and management of retail stores and other related businesses, provision of factoring services and, food and catering in the PRC.

RESULTS

The results of the Company for the year ended 31 December 2017 are set out in the consolidated statement of comprehensive income on page 69.

DIVIDENDS

The Board of Directors propose the payment of a final dividend for the year ended 31 December 2017 of RMB1.91 cents per ordinary share.

Subject to the approval of shareholders at the forthcoming Annual General Meeting, it is expected that the payment of final dividend will be made on or before Tuesday, 26 June 2018.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company during the year are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and note 26 to the financial statements respectively.

SHARE OPTIONS

Details of the Company's share option scheme and the movements in the share options are set out in note 27 to the financial statements.

董事欣然呈列彼等的全年報告，連同本公司於截至二零一七年十二月三十一日止年度的經審核財務報表。

主要業務

本公司主要業務為投資控股。本公司各成員公司的主要業務詳情載於財務報表附註32。本公司各營運附屬公司於截至二零一七年十二月三十一日止年度的主要業務是經營及管理零售店及其他相關業務，提供保理業務以及食物及餐飲。

業績

本公司截至二零一七年十二月三十一日止年度的業績載於第69頁的綜合全面收益表。

股息

董事會建議派付截至二零一七年十二月三十一日止年度之末期股息每股普通股人民幣1.91分。

此股息有待即將舉行的股東週年大會上獲股東批准後，末期股息預期於二零一八年六月二十六日(星期二)或之前派付。

物業、廠房及設備

本公司於本年度物業、廠房及設備的變動詳情載於財務報表附註11。

股本

本公司於本年度股本的變動詳情載於財務報表附註25。

儲備

本集團及本公司於本年度儲備的變動詳情分別載於綜合權益變動表及財務報表附註26。

購股權

本公司購股權計劃及購股權變動之詳情載於財務報表附註27。



Report of the Directors (Continued) 董事會報告(續)

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's distributable reserves amounted to approximately RMB253.3 million.

PRE-EMPTIVE RIGHTS

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

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed or cancelled any of the Company's listed shares.

DIRECTORS

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

Executive Directors:

Mr. Zhuang Lu Kun (Chairman)
Mr. Zhuang Pei Zhong (Chief Financial Officer)
Mr. Gu Wei Ming
Mr. Zhuang Xiao Xiong

Independent Non-executive Directors:

Mr. Chin Kam Cheung
Mr. Sun Ju Yi
Mr. Ai Ji

Pursuant to Article 87(1) of the articles of association of the Company, Mr. Ai Ji, Mr. Zhuang Lu Kun and Mr. Zhuang Pei Zhong shall retire from office at the forthcoming Annual General Meeting by rotation. All retiring Directors, being eligible, will offer themselves for re-election. The re-election of Directors will be individually voted by Shareholders.

The Board confirmed that the Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange. The Company considers that all of the Independent Non-executive Directors are independent. All of the Independent Non-executive Directors are members of the Company's audit committee, nomination committee and remuneration committee.

可供分派儲備

於二零一七年十二月三十一日，本公司之可供分派儲備約為人民幣253,321,000元。

優先購買權

根據本公司的公司章程細則或開曼群島法律，概無優先購買權的條文規定本公司須按比例向現有股東提呈發售新股份。

購買、出售或贖回本公司的上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回或註銷任何本公司的上市股份。

董事

本年度及截至本申報日，本公司董事為：

執行董事：

莊陸坤先生 (董事長)
莊沛忠先生 (財務總監)
顧衛明先生
莊小雄先生

獨立非執行董事：

錢錦祥先生
孫聚義先生
艾及先生

根據本公司的公司章程細則第87(1)條，艾及先生、莊陸坤先生及莊沛忠先生將於應屆股東週年大會上輪值告退，惟彼等均合資格及願意應選連任。個別董事的重選將由股東表決批准。

董事會確認，本公司已接獲每名獨立非執行董事根據聯交所上市規則第3.13條就彼等獨立身分作出的年度確認。本公司認為全體獨立非執行董事均為獨立人士。全體獨立非執行董事均為本公司審核委員會、提名委員會及薪酬委員會的成員。



Report of the Directors (Continued)
董事會報告(續)

BIOGRAPHY OF THE DIRECTORS AND THE SENIOR MANAGEMENT

The biographical details of the Directors and the senior management are set out on pages 11 to 14.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years (two years for Independent Non-executive Directors) unless terminated by not less than three months' (two months' for Independent Non-executive Directors) written notice of termination served by either the Director or the Company. Each of the service contracts further provides that during the term of the service contract and within two years upon the termination of service, the Executive Director cannot engage in any business which is competing or is likely to compete, either directly or indirectly, with the business of the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association of the Company.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)). The Company's policies concerning remuneration of the Executive Directors are as follows:

- (i) the amount of remuneration is determined on a case by case basis depending on the relevant Director's experience, responsibility, workload and the time devoted to the Group;
- (ii) non-cash benefits may be provided at the discretion of the Board to the relevant Directors under their remuneration package; and
- (iii) the Executive Directors may be granted, at the discretion of the Board, the share option scheme adopted by the Company, as part of their remuneration package.

董事及高級管理層簡歷

董事及高級管理層簡歷載於第11至14頁。

董事服務合同

每名執行董事均與本公司訂有服務合同，初步為期三年(獨立非執行董事為兩年)，除非由董事或本公司發出不少於三個月(獨立非執行董事為兩個月)書面通知終止合同。每份服務合同進一步規定，服務合同期內以及服務終止後兩年內，執行董事不得直接或間接參與任何與本公司業務構成競爭或可能構成競爭的業務。委任受本公司之公司章程細則下有關董事輪值退任的條文所規限。

除上文所披露者外，概無董事與本公司或其任何附屬公司訂有任何服務合同(但不包括於一年內屆滿或可由僱主於一年內終止而毋須作出賠償(法定賠償除外)的合同)。本公司有關執行董事薪酬的政策如下：

- (i) 薪酬金額按個別情況就有關董事的經驗、職責、工作量及投入本集團的時間釐定；
- (ii) 非現金福利可由董事會酌情按董事的薪酬待遇發放予有關董事；及
- (iii) 視乎董事會決定，執行董事或會獲授本公司所採納購股權計劃下的購股權，作為彼等薪酬待遇一部分。



INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in section under “Continuing Connected Transactions” of this report on pages 48 to 55, no Director nor controlling shareholders had a material interest, either directly or indirectly, in any contract of significance to the business of the Company. There is no contract of significance between the Company, its holding company or any of its subsidiaries or its controlling shareholder during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) pursuant to a resolution of the sole shareholder of the Company passed on 30 April 2007. The Share Option Scheme complies with the requirements of the Listing Rules. Certain share options have been granted to the Directors and the employees of the Company under the Share Option Scheme since its adoption and up to 31 December 2016.

Regarding the values of options as disclosed in this report, it is warned that due to subjectivity and uncertainty of the values of options, such values are subject to a number of assumptions and the limitation of the model.

重大合同權益

除本報告第48至55頁「持續關連交易」一節所披露者外，概無董事或控股股東直接或間接於本公司業務任何重大合同中擁有重大權益。本公司、其控股公司或其任何附屬公司或其控股股東之間於年內並無訂立任何重大合同。

管理合同

年內概無訂立或訂有有關本公司業務全部或任何主要部分管理及行政的合同。

購股權計劃

本公司根據本公司唯一股東於二零零七年四月三十日通過之決議案採納一項購股權計劃（「購股權計劃」）。購股權計劃符合上市規則之規定。自採納購股權計劃以來及直至二零一六年十二月三十一日為止，若干購股權已授予董事及本公司僱員。

有關本報告披露之購股權價值，務請注意，由於購股權價值之主觀性及不確定性，有關價值受多項假設及有關模式限制。



Report of the Directors (Continued)
董事會報告(續)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the interests or short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director and chief executives is taken or deemed to have taken under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

董事及最高行政人員於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉

於二零一七年十二月三十一日，董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中，擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉(包括任何有關董事及最高行政人員根據證券及期貨條例有關條文被當作或視作擁有之權益或淡倉)；或(b)根據證券及期貨條例第352條須載入本公司所存置登記冊內之權益或淡倉；或(c)根據上市規則所載上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益或淡倉如下：

Ordinary Shares of HK\$0.01 each of the Company

本公司每股面值0.01港元之普通股

| Name 姓名 | Capacity 身分 | Number of shares/Underlying Shares Held 所持股份／相關股份數目 | | | Total Interest 權益總額 | Percentage of Issued Shares 佔已發行 股份百分比 |
|--|---------------------------|--|---------------------------------|-------------|---------------------------|--|
| | | Personal Interest 個人權益 | Family Interest 家族權益 | | | |
| Mr. Zhuang Lu Kun (Mr. Zhuang) 莊陸坤先生(莊先生) | Beneficial Owner 實益擁有人 | 617,985,000 | 67,500,000 (Note 1) (附註1) | 685,485,000 | 66.07% | |
| Mr. Zhuang Xiao Xiong 莊小雄先生 | Beneficial Owner 實益擁有人 | 75,000,000 | — | 75,000,000 | 7.23% | |

Note:

(1) 67,500,000 Shares are held by Mrs. Zhuang Su Lan ("Mrs. Zhuang"). Since Mrs. Zhuang is the spouse of Mr. Zhuang, under the SFO, Mr. Zhuang is deemed to be interested in the said Shares held by Mrs. Zhuang.

附註：

(1) 67,500,000股股份由莊素蘭女士(「莊太太」)持有。由於莊太太為莊先生的配偶，故根據證券及期貨條例，莊先生被視作於莊太太持有的上述股份中擁有權益。

All the interests disclosed above represent long position in the shares and underlying shares of the Company.

上文披露之所有權益指於本公司股份及相關股份之好倉。



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Save as disclosed above, none of the Company's Directors, chief executive and their associates, had any interests or short positions 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 at the date of this report.

DIRECTORS' RIGHT 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 or any other body corporate granted to any Director 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, their respective spouses or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director, the following persons (other than the interests of certain Directors disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated Corporation" above), had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

董事及最高行政人員於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉(續)

除上文披露者外，本公司的董事、最高行政人員或彼等的聯繫人士概無於本公司或其任何相聯法團的股份及相關股份擁有任何權益或淡倉，而需按證券及期貨條例第352條於本申報日予以記錄。

董事收購股份或債權證的權利

年內任何時間概無向任何董事或彼等各自的配偶或未成年子女授出可藉購買本公司或任何其他法人團體股份或債權證而獲取利益之權利，而彼等亦無行使任何有關權利；或本公司或其任何附屬公司亦無參與任何安排，致使董事、彼等各自的配偶或未成年子女獲得任何其他法人團體之有關權利。

主要股東於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉

於二零一七年十二月三十一日，按照本公司根據證券及期貨條例第336條存置之登記冊所示，及據董事所知悉，除上文「董事及最高行政人員於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉」一節所披露若干董事之權益外，下列人士於本公司股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露之權益或淡倉：

| Name 姓名 | Type of interest 權益種類 | Capacity 身分 | Personal/ corporate interest 個人/ 公司權益 | Family interest 家族權益 | Total 總計 | Percentage of issued share capital 佔已發行股本 百分比 |
|-------------------|--------------------------|---------------------------|---|----------------------------------|-------------|---|
| Mrs. Zhuang 莊太 | Personal 個人權益 | Beneficial owner 實益擁有人 | 67,500,000 | 617,985,000 (Note 1) (附註1) | 685,485,000 | 66.07% |

Note:

(1) 617,985,000 Shares are held by Mr. Zhuang Lu Kun ("Mr. Zhuang"). Since Mr. Zhuang is the spouse of Mrs. Zhuang, under the SFO, Mrs. Zhuang is deemed to be interested in the said Shares held by Mr. Zhuang.

附註：

(1) 617,985,000股股份由莊陸坤先生(「莊先生」)持有。由於莊先生為莊太之配偶，故根據證券及期貨條例，莊太被視作於莊先生持有之上述股份中擁有權益。



Report of the Directors (Continued)
董事會報告(續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Save as disclosed above, there was no other person known to the Directors, other than the Directors, who, as at 31 December 2017, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, which the Stock Exchange has granted waivers to, but subject to the disclosure in the annual report under Rule 14A.49 of the Listing Rules.

1. Lease of three store premises and rental income received from BJH Group

深圳市百佳華集團有限公司 (Shenzhen Baijiahua Group Company Limited) ("BJH Group") is owned as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang. BJH Group is thus an associate of Mr. Zhuang and therefore a connected person of the Company. The Group leased three store premises from BJH Group, details of which are set out as follows:

(i) Lease of store premises for the Longhua Store

Pursuant to a lease agreement dated 5 April 2005 ("Longhua Store Lease Agreement") between BJH Group (as landlord) and Shenzhen Baijiahua Department Stores Company Limited ("BJH Department Stores") (as tenant), BJH Department Stores leases the store premises situated at Levels 1 to 5, Jiahua Emporium, No. 291 Renmin Bei Road, Longhua Street, Baoan District, Shenzhen, Guangdong Province, the PRC with a gross floor area of approximately 24,549.25 square metres for a term of 15 years commencing from 1 March 2004 and expiring on 28 February 2019 at a monthly rent of RMB490,985 with triennial increase of 5% starting from 1 March 2008. Pursuant to a supplemental lease agreement dated 18 November 2006 between BJH Group and BJH Department Stores, the parties agreed that if the Company cannot meet the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH Department Stores has the right to terminate the transactions without any payment or compensation. Pursuant to the Longhua Store Lease Agreement (as supplemented), the total annual consideration paid by BJH Department Stores for the year ended 31 December 2017 was approximately RMB7,105,000 and has not exceeded the annual cap of RMB7,110,000. The relevant amount which are expected to be payable by BJH Department Stores will not exceed RMB7,170,000 for the year ending 31 December 2018.

主要股東於本公司及其相聯法團股份、相關股份及債權證的權益及淡倉(續)

除上文披露者外，於二零一七年十二月三十一日，據董事所知，除董事以外概無任何人士於本公司股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露之權益或淡倉。

持續關連交易

本公司訂有以下根據上市規則第14A章條獲聯交所授出豁免的非豁免持續關連交易，惟有關交易須根據上市規則第14A.49條於年報內披露。

1. 由百佳華集團出租三項店舖物業及收取租金收入

深圳市百佳華集團有限公司(「百佳華集團」)由莊陸坤先生及莊太分別擁有90%及10%。因此，百佳華集團為莊陸坤先生的聯繫人士及本公司之關連人士。本集團向百佳華集團租賃三項店舖物業，有關詳情如下：

(i) 租賃龍華百貨店的店舖物業

根據百佳華集團(作為業主)與深圳市百佳華百貨有限公司(「百佳華百貨」)(作為租戶)於二零零五年四月五日訂立的租賃協議(「龍華百貨店租賃協議」)，百佳華百貨租賃位於中國廣東省深圳市寶安區龍華街道人民北路291號佳華商場1至5層的店舖物業，建築面積約24,549.25平方米，租期自二零零四年三月一日起至二零一九年二月二十八日屆滿，為期十五年，月租人民幣490,985元，由二零零八年三月一日每三年遞增5%。根據百佳華集團與百佳華百貨於二零零六年十一月十八日訂立的補充租賃協議，立約雙方同意倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准)，百佳華百貨有權在毋須作出任何付款或賠償下終止交易。根據龍華百貨店租賃協議(經補充)，百佳華百貨截至二零一七年十二月三十一日止年度支付的年度總代價約為人民幣7,105,000元，並無超出年度上限人民幣7,110,000元。預期百佳華百貨截至二零一八年十二月三十一日止年度應付的相關金額不會超過人民幣7,170,000元。



CONTINUING CONNECTED TRANSACTIONS (Continued)

1. Lease of three store premises and rental income received from BJH Group (Continued)

- (ii) **Lease of store premises for the Songgang Store**
Pursuant to a lease agreement dated 30 April 2005 ("Songgang Store Lease Agreement") between BJH Group (as landlord) and BJH Department Stores (as tenant) and as supplemented by two supplemental agreements dated 18 November 2006 and 29 March 2007 respectively both made between BJH Group and BJH Department Stores, BJH Department Stores leases the store premises situated at Levels 1 to 5, Jiahua Emporium, No. 293 Songgang Section of State Avenue 107, Baoan District, Shenzhen, Guangdong Province, the PRC with a gross floor area of approximately 23,134 square metres for a term of 15 years commencing from 1 March 2004 and expiring on 28 February 2019 at a monthly rent of RMB458,260 during the period from 1 March 2004 to 30 April 2005 and RMB462,680 with effect from 1 May 2005. The monthly rent is subject to a triennial increase of 5% starting from 1 March 2008. Pursuant to a supplemental lease agreement dated 18 November 2006 between BJH Group and BJH Department Stores, the parties agreed that if the Company cannot comply with the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH Department Stores has the right to terminate the transactions under the Songgang Store Lease Agreement by giving written notice to BJH Group, without any payment or compensation. Pursuant to the Songgang Store Lease Agreement (as supplemented), the total annual consideration paid by BJH Department Stores for the year ended 31 December 2017 was approximately RMB6,695,000 and has not exceeded the annual cap of RMB6,700,000. The relevant amount which are expected to be payable by BJH Department Stores will not exceed RMB6,750,000 for the year ending 31 December 2018.

持續關連交易(續)

1. 由百佳華集團出租三項店舖物業及收取租金收入(續)

- (ii) **租賃松崗百貨店的店舖物業**
根據百佳華集團(作為業主)與百佳華百貨(作為租戶)於二零零五年四月三十日訂立的租賃協議(「松崗百貨店租賃協議」)及經百佳華集團與百佳華百貨分別於二零零六年十一月十八日及二零零七年三月二十九日訂立的兩份補充協議所補充,百佳華百貨租賃位於中國廣東省深圳市寶安區107國道松崗路段293號佳華商場1至5層的店舖物業,建築面積約23,134平方米,租期自二零零四年三月一日起至二零一九年二月二十八日屆滿,為期十五年,由二零零四年三月一日至二零零五年四月三十日期內月租人民幣458,260元及由二零零五年五月一日起月租人民幣462,680元。月租由二零零八年三月一日起每三年遞增5%。根據百佳華集團與百佳華百貨於二零零六年十一月十八日訂立的補充租賃協議,立約雙方同意倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准),百佳華百貨有權向百佳華集團發出書面通知,在毋須作出任何付款或賠償下終止松崗百貨店租賃協議的交易。根據松崗百貨店租賃協議(經補充),百佳華百貨截至二零一七年十二月三十一日止年度支付的年度總代價約為人民幣6,695,000元,並無超出年度上限人民幣6,700,000元。預期百佳華百貨截至二零一八年十二月三十一日止年度應付的相關金額不會超過人民幣6,750,000元。



CONTINUING CONNECTED TRANSACTIONS (Continued)

1. Lease of three store premises and rental income received from BJH Group (Continued)

(iii) Lease of store premises for the Gongming Store

Pursuant to a lease agreement dated 28 April 2002 ("Gongming Store Lease Agreement") between 深圳市中鵬展實業有限公司 (Shenzhen Zhong Peng Zhan Industrial Co., Ltd.) ("Zhong Peng Zhan") (as landlord) and BJH Group (as tenant), BJH Group leases the store premises situated at No. 1 Changchun Nan Road West, Gongming Town, Baoan District, Shenzhen, Guangdong Province, the PRC ("Gongming Premises") with a gross floor area of approximately 21,843 square metres for a term of 15 years commencing from 16 November 2002 and expiring on 15 November 2017 at a monthly rent of RMB480,546. Pursuant to a supplemental lease agreement dated 1 March 2004 between Zhong Peng Zhan and BJH Group (the "Gongming Store Supplemental Lease Agreement"), Zhong Peng Zhan has consented that BJH Group can provide the Gongming Premises for occupation by BJH Department Stores. Zhong Peng Zhan also consented that BJH Department Stores shall pay the rental under the Gongming Store Lease Agreement directly to Zhong Peng Zhan, and BJH Group has guaranteed the timely payment of rentals to Zhong Peng Zhan by BJH Department Stores. Pursuant to agreement dated 8 December 2006 between BJH Group and BJH Department Stores, BJH Group confirmed its agreement to provide the Gongming Premises for the use by BJH Department Stores and BJH Department Stores confirmed its agreement to use the Gongming Premises on the same terms of the Gongming Store Lease Agreement (including but not limited to the period of the lease and rental) and BJH Group and BJH Department Stores further agreed that if the Company cannot meet the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH Department Stores has the right to terminate the lease of the Gongming Premises by giving written notice to BJH Group, without any payment or compensation. Despite BJH Department Stores pays the rental in respect of the Gongming Premises directly to Zhong Peng Zhan and not to BJH Group, since BJH Group is a party to the Gongming Store Lease Arrangement (as defined below) and BJH

持續關連交易(續)

1. 由百佳華集團出租三項店舖物業及收取租金收入(續)

(iii) 租賃公明百貨店的店舖物業

根據深圳市中鵬展實業有限公司(「中鵬展」)(作為業主)及百佳華集團(作為租戶)於二零零二年四月二十八日訂立的租賃協議(「公明百貨店租賃協議」)，百佳華集團租賃位於中國廣東省深圳市寶安區公明鎮長春南路西1號的店舖物業(「公明物業」)，建築面積約21,843平方米，租期自二零零二年十一月十六日起至二零一七年十一月十五日屆滿，為期十五年，月租人民幣480,546元。根據中鵬展與百佳華集團於二零零四年三月一日訂立的補充租賃協議(「公明百貨店補充租賃協議」)，中鵬展已同意百佳華集團提供公明物業以供百佳華百貨佔用。中鵬展亦同意百佳華百貨須根據公明百貨店租賃協議直接向中鵬展支付租金，而百佳華集團已保證百佳華百貨準時向中鵬展支付租金。根據百佳華集團與百佳華百貨於二零零六年十二月八日訂立的協議，百佳華集團確認同意提供公明物業予百佳華百貨使用，而百佳華百貨確認同意按照公明百貨店租賃協議之相同條款(包括但不限於租期及租金)使用公明物業，百佳華集團及百佳華百貨並進一步同意，倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准)，百佳華百貨有權向百佳華集團發出書面通知，在毋須作出任何付款或賠償下終止公明物業之租約。儘管百佳華百貨直接向中鵬展而非百佳華集團支付公明物業之租金，由於百佳華集團為公明百貨店租賃安排(定義見下文)之訂約方，而百佳華集團已向



CONTINUING CONNECTED TRANSACTIONS (Continued)

1. Lease of three store premises and rental income received from BJH Group (Continued)
- (iii) **Lease of store premises for the Gongming Store (Continued)**
Group has guaranteed to Zhong Peng Zhan the timely payment of rentals by BJH Department Stores, the lease arrangement pursuant to the Gongming Store Lease Agreement, Gongming Store Supplemental Lease Agreement and the agreement between BJH Group and BJH Department Stores mentioned above (“Gongming Store Lease Arrangement”) constitute continuing connected transactions of the Company. Pursuant to the Gongming Store Lease Agreement (as supplemented), the total annual consideration paid by BJH Department Stores for the year ended 31 December 2017 was approximately RMB4,821,000 and has not exceeded the annual cap of RMB4,830,000. The lease has been renewed on 8 November 2017 by BJH Department Store Company Limited and Zhong Peng Zhan.
- (iv) **Lease of commercial properties to BJH Group**
Certain commercial properties are leased to BJH Group pursuant to a lease agreement entered into between BJH Department Stores and BJH Group for commercial purposes. The amount of rental income received by the BJH Department Stores in respect of the leasing of commercial properties was RMB2,192,889.60 for the year ended 31 December 2017, and has not exceeded the annual cap of RMB2,192,889.60. The relevant amount which are expected to be receivable by BJH Department Stores will not exceed RMB2,192,889.60 for the year ending 31 December 2018.

持續關連交易(續)

1. 由百佳華集團出租三項店舖物業及收取租金收入(續)
- (iii) **租賃公明百貨店的店舖物業(續)**
中鵬展保證百佳華百貨準時支付租金，因此，根據公明百貨店租賃協議、公明百貨店補充租賃協議及上述百佳華集團與百佳華百貨所訂立協議之租賃安排(「公明百貨店租賃安排」)構成本公司之持續關連交易。根據公明百貨店租賃協議(經補充)，百佳華百貨截至二零一七年十二月三十一日止年度支付的年度總代價約為人民幣4,821,000元，並無超出年度上限人民幣4,830,000元。於2017年11月8日，百佳華百貨已與中鵬展續訂此租賃協議。
- (iv) **租賃商業物業給百佳華集團**
根據百佳華百貨與百佳華集團訂立的租賃協議，若干商業物業租予百佳華集團作商業用途。於截至二零一七年十二月三十一日止年度，百佳華百貨從百佳華集團收取之年度租金收入人民幣2,192,889.60元，並無超出年度上限人民幣2,192,889.60元。預期百佳華百貨截至二零一八年十二月三十一日止年度應收的相關金額不會超過人民幣2,192,889.60元。



CONTINUING CONNECTED TRANSACTIONS (Continued)

2. Lease of three store premises and rental income received from JH Real Estate

深圳市佳華房地產開發有限公司 (Shenzhen Jiahua Real Estate Development Company Limited) (“JH Real Estate”) is owned as to 36% by Mrs. Zhuang and 64% by BJH Group (a company owned as to 90% by Mr. Zhuang and 10% as to Mrs. Zhuang). Since Mrs. Zhuang is the spouse of Mr. Zhuang, she is an associate of Mr. Zhuang. Since Mrs. Zhuang is interested in the equity capital of JH Real Estate so as to exercise or control the exercise of 30% or more of the voting power at general meetings of JH Real Estate, JH Real Estate is an associate of Mr. Zhuang and also a connected person of the Company. The Group leased three stores premises from JH Real Estate, details of which are set out as follows:

- (i) Pursuant to a lease agreement dated 6 November 2006 (“Shiyan Store Lease Agreement”) between JH Real Estate (as landlord) and BJH Department Stores (as tenant), BJH Department Stores leases the store premises situated at Level 1 of Commercial Podium, Jiahua Hao Yuan, Western Shiyan Avenue, Shiyan Street, Baoan District, Shenzhen, Guangdong Province, the PRC with a gross floor area of approximately 5,851.50 square metres for a term of 15 years commencing from 16 November 2006 and expiring on 15 November 2021 at a monthly rent of RMB222,357 with triennial increase of 5%. Pursuant to a supplemental agreement dated 6 November 2006 between JH Real Estate and BJH Department Stores, the parties agreed that if the Company cannot meet with the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH Department Stores has the right to terminate the transactions under the Shiyan Store Lease Agreement by giving written notice to JH Real Estate without any payment or compensation. Pursuant to the Shiyan Store Lease Agreement, the total annual consideration paid by BJH Department Stores for the year ended 31 December 2017 was approximately RMB3,089,000 and has not exceeded the annual cap of RMB3,090,000. The relevant amount which are expected to be payable by BJH Department Stores will not exceed RMB3,110,000 for the year ending 31 December 2018.

持續關連交易(續)

2. 由佳華房地產出租三項店舖物業及收取租金收入

深圳市佳華房地產開發有限公司(「佳華房地產」)由莊太擁有36%，並由百佳華集團(分別由莊陸坤先生及莊太擁有90%及10%的公司)擁有64%。由於莊太為莊陸坤先生的配偶，彼為莊陸坤先生的聯繫人士。由於莊太於佳華房地產擁有股權，因而可在佳華房地產股東大會上行使或控制行使30%或以上的投票權，佳華房地產為莊陸坤先生的聯繫人士，並為本公司的關連人士。本集團向佳華房地產租賃三間店舖物業，有關詳情載列如下：

- (i) 根據佳華房地產(作為業主)與百佳華百貨(作為租戶)於二零零六年十一月六日訂立的租賃協議(「石岩百貨店租賃協議」)，百佳華百貨租賃位於中國廣東省深圳市寶安區石岩街道石岩大道西側佳華豪苑商場裙樓1層的店舖物業，建築面積約5,851.50平方米，租期自二零零六年十一月十六日起至二零二一年十一月十五日屆滿，為期十五年，月租人民幣222,357元，每三年遞增5%。根據佳華房地產與百佳華百貨於二零零六年十一月六日訂立的補充協議，立約雙方同意倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准)，百佳華百貨有權向佳華房地產發出書面通知，在毋須作出任何付款或賠償下終止石岩百貨店租賃協議的交易。根據石岩百貨店租賃協議，百佳華百貨截至二零一七年十二月三十一日止年度各年支付的總代價約為人民幣3,089,000元，並無超出年度上限人民幣3,090,000元。預期百佳華百貨截至二零一八年十二月三十一日止年度應付的相關金額不會超過人民幣3,110,000元。



CONTINUING CONNECTED TRANSACTIONS (Continued)

2. Lease of three store premises and rental income received from JH Real Estate (Continued)

- (ii) Pursuant to a lease agreement dated 23 February 2009 ("Shuyuan Yage Store Lease Agreement") between JH Real Estate (as landlord) and BJH Department Stores (as tenant), BJH Department Stores leases the store premises situated at Level 1 of Commercial Podium, Jiahua Shuyuan Yage, Southwestern Side of Dabao Road, Xinan Jiedao, Baoan District, Shenzhen City, Guangdong Province, the PRC with a gross floor area of approximately 2,693.69 square metres for a term of 3 years commencing from 1 March 2009 and expiring on 28 February 2012 for a monthly rental of RMB80,810.7. Pursuant to the Supplementary Lease Agreement dated 28 January 2010 between JH Real Estate and BJH Department Stores, the monthly rental has been reduced to RMB53,873.8 effective from 1 February 2010 to the end of the original lease. Pursuant to a Supplementary Lease Agreement dated 30 May 2011 between JH Real Estate and BJH Department Stores, the lease has been renewed to another three years from 1 June 2011 to 31 May 2014 with a monthly rental of RMB53,873.8. Pursuant to a Lease Agreement dated 30 May 2014 between JH Real Estate and BJH Department Stores, the lease has been renewed to another three years from 1 June 2014 to 31 May 2017 with a monthly rental of RMB56,567.49. Pursuant to a Lease Agreement dated 31 May 2017 between JH Real Estate and BJH Department Stores, the lease has been renewed to another three years from 1 June 2017 to 31 May 2020 with a monthly rental of RMB56,567.49. The parties to the Shuyuan Yage Store Lease Agreement agreed that if the Company cannot meet with the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH Department Stores has the right to terminate the transactions under the Shuyuan Yage Store Lease Agreement by giving written notice to JH Real Estate without any payment or compensation. Pursuant to the Shuyuan Yage Store Lease Agreement, the total annual consideration paid by BJH Department Stores was approximately RMB679,000 for the year ended 31 December 2017, and has not exceeded the annual cap of RMB700,000. The relevant amount which are expected to be payable by BJH Department Stores will not exceed approximately RMB700,000 for the year ending 31 December 2018.

持續關連交易(續)

2. 由佳華房地產出租三項店舖物業及收取租金收入(續)

- (ii) 根據佳華房地產(作為業主)與百佳華百貨(作為租戶)於二零零九年二月二十三日訂立的租賃協議(「書苑雅閣店租賃協議」)，百佳華百貨租賃位於中國廣東省深圳市寶安區新安街道大寶路西南側佳華書苑雅閣商業平台一樓的店舖物業，建築面積約2,693.69平方米，租期自二零零九年三月一日起至二零一二年二月二十八日屆滿，為期三年，月租人民幣80,810.7元。另外，根據佳華房地產與百佳華百貨於二零一零年一月二十八日訂立的補充租賃協議，月租將下調至人民幣53,873.8元。生效期由二零一零年二月一日開始至原協議之終止日。根據佳華房地產與百佳華百貨於二零一一年五月三十日訂立的補充租賃協議，該租賃將重續三年自二零一一年六月一日至二零一四年五月三十一日，月租為人民幣53,873.8元。根據佳華房地產與百佳華百貨於二零一四年五月三十日訂立的租賃協議，該租賃將重續三年自二零一四年六月一日至二零一七年五月三十一日，月租為人民幣56,567.49元。根據佳華房地產與百佳華百貨於二零一七年五月三十一日訂立的租賃協議，該租賃將重續三年自二零一七年六月一日至二零二零年五月三十一日，月租為人民幣56,567.49元。書苑雅閣店租賃協議之訂約各方同意倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准)，百佳華百貨有權向佳華房地產發出書面通知，在毋須作出任何付款或賠償下終止書苑雅閣店租賃協議的交易。根據書苑雅閣店租賃協議及補充租賃協議，百佳華百貨截至二零一七年十二月三十一日止年度支付的總代價約為人民幣679,000元，並無超出年度上限人民幣700,000元。預期百佳華百貨截至二零一八年十二月三十一日止年度應付的相關金額不會超過約人民幣700,000元。



CONTINUING CONNECTED TRANSACTIONS (Continued)

2. Lease of three store premises and rental income received from JH Real Estate (Continued)

(iii) Pursuant to a lease agreement dated 25 August 2016 (“Bantian Lease Agreement”) between JH Real Estate (as landlord) and Shenzhen Baijiahua Commercial Investment Management Limited (“BJH CIM”) (as tenant), BJH CIM leases the shopping mall situated at Level 1-6 of Jiahua Ling Hui Plaza located in the South-west side of junction of Ji Hua Road and Wu He West Street, Bantian Street, Longgang District, Shenzhen, Guangdong Province, the PRC with a gross floor area of approximately 34,743.62 square metres for a term of 15 years commencing from 1 January 2017 to 31 December 2031 for a monthly rental of RMB1,806,668.24. The parties to the Bantian Lease Agreement agreed that if the Company cannot meet with the requirements in respect of continuing connected transactions (including but not limited to obtaining approval by independent shareholders), BJH CIM has the right to terminate the transactions under the Bantian Lease Agreement by giving written notice to JH Real Estate without any payment or compensation. Due to delay in hand over of property, the total annual consideration paid by BJH CIM was approximately RMBNil for the year ended 31 December 2017, and has not exceeded the annual cap of RMB21,680,018.88. The relevant amount which are expected to be payable by BJH CIM will not exceed RMB21,680,018.88 for the year ending 31 December 2018.

(iv) Lease of commercial properties to Jiahua Real Estate
Certain commercial properties are leased to Jiahua Real Estate pursuant to a lease agreement entered into between BJH Department Stores and Jiahua Real Estate for commercial purposes. The amount of rental income received by the BJH Department Stores in respect of the leasing of commercial properties was RMB730,040.04 for the year ended 31 December 2017, and has not exceeded the annual cap of RMB730,040.04. The relevant amount which are expected to be receivable by BJH Department Stores will not exceed RMB730,040.04 for the year ending 31 December 2018.

持續關連交易(續)

2. 由佳華房地產出租三項店舖物業及收取租金收入(續)

(iii) 根據佳華房地產(作為業主)與深圳市百佳華商業投資管理有限公司(「百佳華商投管」)(作為租戶)於二零一六年八月二十五日訂立的租賃協議(「坂田租賃協議」),百佳華商投管租賃位於中國廣東省深圳市龍崗區坂田街道吉華路與五和西街交叉口西南佳華領匯廣場1-6層的店舖物業,建築面積約34,743.62平方米,租期自二零一七年一月一日起至二零三一年十二月三十一日屆滿,為期十五年,月租人民幣1,806,668.24元。坂田租賃協議之訂約各方同意倘本公司未能遵守持續關連交易的規定(包括但不限於取得獨立股東批准),百佳華商投管有權向佳華房地產發出書面通知,在毋須作出任何付款或賠償下終止書苑雅閣店租賃協議的交易。由於延遲交付物業,百佳華商投管截至二零一七年十二月三十一日止年度支付的總代價約為人民幣無,並無超出年度上限人民幣21,680,018.88元。預期百佳華商投管截至二零一八年十二月三十一日止年度應付的相關金額不會超過人民幣21,680,018.88元。

(iv) 租賃商業物業給佳華房地產
根據百佳華百貨與佳華房地產訂立的租賃協議,若干商業物業租予佳華房地產作商業用途。於截至二零一七年十二月三十一日止年度,百佳華百貨從佳華房地產收取之年度租金收入人民幣730,040.04元,並無超出年度上限人民幣730,040.04元。預期百佳華百貨截至二零一八年十二月三十一日止年度應收的相關金額不會超過人民幣730,040.04元。



Report of the Directors (Continued) 董事會報告(續)

CONTINUING CONNECTED TRANSACTIONS (Continued)

In the opinion of the Directors (including the Independent Non-Executive Directors), the terms of the continuing connected transactions referred to above are made in the ordinary and usual course of our business, on an arm's length basis and on normal commercial terms which are no less favorable than terms available from independent third parties. The Directors (including the Independent Non-executive Directors) confirm that these transactions have been conducted in accordance with the relevant agreements governing the transactions and are of the view that the terms and conditions of these transactions are fair and reasonable and are in the best interests of our Company and our shareholders as a whole.

The Directors, including the Independent Non-executive Directors, are also of the view that the Annual Caps are fair and reasonable as far as our shareholders taken as a whole are concerned.

The Directors confirm that they have received a confirmation from its auditor regarding the matters as stated in Chapter 14A.38 of the Listing Rules for the continuing connected transactions as stated in para. (1)(i), (1)(ii), (1)(iii), (1)(iv), (2)(i), (2)(ii), (2)(iii) and (2)(iv) above.

The Stock Exchange has granted a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the lease agreements.

The Directors confirm that the disclosure requirement in accordance with Chapter 14A of the Listing Rules has been complied with by the Company.

持續關連交易(續)

董事(包括獨立非執行董事)認為,上述持續關連交易的條款乃於日常及一般業務過程中,按照不遜於獨立第三方提供者的一般商業條款進行。董事(包括獨立非執行董事)確認,上述交易乃按規管有關交易之相關協議進行,並認為,此等交易的條款及條件誠屬公平合理,並符合本公司及本公司股東整體的最佳利益。

董事(包括獨立非執行董事)亦認為,年度上限對本公司股東整體而言屬公平合理。

董事確認彼等已接獲其核數師有關上文分段(1)(i), (1)(ii), (1)(iii), (1)(iv), (2)(i), (2)(ii), (2)(iii)及(2)(iv)之持續關連交易於上市規則第14A.38章所述事宜之確認書。

聯交所已就各租賃協議批准豁免嚴格遵守上市規則第14A章有關公告及獨立股東批准的規定。

董事確認本公司已遵守上市規則第14A章之披露規定。



Report of the Directors (Continued) 董事會報告(續)

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, revenue attributable to the largest customer of the Group amounted to approximately 0.1% of the total revenue for the year and the five largest customers of the Group accounted for less than 30% of the Group's total revenue for the year.

For the year ended 31 December 2017, purchases attributable to the largest supplier of the Group amounted to approximately 4.8% of the total purchases for the year and the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

Save as disclosed above, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers and major customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

COMPETING INTERESTS

None of the Directors or management shareholders of the Company and their respective associates (as defined in the Main Board Listing Rules) has an interest in a business which competes or may compete with the business of the Company or has any other conflict of interest with the Company during the year.

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2017 have been reviewed by the audit committee before recommending to the Board for approval.

主要客戶及供應商

截至二零一七年十二月三十一日止年度，來自本集團最大客戶的收入佔年內收入總額約0.1%，而本集團五大客戶佔本集團於年內總收入少於30%。

截至二零一七年十二月三十一日止年度，向單一最大供應商作出的採購約佔於年內的採購總額4.8%，而本集團五大供應商約佔本集團於年內的採購總額少於30%。

除上文披露者外，概無董事、彼等的聯繫人士或任何股東(就董事所知擁有本公司股本5%以上權益者)於上述主要供應商及主要客戶中擁有權益。

足夠公眾持股量

根據本公司公開資料並就董事所知，於本申報日，本公司已發行股本總額中最少25%由公眾人士持有。

競爭權益

年內，本公司董事或管理層股東以及彼等各自的聯繫人士(定義見主板上市規則)概無於與本公司業務構成或可能構成競爭的業務中擁有權益，且並無與本公司存在任何其他利益衝突。

審核委員會

本公司截至二零一七年十二月三十一日止年度的經審核財務報表於建議董事會批准前，已由審核委員會審閱。



Report of the Directors (Continued) 董事會報告(續)

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the shares, they are advised to consult an expert.

USE OF PROCEEDS RAISED FROM LISTING

The net proceeds raised from the Company's newly issued and listed shares on the Stock Exchange in May 2007 (after deduction of related issuance expenses) amounted to approximately HK\$265,000,000.

As of 31 December 2017, approximately HK\$206,957,000 of the proceeds so raised was used, and the unused proceeds of approximately HK\$58,043,000 was deposited with banks, the security of which was adequately ensured.

Details of the used proceeds raised of approximately HK\$206,957,000 are set out as follows:

- as to approximately HK\$29,000,000 for acquisition of the business of a retail chain in Shenzhen, the PRC;
- as to approximately HK\$28,300,000 for opening of new stores in Yanbu Foshan and Ronggui Foshan, the PRC;
- as to approximately HK\$8,750,000 for opening of a new store in Nanning Guangxi, the PRC;
- as to approximately HK\$4,350,000 for opening of two new stores in Xian Baoan Shenzhen, the PRC;
- as to approximately HK\$10,400,000 for opening of a new store in Luohu Shenzhen, the PRC;

建議尋求專業稅務意見

倘若本公司股東對購買、持有、出售、買賣股份或行使任何有關股份之權利的稅務影響有所疑問，彼等應諮詢專家意見。

上市所得款項用途

本公司於二零零七年五月在聯交所新發行上市股份籌集的所得款項淨額，在扣除相關的發行費用後相等於約265,000,000港元。

於二零一七年十二月三十一日，已動用所籌得款項約206,957,000港元，尚未動用的所得款項約58,043,000港元存放在銀行，其安全性有足夠保證。

已動用所籌得款項約206,957,000港元之詳情載列如下：

- 約29,000,000港元用作收購中國深圳連鎖零售店業務；
- 約28,300,000港元用作於中國佛山鹽步及佛山容桂開設新店舖；
- 約8,750,000港元用作於中國廣西南寧開設新店舖；
- 約4,350,000港元用作於中國深圳寶安區新安街道辦開設兩家新店舖；
- 約10,400,000港元用作於中國深圳羅湖區開設新店舖；



Report of the Directors (Continued)
董事會報告(續)

**USE OF PROCEEDS RAISED FROM LISTING
(Continued)**

- as to approximately HK\$15,800,000 for opening of a new store in Buji Shenzhen, the PRC;
- as to approximately HK\$14,300,000 for opening of another new store in Nanning Guangxi, the PRC;
- as to approximately HK\$3,690,000 for opening of a new supermarket in Bantian Longgang, Shenzhen, the PRC;
- as to approximately HK\$8,800,000 for opening of a restaurant and two beverage kiosk in Shenzhen, the PRC;
- as to approximately HK\$3,600,000 for opening of a theme restaurant and a Chinese restaurant in Baoan and Longgang Shenzhen, the PRC respectively;
- as to approximately HK\$9,200,000 for setting up of a procurement centre in Shiyuan Shenzhen, the PRC;
- as to approximately HK\$12,042,000 for the purchase of transportation equipment;
- as to approximately HK\$15,000,000 for the purchase of office equipment;
- as to approximately HK\$3,000,000 for the upgrade of the MIS;
- as to approximately HK\$725,000 to promote the Company's brand image; and
- as to approximately HK\$40,000,000 for the refurbishments of existing retail stores.

The unused proceeds will be used by the Company for the purposes as set out in the section headed "Future plans and use of proceeds" in the prospectus of the Company dated 8 May 2007.

上市所得款項用途(續)

- 約15,800,000港元用作於中國深圳布吉開設新店舖；
- 約14,300,000港元用作於中國廣西南寧開設新店舖；
- 約3,690,000港元用作於中國深圳龍崗區坂田開設新超市；
- 約8,800,000港元用作於中國深圳開設一家餐廳及兩家茶店；
- 約3,600,000港元分別用作中國深圳寶安及龍崗開設一家主題餐廳及一家中式餐廳；
- 約9,200,000港元用作於中國深圳石岩開設配送中心；
- 約12,042,000港元用作於購置運輸工具；
- 約15,000,000港元用作於購買辦公室設備；
- 約3,000,000港元用作改良管理資訊系統；
- 約725,000港元用作提升本公司的品牌形象；及
- 約40,000,000港元用作翻新現有的零售店。

未動用之所得款項將由本公司動用作本公司日期為二零零七年五月八日之售股章程「未來計劃及所得款項用途」一節所述用途。

Report of the Directors (Continued)

董事會報告(續)



AUDITOR

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

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2017 is set out in the sections of Chairman's Statement, Management Discussion and Analysis and Five Years Financial Summary on pages 6 to 10, pages 15 to 30 and pages 171 to 172 respectively of this annual report.

The Group recognises that its employees, customers and business partners are the keys to the sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality products and services to its customers and enhancing co-operation with its business partners.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to maintaining a clean, energy saving and harmonious environmental conservation policy.

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix 27 to the Main Board Listing Rules will be published within three months after the publication of the annual report of the Company.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

核數師

有關重新委任立信德豪會計師事務所有限公司為本公司核數師的決議案將於本公司下屆股東週年大會上提呈以取得股東批准。

業務回顧

本集團截至二零一七年十二月三十一日止年度之業務回顧已分別載於本年報第6至10頁、第15至30頁及第171至172頁之「董事長報告」、「管理層討論及分析」及「五年財務概要」等章節。

本集團確認其僱員、客戶及合作夥伴是可持續發展的關鍵。本集團致力與僱員建立密切及關顧之關係、為客戶提供優質產品及服務，並加強與業務合作夥伴的合作。

環境、社會及管治報告

本集團承諾維持清潔、節約能源、和諧的環境保護政策。

本公司按主板上市規則附錄27編制的環境、社會及管治報告將於本公司的年報刊發後的三個月內刊發。

稅務減免

本公司並不知悉股東因持有本公司證券而可享有之任何稅務減免。



Report of the Directors (Continued)
董事會報告(續)

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) when the Directors' Report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance (Chapter 622, Laws of Hong Kong).

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

The Group is continuously monitoring their compliance to ensure that the Group abides by such laws and regulations from time to time. Besides those general laws and regulations such as the Company Law of the PRC, the Listing Rules of Hong Kong Stock Exchange, the Group has also complied in all material respects with all the laws and regulations that have a significant impact on the business of the Group.

For and on behalf of the Board
Zhuang Lu Kun
Chairman

28 March 2018
Shenzhen, the PRC

獲准許之彌償條文

本公司已就其董事及高級管理層可能會面對由企業活動產生之法律行動，為董事及行政人員之職責作適當投保安排。基於董事利益之獲准許彌償條文根據公司條例(香港法例第622章)第470條之規定於董事編製之董事報告按照公司條例(香港法例第622章)第391(1)(a)條獲通過時生效。

遵守對公司有重大影響的有關法律及規例情況

本集團持續監控相關遵守情況，以確保本集團可持續遵守對公司有重大影響的有關法律及規例。除遵守中國公司法、香港聯交所上市規則等常規法律、規例外，於報告年度內，本集團亦在各重大方面遵守對本集團業務有重要影響的法律及規例。

代表董事會
董事長
莊陸坤

二零一八年三月二十八日
中國深圳

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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To the shareholders of Jiahua Stores Holdings Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jiahua Stores Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 69 to 170, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致佳華百貨控股有限公司列位股東
(在開曼群島註冊成立的有限公司)

意見

本核數師已完成審核第69至170頁所載佳華百貨控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表，當中包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一七年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師職業道德準則理事會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。



Independent Auditor's Report (Continued) 獨立核數師報告(續)

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.

Valuation of investment properties

Refer to notes 2.6, 4 and 12 in the consolidated financial statements.

Management has estimated the fair value of the Group's investment properties located in the People's Republic of China ("PRC") to be approximately RMB290,800,000 as at 31 December 2017 with a fair value gain for the year ended 31 December 2017 recorded in the consolidated statement of comprehensive income of approximately RMB20,100,000.

We focused on this area because in determining the fair value of investment properties, significant estimation and judgement were applied by the management in selecting appropriate valuation methodology and key input parameters, including yields and future lease income. To support management's determination, the Group engaged an independent external valuer to perform valuation on the investment properties.

Our key audit procedures included:

- evaluating of the independent external valuer's independence, competency and objectivity;
- assessing the appropriateness of the valuation methodology and reasonableness of the key input and assumptions adopted in the valuation; and
- checking the accuracy of the input data used to supportive evidence.

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時處理。我們不會對這些事項個別提供意見。

投資物業之估值

請參閱綜合財務報表附註2.6、4及12。

管理層估計貴集團位於中華人民共和國(「中國」)之投資物業於二零一七年十二月三十一日之公平值為約人民幣290,800,000元，而記錄於綜合全面收益表中截至二零一七年十二月三十一日止年度之公平值收益為約人民幣20,100,000元。

我們專注於此方面，原因是釐定投資物業公平值時，管理層就揀選合適的估值方法及關鍵輸入數據參數作出重大估計及判斷，包括回報率及未來租賃收入。為支持管理層的決定，貴集團委聘一名獨立估值師對該等投資物業進行估值。

我們的關鍵審核程序包括：

- 評估獨立外部估值師的獨立性、資格及客觀性；
- 評估估值過程中採納的估值方法的合適性及主要輸入數據及假設是否合理；及
- 檢查憑證中輸入數據之準確性。



Independent Auditor's Report (Continued) 獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

Impairment assessment of intangible assets and property, plant and equipment

Refer to notes 2.5, 2.8, 2.9, 4, 11 and 14 in the consolidated financial statements.

The Group has certain intangible assets and certain property, plant and equipment with carrying amounts of approximately RMB3,992,000 and RMB12,818,000 respectively as at 31 December 2017 in relation to agreements entered into for the exclusive rights for operation and licensing of the business of restaurants in the PRC and beverage kiosk in Shenzhen region with an international cartoon brand name respectively.

Management is required to assess the amount of intangible asset with finite useful life and property, plant and equipment for impairment where impairment indicator was identified. The intangible asset and property, plant and equipment were allocated to cash generating units ("CGUs") for impairment assessment. We focused on this area because in carrying out the impairment assessments, significant management judgement was used to determine the key assumptions underlying the calculations of recoverable amounts of the CGUs. Management's impairment assessment involves significant judgement, principally relating to revenue growth, future profitability and discount rates.

Management concluded that, based on their own estimation, an impairment loss on an intangible asset of approximately RMB1,773,000 was required and certain property, plant and equipment has been written-off of approximately RMB475,000, and these amounts have been recorded in the consolidated statement of comprehensive income for the year ended 31 December 2017.

Our key audit procedures included:

- reviewing the valuation methodology;
- assessing and challenging the reasonableness of key assumptions used in the recoverable amount calculations;
- checking the mathematical accuracy of the recoverable amount calculations; and
- reconciling input data to supporting evidence such as approved budgets and considering the reasonableness of these budgets.

關鍵審核事項(續)

無形資產及物業、廠房及設備之減值評估

請參閱綜合財務報表附註2.5、2.8、2.9、4、11及14。

貴集團所持若干無形資產及若干物業、廠房及設備於二零一七年十二月三十一日之賬面值分別為約人民幣3,992,000元及人民幣12,818,000元，涉及訂立協議，以取得獨家權利分別於中國經營及特許經營餐廳業務，以及以國際卡通品牌名稱，於深圳地區經營及特許經營飲料亭。

倘發現減值跡象，管理層須評估可使用年期為有限的無形資產及物業、廠房及設備之金額。無形資產及物業、廠房及設備就減值評估分配至現金產生單位（「現金產生單位」）。我們專注於此方面，原因是進行減值評估時，已使用重大管理判斷以釐定計算現金產生單位可收回金額的相關主要假設。管理層的減值評估涉及重大判斷，主要與收益增長、未來盈利能力及折現率相關。

根據管理層得出的結論，基於彼等所作估計，無形資產約人民幣1,773,000元須列作減值虧損，並已撇銷若干物業、廠房及設備約人民幣475,000元，而該等金額已記錄於截至二零一七年十二月三十一日止年度之綜合全面收益表內。

我們的關鍵審核程序包括：

- 審閱估值方法；
- 評估及質疑用作計算可收回金額之主要假設是否合理；
- 檢查計算可收回金額在數學上的準確性；及
- 將輸入數據與憑據（例如經核准預算）對賬，並省覽該等預算是否合理。



Independent Auditor's Report (Continued) 獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

Impairment assessment of an available-for-sale financial asset

Refer to notes 2.16, 4 and 17 in the consolidated financial statements.

The Group has an available-for-sale financial asset with carrying amount of approximately RMB3,235,000 as at 31 December 2017 which is an investment in an unlisted company in the PRC. Such financial asset is measured at cost less impairment.

According to HKAS 39, if there is objective evidence that an impairment loss has been incurred on financial assets carried at cost, the management is required to access the present value of estimated future cash flows from these assets discounted at the current market rate of return for a similar financial asset, which involved significant judgement.

Based on management's estimation, an impairment loss of approximately RMB3,484,000 has been recorded in the consolidated statement of comprehensive income for the year ended 31 December 2017.

Our key audit procedures included:

- assessing the factors considered by the management in determining the impairment;
- assessing and challenging the reasonableness of key assumptions used in arriving at the present value of estimated future cash flows; and
- reconciling input data used in the impairment assessment to supporting evidence.

關鍵審核事項(續)

可供出售金融資產之減值評估

請參閱綜合財務報表附註2.16、4及17。

貴集團於二零一七年十二月三十一日賬面值約人民幣3,235,000元的可供出售金融資產為於中國一間非上市公司的一項投資。有關金融資產乃按成本減除減值計量。

根據香港會計準則第39號，倘有客觀的證據顯示按成本計算的金融資產已產生減值虧損，則管理層須評估該等資產的估計未來現金流量之現值，並按類似金融資產的現時市場收益率折讓，而該評估涉及重大判斷。

基於管理層所估計，減值虧損約人民幣3,484,000元已記錄於截至二零一七年十二月三十一日止年度之綜合全面收益表內。

我們的關鍵審核程序包括：

- 評估管理層在釐定減值時考慮的因素；
- 評估及質疑計算估計未來現金流量的現值時運用的主要假設是否合理；及
- 將評估減值所用的輸入數據與憑據進行對賬。



Independent Auditor's Report (Continued) 獨立核數師報告(續)

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

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

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

年報內的其他資料

董事需對其他資料負責。其他資料包括刊載於貴公司年報內的資料，但不包括綜合財務報表及我們的核數師報告。

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

就我們對綜合財務報表的審計，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，倘我們認為其他資料存在重大錯誤陳述，則我們需要報告該事實。在這方面，我們概無任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

董事亦須負責監督貴集團的財務報告過程。審核委員會就此協助董事履行責任。



Independent Auditor's Report (Continued) 獨立核數師報告(續)

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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional 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.

核數師就審計綜合財務報表承擔的責任

我們的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。本報告根據我們的委聘條款僅向閣下（作為整體）作出，除此以外，我們的報告不可用作其他用途。本行並不就本行報告之內容對任何其他人士承擔任何責任或接受任何義務。

合理保證乃高標準的保證，惟不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，倘合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

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



Independent Auditor's Report (Continued) 獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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.

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

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

核數師就審計綜合財務報表承擔的 責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或倘有關的披露不足，則我們應當修改意見。我們的結論乃基於直至核數師報告日期所取得的審計憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評價綜合財務報表的整體呈列方式、結構及內容，包括披露，以及綜合財務報表是否中肯反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資訊獲取充足而適當的審計憑證，以對綜合財務報表發表意見。我們負責貴集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

我們與審核委員會商討(其中包括)已計劃的審計範圍、時間安排及重大審計發現，包括我們在審計中識別出內部控制的任何重大缺陷。

我們亦向審核委員會提交聲明，說明我們已符合有關獨立性的相關道德要求，並與彼等商討有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及(倘適用)相關的防範措施。



Independent Auditor's Report (Continued)
獨立核數師報告(續)

**AUDITOR'S RESPONSIBILITIES FOR THE
AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS (Continued)**

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.

BDO Limited
Certified Public Accountants
Wong Kwok Wai
Practising Certificate Number P06047

Hong Kong, 28 March 2018

**核數師就審計綜合財務報表承擔的
責任(續)**

從與董事溝通的事項中，我們確定該等事項對本期綜合財務報表的審計最為重要，並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，除非法律法規不允許公開披露有關事項，或在極端罕見的情況下，倘合理預期在我們報告提及事項造成的不良後果重於產生的公眾利益，則我們決定不應在報告中提及有關事項。

香港立信德豪會計師事務所有限公司
執業會計師
黃國偉
執業證書編號P06047

香港，二零一八年三月二十八日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

| | | Notes | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|---------------------------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Revenue | 收入 | 6(a) | 700,183 | 728,903 |
| Cost of inventories sold | 已售存貨成本 | | (421,461) | (468,950) |
| Other operating income | 其他經營收入 | 6(b) | 278,722 | 259,953 |
| Increase in fair value of investment properties | 投資物業之公平值增加 | 12 | 63,272 | 69,992 |
| Selling and distribution costs | 銷售及分銷成本 | | (230,879) | (216,943) |
| Administrative expenses | 行政開支 | | (61,879) | (54,047) |
| Other operating expenses | 其他經營開支 | | (9,472) | (4,911) |
| Operating profit | 經營溢利 | 7 | 59,864 | 64,644 |
| Share of loss of an associate | 應佔一家聯營公司之虧損 | | - | (116) |
| Profit before income tax | 除所得稅前溢利 | | 59,864 | 64,528 |
| Income tax expense | 所得稅開支 | 8 | (26,665) | (23,393) |
| Profit and other comprehensive income for the year | 年度溢利及其他全面收益 | | 33,199 | 41,135 |
| Profit and other comprehensive income for the year attributable to: | 以下人士年內應佔溢利及其他全面收益： | | | |
| - Owners of the Company | - 本公司擁有人 | | 33,199 | 41,306 |
| - Non-controlling interest | - 非控股股東權益 | | - | (171) |
| | | | 33,199 | 41,135 |
| Earnings per share for profit attributable to the owners of the Company during the year | 年內本公司擁有人應佔溢利之每股盈利 | | | |
| - Basic and diluted (RMB cents) | - 基本及攤薄 (人民幣分) | 10 | 3.20 | 3.98 |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2017
於二零一七年十二月三十一日

| | | | 2017 | 2016 |
|--|-----------------------|-------|----------------|---------|
| | | Notes | 二零一七年 | 二零一六年 |
| | | 附註 | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 |
| ASSETS AND LIABILITIES | 資產及負債 | | | |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 11 | 171,127 | 113,134 |
| Investment properties | 投資物業 | 12 | 290,800 | 270,700 |
| Prepaid land lease | 預付土地金 | 13 | 12,662 | 12,923 |
| Intangible assets | 無形資產 | 14 | 6,369 | 11,498 |
| Deposits paid and prepayments | 已付按金及預付款項 | 15 | 19,517 | 6,141 |
| Interests in an associate | 於一家聯營公司之權益 | 16 | - | - |
| Available-for-sale financial assets | 可供出售金融資產 | 17 | 3,235 | 6,752 |
| | | | 503,710 | 421,148 |
| Current assets | 流動資產 | | | |
| Inventories and consumables | 存貨及易耗品 | 18 | 47,190 | 52,821 |
| Trade and loan receivables | 應收貿易賬款及貸款 | 19 | 45,493 | 19,768 |
| Deposits paid, prepayments and other receivables | 已付按金、預付款項及其他應收款項 | 15 | 57,206 | 52,966 |
| Cash and bank balances | 現金及銀行結餘 | 20 | 288,817 | 328,610 |
| | | | 438,706 | 454,165 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 應付貿易賬款 | 21 | 194,499 | 192,469 |
| Coupon liabilities, deposits received, other payables and accruals | 息票負債、已收按金、其他應付款項及應計費用 | 22 | 111,203 | 62,151 |
| Amount due to a director | 應付一名董事款項 | 23 | 59 | 59 |
| Provision for taxation | 稅項撥備 | | 14,393 | 12,392 |
| | | | 320,154 | 267,071 |
| Net current assets | 流動資產淨值 | | 118,552 | 187,094 |
| Total assets less current liabilities | 總資產減流動負債 | | 622,262 | 608,242 |



Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

As at 31 December 2017
於二零一七年十二月三十一日

| | | Notes 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--------------------------------|--------------|-------------|-----------------------------------|-----------------------------------|
| Non-current liabilities | 非流動負債 | | | |
| Deferred tax liabilities | 遞延稅項負債 | 24 | 22,486 | 16,661 |
| Net assets | 資產淨值 | | 599,776 | 591,581 |
| EQUITY | 權益 | | | |
| Share capital | 股本 | 25 | 10,125 | 10,125 |
| Reserves | 儲備 | 26 | 589,651 | 581,456 |
| Total equity | 權益總額 | | 599,776 | 591,581 |

Zhuang Lu Kun
莊陸坤
Director
董事

Zhuang Pei Zhong
莊沛忠
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017
截至二零一七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 | Statutory reserve | Statutory welfare reserve | Merger reserve | Share option reserve | Other reserve | Property revaluation reserve | Translation reserve | Retained profits | Dividend proposed | Total | Non-controlling interest | Total equity | |
| Notes | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| 附註 | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | |
| At 1 January 2016 | 於二零一六年一月一日 | 10,125 | 252,478 | 54,979 | 2,286 | 12,373 | 24 | - | 431 | (969) | 218,730 | 13,176 | 563,633 | 239 | 563,872 | |
| Acquisition of non-controlling interest | 收購非控股權益 | - | - | - | - | - | - | (182) | - | - | - | - | (182) | (68) | (250) | |
| Profit and total comprehensive income for the year | 年內溢利及全面收益總額 | - | - | - | - | - | - | - | - | - | 41,306 | - | 41,306 | (171) | 41,135 | |
| Dividend approved for 2015 | 二零一五年之獲批准股息 | 9(b) | - | - | - | - | - | - | - | - | - | (13,176) | (13,176) | - | (13,176) | |
| Proposed final dividend for 2016 | 二零一六年擬派末期股息 | 9(a) | - | - | - | - | - | - | - | - | (25,004) | 25,004 | - | - | - | |
| Transfer to statutory reserve | 轉移至法定儲備 | - | - | 4,244 | - | - | - | - | - | - | (4,244) | - | - | - | - | |
| Share option lapsed in 2016 | 二零一六年已失效購股權 | - | - | - | - | - | (24) | - | - | - | 24 | - | - | - | - | |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 10,125 | 252,478 | 59,223 | 2,286 | 12,373 | - | (182) | 431 | (969) | 230,812 | 25,004 | 591,581 | - | 591,581 | |
| Profit and total comprehensive income for the year | 年內溢利及全面收益總額 | - | - | - | - | - | - | - | - | - | 33,199 | - | 33,199 | - | 33,199 | |
| Dividend approved for 2016 | 二零一六年之獲批准股息 | 9(b) | - | - | - | - | - | - | - | - | - | (25,004) | (25,004) | - | (25,004) | |
| Proposed final dividend for 2017 | 二零一七年擬派末期股息 | 9(a) | - | - | - | - | - | - | - | - | (19,816) | 19,816 | - | - | - | |
| Transfer to statutory reserve | 轉移至法定儲備 | - | - | 5,492 | - | - | - | - | - | - | (5,492) | - | - | - | - | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 10,125 | 252,478 | 64,715 | 2,286 | 12,373 | - | (182) | 431 | (969) | 238,703 | 19,816 | 599,776 | - | 599,776 | |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

| | | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-------------------------|-------------|-----------------------------------|-----------------------------------|
| | | Notes 附註 | | |
| Cash flows from operating activities | 經營活動的現金流量 | | | |
| Profit before income tax | 除所得稅前溢利 | | 59,864 | 64,528 |
| Adjustments for: | 就以下各項作出調整： | | | |
| Interest income | 利息收入 | 6(b) | (5,127) | (4,944) |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 7 | 35,679 | 31,120 |
| Obsolete inventories written-off and inventories loss | 陳舊存貨撇銷及存貨虧損 | 7 | 188 | 463 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備的虧損 | 7 | 12 | 350 |
| Amortisation of prepaid land lease | 預付土地租賃攤銷 | 7 | 261 | 261 |
| Increase in fair value of investment properties | 投資物業公平值增加 | 12 | (20,100) | (10,600) |
| Share of loss of an associate | 應佔一家聯營公司的虧損 | | - | 116 |
| Amortisation of intangible assets | 無形資產攤銷 | 7 | 4,856 | 4,652 |
| Impairment loss on an available-for-sale financial asset | 一項可供出售金融資產之減值虧損 | 7 | 3,484 | 4,081 |
| Impairment loss on an intangible asset | 一項無形資產之減值虧損 | 7 | 1,773 | - |
| Provision for a legal claim | 一項法律索償之撥備 | 7 | 3,159 | 60 |
| Written-off of property, plant and equipment | 物業、廠房及設備撇銷 | 7 | 476 | - |
| Operating profit before working capital changes | 營運資金變動前經營溢利 | | 84,525 | 90,087 |
| Decrease in inventories and consumables | 存貨及易耗品減少 | | 5,443 | 9,906 |
| Increase in trade and loan receivables | 應收貿易賬款及貸款增加 | | (25,725) | (7,286) |
| (Increase)/decrease in deposits paid, prepayments and other receivables | 已付按金、預付款項及其他應收款項(增加)/減少 | | (4,240) | 1,386 |
| Increase in trade payables | 應付貿易賬款增加 | | 2,030 | 3,463 |
| Increase in coupon liabilities, deposits received, other payables and accruals | 息票負債、已收按金、其他應付款項及應計費用增加 | | 45,893 | 3,113 |
| Cash generated from operations | 經營業務所得現金 | | 107,926 | 100,669 |
| Interest received | 已收利息 | | 5,127 | 4,944 |
| Income tax paid | 已繳所得稅 | | (18,839) | (18,215) |
| Net cash from operating activities | 經營業務所得現金淨額 | | 94,214 | 87,398 |



Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| | Notes 附註 | | |
| Cash flows from investing activities | 投資活動的現金流量 | | |
| (Increase)/decrease in deposits paid and prepayments | 已付按金及預付款項(增加)/減少 | (13,376) | 4,073 |
| Purchase of property, plant and equipment | 購入物業、廠房及設備 | (94,167) | (41,868) |
| Purchase of an intangible asset | 購入一項無形資產 | (1,500) | (1,150) |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | 7 | 62 |
| Proceeds from disposal of an available-for-sale financial asset | 出售一項可供出售金融資產所得款項 | 33 | - |
| Increase in bank deposits maturing over three months | 於三個月後到期之銀行存款增加 | (8,254) | (10,422) |
| <i>Net cash used in investing activities</i> | <i>投資活動(所用)現金淨額</i> | (117,257) | (49,305) |
| Cash flows from financing activities | 融資活動的現金流量 | | |
| Dividends paid to owners of the Company | 已付本公司擁有人股息 | (25,004) | (13,176) |
| <i>Net cash used in financing activities</i> | <i>融資活動所用現金淨額</i> | (25,004) | (13,176) |
| Net (decrease)/increase in cash and cash equivalents | 現金及現金等價物(減少)/增加淨額 | (48,047) | 24,917 |
| Cash and cash equivalents at 1 January | 於一月一日的現金及現金等價物 | 306,864 | 281,947 |
| Cash and cash equivalents at 31 December | 於十二月三十一日的現金及現金等價物 | 258,817 | 306,864 |
| | 20 | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

Jiahua Stores Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office and its principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and Level 4, Jiahua Ming Yuan, 2146 Xinhua Road, Baoan Central District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”) respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. Details of the principal activities of the Company’s subsidiaries are set out in note 32 to the financial statements.

The financial statements for the year ended 31 December 2017 were approved for issue by the board of directors (the “Board”) on 28 March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 69 to 170 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) which collectively includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

These financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

1. 一般資料

佳華百貨控股有限公司(「本公司」)在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處及主要營業地點分別位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands及中華人民共和國(「中國」)廣東省深圳市寶安中心區新湖路2146號佳華名苑4樓。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司主要業務為投資控股。本公司附屬公司之主要業務詳情載於財務報表附註32。

截至二零一七年十二月三十一日止年度之財務報表已於二零一八年三月二十八日獲董事會(「董事會」)批准刊發。

2. 主要會計政策概要

2.1 編製基準

第69至170頁所載之財務報表乃根據整體包括香港會計師公會(「香港會計師公會」)頒佈之所有適用個別香港財務報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋的香港財務報告準則(「香港財務報告準則」)編製。財務報表亦包括香港公司條例及聯交所證券上市規則之適用披露規定。

除另有指明外，此等財務報表以人民幣(「人民幣」，其相等於本公司的功能貨幣)呈列，且所有數值均四捨五入至最接近千位。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or revised HKFRS and the impacts on the financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for investment properties which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). 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 dates of acquisition or up to the 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.

2. 主要會計政策概要(續)

2.1 編製基準(續)

編製此等財務報表時所採用重大會計政策於下文概述。除另有說明者外，此等政策已獲貫徹應用於所有呈報年度。採納新訂或經修訂香港財務報告準則及對財務報表之影響(如有)於附註3披露。

本財務報表已按歷史成本基準編製，以公平值列值之投資物業除外。計量基準於下文會計政策詳述。

務請注意，編製財務報表時須作出會計估計及假設。儘管此等估計乃以管理層就現行事件及行動的最佳認知及判斷為基準，惟實際結果最終或會與該等估計不同。涉及高度判斷或複雜性的範圍，或對財務報表屬重大的假設及估計範圍，於附註4披露。

2.2 業務合併及綜合賬目基準

綜合財務報表包括本公司及其附屬公司(「本集團」)的財務報表。集團公司之間進行之公司間交易及結餘以及未變現利潤乃於編製綜合財務報表時全數對銷。未變現虧損亦予以對銷，除非該交易提供有關所轉讓資產之減值證據，於此情況下，虧損於損益內確認。

年內所收購或出售附屬公司之業績乃自收購日期起或直至出售日期為止(按適用情況)計入綜合全面收益表。倘有必要，將對附屬公司之財務報表作出調整，以令彼等之會計政策與本集團其他成員公司所採用者一致。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Business combination and basis of consolidation (Continued)

Acquisition of subsidiaries or businesses is accounted for using the 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 the non-controlling interests 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 HKFRS. 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.

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 interest. 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.

2. 主要會計政策概要(續)

2.2 業務合併及綜合賬目基準(續)

收購附屬公司或業務採用收購法入賬。收購成本乃按所轉讓資產、所產生負債及本集團(作為收購方)發行之股權於收購日期之公平值總額計量。所收購可識別資產及所承擔負債主要按收購日期之公平值計量。本集團先前所持收購對象之股權以收購日期之公平值重新計量，而所產生之收益或虧損則於損益確認。本集團可按每宗交易選擇以公平值或應佔收購對象之可識別資產淨值比例計算非控股權益(即現時於附屬公司之擁有權權益)。除非香港財務報告準則規定使用其他計量基準，否則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均列作開支，除非該等成本乃於發行股本工具時產生，在該情況下，有關成本則自權益中扣除。

收購方將予轉讓之任何或然代價按收購日期之公平值確認。其後對代價之調整僅於調整源自於計量期(最長為收購日期起計十二個月)內所取得有關收購日期之公平值之新資料時，方於商譽確認。所有其他分類為資產或負債之或然代價之其後調整均於損益中確認。

倘本集團喪失一間附屬公司之控制權，則出售損益乃按以下兩者之差額計算：(i)已收代價公平值與任何保留權益公平值之總和；及(ii)附屬公司資產(包括商譽)與負債及任何非控股權益之過往賬面值。過往於其他全面收益確認與附屬公司有關之金額按出售相關資產或負債時所規定之相同方式入賬。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Business combination and basis of consolidation (Continued)

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

2.3 Subsidiaries

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

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

2.4 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.

2. 主要會計政策概要(續)

2.2 業務合併及綜合賬目基準(續)

收購後，非控股權益(即現時於附屬公司之擁有權權益)之賬面值為該等權益於初步確認時之金額加上非控股權益應佔權益其後變動之部分。儘管會導致非控股權益出現赤字結餘，惟全面收益總額乃歸屬於該等非控股權益。

2.3 附屬公司

附屬公司指本公司能夠行使控制權的被投資公司。倘所有以下三項元素存在，則本公司乃控制被投資公司：對被投資公司擁有權力、就被投資公司的可變回報承受風險或擁有權利及使用其權力影響該等可變回報的能力。當有事實及情況表明任何該等控制元素可能存在變動時，則控制權予以重估。

於本公司的財務狀況表中，於附屬公司的投資乃按成本減去減值虧損(如有)列賬。附屬公司的業績由本公司按已收及應收股息為基準入賬。

2.4 聯營公司

聯營公司為本集團對其有重大影響力的實體，且既非附屬公司，亦非共同安排。重大影響力指有權參與被投資公司的財務及經營政策決策，惟對該等政策並無控制或共同控制權。

聯營公司以權益法入賬，初步按成本確認，其後賬面值按本集團應佔聯營公司資產淨值於收購後的變動作出調整，惟超過本集團於聯營公司權益的虧損將不予確認，除非本集團有責任彌補該等虧損。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Associates (Continued)

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

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognised the amount adjacent to share of results of investments accounted for using equity method in profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

2. 主要會計政策概要(續)

2.4 聯營公司(續)

本集團與其聯營公司間進行交易所產生的溢利及虧損僅以無關連投資者於聯營公司的權益為限予以確認。投資者應佔該等交易所產生的聯營公司溢利及虧損與聯營公司的賬面值對銷。倘未變現虧損證明所轉移資產出現減值，則即時於損益中確認。

就聯營公司已付高於本集團應佔所收購可識別資產、負債及或然負債公平價值的任何溢價會撥充資本，並計入該聯營公司的賬面值。倘有客觀證據顯示於聯營公司的投資出現減值，則本集團按聯營公司可收回金額及其賬面值的差額計算減值金額，並使用權益法於損益中「應佔投資業績」一項前後確認該金額。

2.5 物業、廠房及設備

物業、廠房及設備按成本減累計折舊及累計減值虧損列賬。物業、廠房及設備的成本包括其購買價及收購項目的直接應佔成本。

其後成本僅在與該項目相關的未來經濟利益很可能流入本集團且該項目的成本能夠可靠計量時，方計入該資產的賬面值或確認為獨立資產(如適用)。被替換部分的賬面價值被終止確認。所有其他維修及保養在其發生的財務期間在損益中確認為開支。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

| | |
|-----------------------------------|---|
| Leasehold building | 54 years or over the terms of land use rights, whichever is shorter |
| Leasehold improvements | 3 to 10 years or over the lease terms, whichever is shorter |
| Plant and machinery | 10% |
| Motor vehicles and tools | 20% |
| Furniture, fixtures and equipment | 20% |

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

2.6 Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income, the Group chooses not to classify and account for these property interests as investment property.

2. 主要會計政策概要(續)

2.5 物業、廠房及設備(續)

物業、廠房及設備折舊以按直線法將其成本或估價淨額在估計可使用年限內扣除預期剩餘價值。於各報告期末，對可使用年限，剩餘價值及折舊方法進行審查並在適當時進行調整。使用年限如下：

| | |
|----------|--------------------|
| 租賃樓宇 | 54年或土地使權期限(以較短者為準) |
| 租賃物業裝修 | 3至10年或按租期(以較短者為準) |
| 廠房及機械 | 10% |
| 汽車及工具 | 20% |
| 家具、裝置及設備 | 20% |

倘資產的賬面值高於資產的估計可收回金額，則資產會即時撇減至其可收回金額。

出售物業、廠房及設備項目的收益或虧損為出售所得款項淨額與其賬面值之間的差額，並於出售時於損益中確認。

2.6 投資物業

投資物業乃為賺取租金或資本增值或達成上述兩項目的而持有的物業，且並非於日常業務過程中持作銷售，也並非用於生產或提供產品或服務或用於行政用途。投資物業於初始確認時按成本計量，其後按公平值計量，而當中的任何變動會於損益中確認。

倘本集團根據經營租賃持有一項物業權益以賺取租金收入，則本集團選擇不將該等物業權益分類及入賬作為投資物業。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Payments for prepaid land lease

Payments for prepaid land lease held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

2.8 Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite 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 and included in administrative expenses.

| | |
|-------------------|-----------|
| Franchise | 3-8 years |
| Computer software | 10 years |

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. 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 (see note 2.9).

2. 主要會計政策概要(續)

2.7 支付預付土地租賃之款項

支付根據經租賃持作自用之預付土地租賃之款項指收購承租人佔用物業長期利益之預付款項。該等款項按成本列賬，以直線法按租賃期間攤銷入賬列為開支。

2.8 無形資產

(i) 所收購無形資產

個別收購的無形資產初步按成本確認。其後，具有限使用年期的無形資產以成本減累計攤銷及累計減值虧損列賬。

攤銷以直線法於有關資產可使用年期內計提撥備如下。攤銷開支在損益中確認並計入行政開支。

| | |
|-------|------|
| 特許經營權 | 三至八年 |
| 電腦軟件 | 十年 |

(ii) 減值

倘有跡象顯示，具有限可使用年期之無形資產可能減值，則會進行減值測試。尚未可供使用之無形資產每年進行減值測試，不論該等無形資產是否已出現任何減值跡象。無形資產乃透過比較其賬面值及可收回金額進行減值測試(請參閱附註2.9)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

(ii) Impairment (Continued)

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, prepaid land lease, intangible assets with finite useful lives, deposits paid and prepayments and investments in subsidiaries and associate 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.

If the recoverable amount (i.e. the greater 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 as an expense 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.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

2. 主要會計政策概要(續)

2.8 無形資產(續)

(ii) 減值(續)

倘估計資產之可收回金額少於其賬面值，則該項資產之賬面值將減少至其可收回金額。

減值虧損會即時確認為開支，除非有關資產按重估金額列賬，在此情況下，減值虧損被視為重估減幅至其重估盈餘。

2.9 非金融資產減值

於各報告期末，本集團審閱物業、廠房及設備、預付土地租賃、可使用年期有限之無形資產、已付按金及預付款項及於附屬公司及聯營公司的投資之賬面值，以釐定是否有任何跡象顯示該等資產已遭受減值虧損或先前確認之減值虧損不再存在或已減少。

倘估計資產之可收回金額(即公平值減出售成本及使用價值兩者中較高者)少於其賬面值，則該項資產賬面值將減少至其可收回金額。減值虧損會被即時確認為開支，除非有關資產按另一香港財務報告準則按重估金額列賬，在此情況下，減值虧損根據該香港財務報告準則被視為重估減值。

就評估減值而言，倘資產並無產生主要取決於其他資產的現金流入，則可收回金額按獨立產生現金流入的最小資產組別(即現金產生單位)而釐定。因此，若干資產個別進行減值測試，而若干則以現金產生單位水平進行測試。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets (Continued)

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 as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, 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.

2.10 Foreign currency

Transactions entered into by the Company/group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (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.

2. 主要會計政策概要(續)

2.9 非金融資產減值(續)

倘減值虧損於隨後撥回，則資產之賬面值乃增至其可收回之經修訂估計金額，惟所增加之賬面值不可超逾假設過往年度並無就資產確認減值虧損原應釐定之賬面值。減值虧損撥回即時確認為收入。除非相關資產於其他香港財務報告準則中按重估金額列賬，在此情況下，於該香港財務報告準則之下減值虧損撥回可視為重估增加處理。

使用價值乃根據預期將來自資產或現金產生單位的估計未來現金流量折現至其現值，並使用反映現行市場對貨幣時間價值的評估及資產或現金產生單位之特定風險的除稅前貼現率貼現至其現值。

2.10 外幣

本公司／集團實體以其業務營運所處的主要經濟環境貨幣(「功能貨幣」)以外的貨幣進行的交易，按進行交易時的當前匯率入賬。外幣貨幣資產及負債則以報告期末的當前匯率換算。以外幣列值並按公平值列賬的非貨幣項目按釐定公平值日期之當前匯率重新換算。按外幣歷史成本計量的非貨幣項目毋須重新換算。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 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. Renminbi) 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 foreign 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 foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

2. 主要會計政策概要(續)

2.10 外幣(續)

因結算及換算貨幣項目而產生的匯兌差額會於產生期間在損益中確認。重新換算以公平值列賬的非貨幣項目所產生的匯兌差額於期內計入損益，惟重新換算非貨幣項目產生的盈虧差異於其他全面收益內確認，在此情況下，匯兌差額亦於其他全面收益中確認。

於綜合賬目時，海外業務的收入及開支項目按年內平均匯率換算為本集團呈報貨幣(即人民幣)，除非期內匯率波幅嚴重，在此情況下，則使用交易進行時的相若匯率。海外業務所有資產及負債按報告期末的當前匯率換算。所產生的匯兌差額(如有)在其他全面收益內確認，並於權益內作為外匯儲備累計(如適用，作為非控股權益)。就換算構成本集團相關海外業務的投資淨額的長期貨幣項目於集團實體之獨立財務報表確認的匯兌差額重新分類至其他全面收益，並於權益內作為外匯儲備累計。

於出售海外業務時，確認於該業務截至出售日期止的外匯儲備的累計匯兌差額，將重新分類至損益，作為出售之損益的一部分。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the use by others of the Group's assets yielding interest and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) Sale of goods are recognised upon transfer of the significant risks and rewards of ownership to the customers. This is usually taken as the time when the goods are delivered and the customers have accepted the goods;
- (ii) Commissions from concessionaire sales are recognised upon the sale of merchandise by the relevant stores;
- (iii) Administration and management fee income are recognised on an accrual basis when the right to receive the income has been established or as services are provided according to contract terms;
- (iv) Rental income under operating leases is recognised in accordance with note 2.12;
- (v) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of that financial asset on initial recognition; and
- (vi) Sales of food and catering is recognised at the point of sale to customers.

2. 主要會計政策概要(續)

2.11 收入確認

收入包括銷售貨品及其他人士使用本集團的資產賺取利息及股息的已收或應收代價的公平值，扣除回佣及折扣計算。倘經濟利益很可能流入本集團，且能可靠計量收入及成本(倘適用)，則收入按以下基準確認：

- (i) 銷售貨品於擁有權的重大風險及回報已轉移客戶時確認。此一般指貨品已付運而客戶已接納貨品之時；
- (ii) 專賣銷售佣金乃於相關店舖銷售商品時確認；
- (iii) 行政及管理費收入按合約條款於收取收入的權利確立時或提供服務時按應計基準確認；
- (iv) 經營租約的租金收入根據附註2.12確認；
- (v) 利息收入使用實際利率法按應計基準確認，所應用之利率即在金融工具預計有效期或(如適用)更短期間內將估計未來所收現金貼現至該金融資產初步確認時賬面淨值之確切利率；及
- (vi) 銷售食物及餐飲於向客戶作出銷售時確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

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. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease income receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

2.13 Inventories and consumables

Inventories comprise merchandise purchased for resale and are stated at lower of cost and net realisable value. Cost of merchandise, representing the purchase cost, is calculated on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make to sale.

Consumables for own consumption are stated at cost. Cost is determined using the weighted average method.

2. 主要會計政策概要(續)

2.12 租賃

凡租賃條款將擁有權之所有風險及回報大致轉移至承租人之租賃，均列作融資租賃。所有其他租賃均列作經營租賃。

本集團作為出租人

經營租約之租賃收入按直線法於相關租期內在損益確認。磋商及安排經營租約產生的初步直接成本加入出租資產的賬面值，並按租期以直線基準於開支確認。授出之租賃優惠作為應收租賃淨收入總額之一部分於損益確認。或然租金於其賺取之會計期間確認為收入。

本集團作為承租人

根據經營租約應付的租金總額按租期以直線基準於損益確認。收到之租賃優惠作為租賃開支總額之一部分按租期確認為總租金開支的一部份。

物業租約之土地及樓宇元素就租賃分類而言單獨予以考慮。

2.13 存貨及易耗品

存貨包括為轉售目的而購入的商品，以成本值與可變現淨值兩者的較低者入賬。商品成本值(即購入成本)以先進先出法計算。可變現淨值乃按於日常業務中的預計銷售價減預計銷售成本。

自用的易耗品按成本入賬。成本以加權平均法釐定。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Income taxes

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.

2. 主要會計政策概要(續)

2.14 所得稅

所得稅包括即期及遞延稅項。

即期稅項乃根據日常業務中的損益項目計算，並根據就所得稅而言屬非課稅或不獲減免項目而作出調整，以及使用於結算日已制定或大致制定的稅率計算。

遞延稅項乃來自就財務申報而言資產及負債的賬面值與用作課稅而言的相應款項兩者之間的臨時差額確認。除對會計及應課稅溢利均不會造成影響的商譽及已確認資產及負債外，所有應課稅臨時差額均確認為遞延稅項負債。遞延稅項資產在有可動用應課稅溢利以扣除臨時差額的情況下予以確認。遞延稅項乃以預計於期內適用的稅率計算，而負債或資產則根據於結算日已制定或大致制定的稅率分別償還及變現。

對於計量遞延稅項金額時用於釐定適合稅率的一般規定而言，有一個例外情況，即投資物業根據香港會計準則第40號「投資物業」而按公平值列賬。除非該假定被推翻，否則該等投資物業之遞延稅項金額，乃以出售該等投資物業時所適用稅率，以及按其於報告日期之賬面值計量。倘投資物業可計提折舊並根據一個商業模式而持有，而該商業模式的目的是隨著時間推移而消耗該物業所體現的絕大部份經濟利益(而不是通過出售)時，該假定即被推翻。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Income taxes (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

2. 主要會計政策概要(續)

2.14 所得稅(續)

遞延稅項負債就於附屬公司、聯營公司及共同控制實體的投資所產生應課稅暫時差額確認，惟倘本集團可控制暫時差額的撥回，且該撥回於可預見未來不大可能發生則作別論。

所得稅乃於損益內確認，除非所得稅與於其他全面收益中確認的項目有關則作別論，而在此情況下，稅項亦於其他全面收益內確認，或除非該等稅項與於權益直接確認的項目有關，而在此情況下，該等稅項亦直接於權益內確認。

2.15 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、存放於銀行之活期存款加上原定到期日為三個月或以下、可隨時轉換為已知金額現金及價值變動風險不大之高度流通短期投資。

2.16 金融工具

(i) 金融資產

本集團在初步確認時視乎收購資產的目的分類其金融資產。按公平值計入損益的金融資產初步按公平值計量，而所有其他金融資產初步按公平值加收購金融資產直接應佔的交易成本計量。以常規方式購買或出售的金融資產按交易日基準確認及終止確認。以常規方式購買或出售指根據合約(其條款要求於根據有關市場規例或慣例確立的一般時間框架內交付資產)購買或出售金融資產。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial instruments (Continued)

(i) Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

2. 主要會計政策概要(續)

2.16 金融工具(續)

(i) 金融資產(續)

貸款及應收款項

貸款及應收款項為附帶固定或待定付款的非衍生金融資產，且並無在活躍市場報價。貸款及應收款項主要透過向客戶(貿易債務人)提供貨品及服務產生，當中亦包括其他類別的合約貨幣資產。於初步確認後，貸款及應收款項乃採用實際利率法按已攤銷成本減任何已識別減值虧損列賬。

可供出售金融資產

該等資產為被指定為可供出售之非衍生金融資產或未包括在其他分類中之金融資產。初步確認後，該等資產按公平值計量且公平值變動在其他全面收益中確認，惟減值損失及貨幣工具之匯兌損益在損益確認。

對於沒有活躍市場之市場報價且其公平值不能可靠計量的可供出售權益投資，以及與此類無報價權益工具掛鉤並須通過交付此類無報價權益工具結算的衍生工具，其按成本扣除任何已識別減值損失列賬。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loan and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

2. 主要會計政策概要(續)

2.16 金融工具(續)

(ii) 金融資產的減值虧損

本集團會於各報告期末評估金融資產有否出現減值的客觀跡象。倘有在金融資產初步確認後發生的一項或多項事件導致的客觀減值跡象，而該事件對能夠可靠估計的金融資產估計未來現金流有所影響，則金融資產出現減值。減值的跡象可包括：

- 債務人陷入重大財務困難；
- 違反合約，例如拖欠或無法償還利息或本金；
- 因債務人有財務困難而授予寬免；
- 債務人可能會破產或進行其他財務重整。

貸款及應收款項

當有客觀證據顯示資產已減值時，會於損益確認減值虧損，有關金額按照資產賬面值與按原有實際利率貼現之估計未來現金流量現值兩者間之差額計量。金融資產之賬面值透過使用撥備賬扣減。倘金融資產之任何部分被釐定為無法收回，則於相關金融資產之撥備賬撇銷。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

For available-for-sale financial assets
For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(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 amortised cost

Financial liabilities at amortised cost including trade and other payables, accruals, amount due to a director 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.

2. 主要會計政策概要(續)

2.16 金融工具(續)

(ii) 金融資產的減值虧損(續)

可供出售金融資產
對於按成本列賬的可供出售權益投資，減值虧損金額乃按資產賬面值與經按類似金融資產的現行市場回報率予以折現的估計未來現金流量現值兩者之差額計量。該等減值虧損不予撥回。

(iii) 金融負債

本集團視乎負債產生的因由而對金融負債分類。按公平值計入損益的金融負債初步按公平值計量及按攤銷成本列賬的金融負債初步按公平值扣除直接應佔已產生成本計量。

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貿易及其他應付款項、應計費用、應付一名董事款項，於其後以實際利率法按攤銷成本計量。有關利息開支會於損益內確認。

當負債終止確認及進行攤銷時，收益或虧損於損益中確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial instruments (Continued)

(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) 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 HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2.17 Coupon liabilities

Coupon liabilities are recorded as liabilities when coupons are sold. Coupons used in exchange for products during the year are recognised as sales and transferred to profit or loss using the coupon sales value.

2. 主要會計政策概要(續)

2.16 金融工具(續)

(iv) 實際利率法

實際利率法為計算金融資產或金融負債攤銷成本之方法，亦用於在相關期內分配利息收入或利息開支。實際利率為於金融資產或負債之預計有效期或(如適用)更短期間內，實際貼現估計未來所收或所付現金之利率。

(v) 股本工具

由本公司發行的股本工具按已收所得款項扣除直接發行成本入賬。

(vi) 終止確認

本集團在與金融資產有關的未來現金流量合約權利屆滿，或金融資產已轉讓，且該轉讓根據香港會計準則第39號符合終止確認標準時，終止確認金融資產。

倘於有關合約的指定責任獲解除、註銷或到期時，則會終止確認金融負債。

2.17 票息負債

票息負債於票息證出售時列作負債。年內為換取產品出具之票息證確認為銷售並按票息證價值轉撥至損益。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Retirement benefits

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefit scheme (the "Retirement Scheme"), whereby the subsidiaries of the Company in the PRC are required to contribute at rates which ranged from 13% to 19% of the basic salaries of its employees to the Retirement Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the subsidiaries of the Company in the PRC. The only obligation of the Group with respect to the Retirement Scheme is to pay the ongoing required contributions under the Retirement Scheme. Contributions under the Retirement Scheme are charged to profit or loss as incurred. There are no provisions under the Retirement Scheme whereby forfeited contributions may be used to reduce future contributions.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all 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 the profit or loss as they become payable in accordance with the rules of the MPF Scheme.

2. 主要會計政策概要(續)

2.18 僱員福利

短期僱員福利

僱員享有的年假於僱員可享有時確認，並就截至報告日期為止因僱員所提供服務而享有的年假的估計負債作出撥備。

病假及產假等非累積有薪假期於提取假期時方予確認。

退休福利

根據中國政府相關規例，本集團參與地方政府退休福利計劃(「退休計劃」)，本公司於中國之附屬公司須向退休計劃作出相當於僱員基本薪金13%至19%之供款，為彼等之退休福利提供資金。地方政府承諾承擔本公司中國附屬公司所有現有及未來退休僱員之退休福利責任。本集團對退休計劃之唯一責任為持續支付退休計劃項下所需之供款。退休計劃項下供款於產生時於損益扣除。退休計劃項下並無沒收供款可用作扣減日後供款之條文。

本集團根據強制性公積金計劃條例，為所有合資格參與強制性公積金退休福利計劃(「強積金計劃」)的香港僱員設立定額供款強積金計劃。根據強積金計劃規則，供款乃按僱員基本薪金的某一百分比作出，並於應付時在損益扣除。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate and are presented separately from the costs.

2. 主要會計政策概要(續)

2.19 股份付款

倘購股權授予僱員及其他提供類似服務的人士，則所收到服務的公平值參考授出日期購股權的公平值計量。有關公平值於歸屬期內於損益確認，並於權益內的購股權儲備作相應增加。非市場歸屬條件會通過調整預期將於各報告期末歸屬的股本工具數目計算在內，據此，最終於歸屬期內確認的累計金額乃基於最終歸屬的購股權數目得出。市場歸屬條件會計入已授出購股權的公平值。只要達成所有非市場歸屬條件，無論市場歸屬條件是否達成，均會作出扣除，而不會就未達成市場歸屬條件調整累計開支。

倘購股權條款及條件在歸屬前遭修改，則於緊接及緊隨修改前後計算的購股權公平值增加亦於餘下歸屬期內在損益確認。

2.20 政府補貼

政府補貼於能合理確定將可獲取補貼及本集團將符合所有附帶條件情況下，按其公平值確認。與成本相關的政府補貼會遞延處理，並於須與其擬定補貼成本相配期間在損益確認，且與成本分開呈列。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.22 Provisions, contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.23 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.

2. 主要會計政策概要(續)

2.21 股本

普通股乃列作權益。股本以已發行股份的面值釐定。

任何與發行股份相關的交易成本自股份溢價扣除(減去任何有關所得稅利益)，惟以股本交易直接應佔的遞增成本為限。

2.22 撥備、或然負債

倘本集團因過去事件須承擔法定或推定責任，而履行有關責任很可能引致能可靠估計經濟利益的流出，則會就未確定時間或金額的負債確認撥備。

倘不大可能需要經濟效益流出以履行責任或金額未能可靠估計，則該等責任將披露作或然負債，除非出現經濟效益流出的可能性極微。可能出現的責任(僅於一項或多項未來事件發生或不發生的情況下方能確定)亦披露為或然負債，除非出現經濟效益流出的可能性極微。

2.23 關聯方

- (a) 符合以下條件的人士或其近親被視為與本集團有關連：
- (i) 可控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 本集團或本公司母公司主要管理人員的成員。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Related parties (Continued)

- (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.

2. 主要會計政策概要(續)

2.23 關聯方(續)

- (b) 符合以下任何條件的實體被視為與本集團有關連：
- (i) 實體與本集團為同一集團旗下成員(即母公司與各附屬公司及同系附屬公司均為相互的關連人士)。
 - (ii) 實體為另一家實體的聯營公司或合營企業(或實體為該另一家實體的集團成員的聯營公司或合營企業)。
 - (iii) 兩家實體為同一家第三方的合營企業。
 - (iv) 實體為一家第三方實體的合營企業及另一家實體為該第三方實體的聯營公司。
 - (v) 實體乃為本集團或與本集團有關連的實體僱員利益而設的退休福利計劃。
 - (vi) 實體被(a)項界定的人士控制或共同控制。
 - (vii) 在(a)(i)項界定的人士對實體有重大影響,或該人士為實體(或實體的母公司)的主要管理人員。
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團母公司提供主要管理人員服務。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Related parties (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.

2.24 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 operations.

2. 主要會計政策概要(續)

2.23 關聯方(續)

某一人士的近親為該等與實體進行買賣時預期可影響該名人士或受該名人士影響的家族成員，及包括：

- (i) 該名人士的子女及配偶或家庭夥伴；
- (ii) 該名人士的配偶或家庭夥伴的子女；及
- (iii) 該名人士或該名人士的配偶或家庭夥伴的受養人。

2.24 分部報告

本集團根據定期就供執行董事決定分配資源至本集團業務部分及審閱該等部分之表現而向彼等呈報之內部財務資料，確定經營分部及編製分部資料。向執行董事呈報之內部財務資料中之業務部分乃按本集團之主要業務釐定。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS

(a) Adoption of new/revised HKFRS – first effective on 1 January 2017

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2017.

| | |
|---|---|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to HKFRSs 2014-2016 Cycle | Amendments to HKFRS 12, Disclosure of Interests in Other Entities |

Amendments to HKAS 7 - Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has no impact on these financial statements as the Group did not have any changes in liabilities arising from financing activities.

3. 採納新訂或經修訂香港財務報告準則

(a) 採納新訂及經修訂香港財務報告準則 – 自二零一七年一月一日起首次生效
於本年，本集團首次應用以下香港會計師公會頒佈之新準則、修訂及詮釋，該等新訂香港財務報告準則於二零一七年一月一日開始之年度期間與本集團財務報表相關並已生效。

| | |
|----------------------------|---------------------------|
| 香港會計準則第7號的修訂 | 披露計劃 |
| 香港會計準則第12號的修訂 | 就未變現虧損確認遞延稅項資產 |
| 香港財務報告準則二零一四年至二零一六年週期的年度改進 | 香港財務報告準則第12號披露於其他實體的權益的修訂 |

香港會計準則第7號的修訂 – 披露計劃

該修訂要求披露相關信息，以使財務報表使用者能夠評價融資活動引起的負債變動。

由於本集團並無融資活動產生的負債，採納該修訂對本財務報表並無影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(a) Adoption of new/revised HKFRS – first effective on 1 January 2017 (Continued)

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle - Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group did not have any entity classified as held for sale or discontinued operations.

3. 採納新訂或經修訂香港財務報告準則(續)

(a) 採納新訂及經修訂香港財務報告準則 – 自二零一七年一月一日起首次生效(續)

香港會計準則第12號的修訂 – 就未實現損失確認遞延稅項資產
該修訂涉及遞延稅項資產的確認，澄清若干必要的考慮，包括對有關以公平值計量的債務工具的遞延稅項資產的會計處理。

採用該修訂對本財務報表並無影響，因為澄清的處理方式與本集團過往確認遞延稅項資產的方式一致。

香港財務報告準則二零一四年至二零一六年週期的年度改進 – 香港財務報告準則第12號披露於其他實體的權益的修訂
年度改進過程中頒佈的修訂是對多項準則目前尚不明確的部分進行小幅的、非緊急的修訂。其中包括對香港財務報告準則第12號披露於其他實體的權益的修訂，該修訂澄清，除披露財務資料摘要的規定外，香港財務報告準則第12號的披露規定亦適用於實體根據香港財務報告準則第5號持作出售非流動資產及已終止經營業務被劃分為持作出售或已終止經營業務的於其他實體的權益。

由於本集團並無任何實體分類為持作出售或已終止業務，故採納香港財務報告準則第12號對本集團之該等財務報表並無影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective

The following new/revised HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | | | |
|---|---|----------------------------|--|
| HKFRS 9 | Financial Instruments ¹ | 香港財務報告準則第9號 | 金融工具 ¹ |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments ¹ | 香港財務報告準則第15號 | 來自客戶合約的收益及相關修訂 ¹ |
| HKFRS 16 | Leases ² | 香港財務報告準則第16號 | 租賃 ² |
| HKFRS 17 | Insurance Contracts ⁴ | 香港財務報告準則第17號 | 保險合約 ⁴ |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration ¹ | 香港(國際財務報告詮釋委員會) - 詮釋第22號 | 外幣交易及預付代價 ¹ |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments ² | 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 ² |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions ¹ | 香港財務報告準則第2號的修訂 | 以股份支付交易的分類和計量 ¹ |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹ | 香港財務報告準則第4號的修訂 | 應用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具 ¹ |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation ² | 香港財務報告準則第9號的修訂 | 負補償之預付特點 ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ | 香港財務報告準則第10號及香港會計準則第28號的修訂 | 投資者與其聯營公司或合營企業之間出售或注入資產 ³ |
| Amendments to HKAS 28 | As part of Annual Improvements to HKFRSs 2014-2016 Cycle ¹ | 香港會計準則第28號的修訂 | 作為香港財務報告準則二零一四年二零一六年週期年度改進的一部分 ¹ |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures ² | 香港會計準則第28號的修訂 | 於聯營及合資企業中之長期利益 ² |
| Amendments to HKAS 40 | Transfers of Investment Property ¹ | 香港會計準則第40號的修訂 | 投資物業轉讓 ¹ |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to: HKFRS 3, Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12, Income Taxes; and HKAS 23 Borrowing Costs ² | 香港財務報告準則二零一五年二零一七年週期的年度改進 | 修訂: 香港財務報告準則第3號, 業務合併; 香港財務報告準則第11號聯合安排; 香港會計準則第12號, 所得稅; 及香港會計準則第23號借貸成本 ² |

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂/經修訂香港財務報告準則

下列已頒佈新訂/經修訂香港財務報告準則可能與本集團財務報表有關, 惟尚未生效亦未經本集團提早採納。本集團目前有意於此等變動生效當日予以採用。

| | |
|----------------------------|--|
| 香港財務報告準則第9號 | 金融工具 ¹ |
| 香港財務報告準則第15號 | 來自客戶合約的收益及相關修訂 ¹ |
| 香港財務報告準則第16號 | 租賃 ² |
| 香港財務報告準則第17號 | 保險合約 ⁴ |
| 香港(國際財務報告詮釋委員會) - 詮釋第22號 | 外幣交易及預付代價 ¹ |
| 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 ² |
| 香港財務報告準則第2號的修訂 | 以股份支付交易的分類和計量 ¹ |
| 香港財務報告準則第4號的修訂 | 應用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具 ¹ |
| 香港財務報告準則第9號的修訂 | 負補償之預付特點 ² |
| 香港財務報告準則第10號及香港會計準則第28號的修訂 | 投資者與其聯營公司或合營企業之間出售或注入資產 ³ |
| 香港會計準則第28號的修訂 | 作為香港財務報告準則二零一四年二零一六年週期年度改進的一部分 ¹ |
| 香港會計準則第28號的修訂 | 於聯營及合資企業中之長期利益 ² |
| 香港會計準則第40號的修訂 | 投資物業轉讓 ¹ |
| 香港財務報告準則二零一五年二零一七年週期的年度改進 | 修訂: 香港財務報告準則第3號, 業務合併; 香港財務報告準則第11號聯合安排; 香港會計準則第12號, 所得稅; 及香港會計準則第23號借貸成本 ² |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.
- 4 Effective for annual periods beginning on or after 1 January 2021

The directors of the Company are in the process of assessing the impact of these new/revised HKFRS and do not intend to adopt them before their respective effective dates. Other than HKFRS 9, HKFRS 15 and HKFRS 16, the directors of the Company expect that the adoption of the new/revised HKFRS above will have no material impact on the financial statements in the period of initial application. Specifically, the Group assesses the impact of HKFRS 9, HKFRS 15 and HKFRS 16 as follows:

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

- 1 於二零一八年一月一日或之後開始的年度期間生效
- 2 於二零一九年一月一日或之後開始的年度期間生效
- 3 該修訂最初擬於二零一六年一月一日或之後開始的期間生效。生效日期現已被推遲／刪除。提早應用修訂仍被允許。
- 4 於二零二一年一月一日或之後開始的年度期間生效

本公司董事正評估該等新訂／經修訂香港財務報告準則之影響，並無意於各自生效日期前採納。除香港財務報告準則9，香港財務報告準則第15號及香港財務報告準則第16號，本公司董事預期採納上述新訂／經修訂香港財務報告準則將於首次應用期間對財務報表並無重大影響。具體而言，本集團評估香港財務報告準則第9號、香港財務報告準則第15號及香港財務報告準則第16號之影響如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號－金融工具

香港財務報告準則第9號引入對金融資產分類及計量的新規定。以目的為持有資產以收取合約現金流的業務模式持有的債務工具(業務模式測試)以及具有產生現金流的合約條款且現金流僅限於支付本金及未償還本金利息的債務工具(合約現金流特徵測試)，一般按攤銷成本計量。倘實體以目的為同時通過持有及收取合約現金流和出售金融資產的業務模式持有資產，則符合合約現金流特徵測試的債務工具應按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量。實體可於初始確認時選擇以公平值計量且其變動計入其他全面收益的方式計量非交易性權益工具，該選擇不可撤銷。所有其他債務及權益工具按公平值計入損益(「按公平值計入損益」)計量。

香港財務報告準則第9號就並非按公平值計入損益計量的所有金融資產納入新的預期損失減值模式，該模式取代了香港會計準則第39號中的已發生損失模式，該準則同時納入新的一般對沖會計規定，以讓實體於財務報表內更好地反映其風險管理活動。

香港財務報告準則第9號秉承香港會計準則第39號的金融負債確認、分類及計量規定，但就指定為按公平值計入損益的金融負債而言，除非有關負債信用風險變化產生的公平值變動金額計入其他全面收益會造成或擴大會計錯配，否則由於信用風險變化而產生的此類金融負債公平值金額變動必須於其他全面收益中確認。此外，香港財務報告準則第9號保留香港會計準則第39號有關金融資產及金融負債的終止確認規定。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 9 - Financial Instruments (Continued)

The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The Group's available-for-sale financial asset, including those currently stated at cost less impairment, may classify as either FVTPL or irrevocably elect to designate as FVTOCI (subject to fulfilment of the designation criteria) on transition to HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號－金融工具(續)

本集團已評估，按採納香港財務報告準則第9號計算，目前按攤銷成本計量的金融資產將繼續採用其各自的分類及計量。

本集團的可供出售金融資產(包括目前按成本減除減值列賬的金融資產)可歸類為按公平值計入損益或於香港財務報告準則第9號過渡期內不可撤回地選擇指定為按公平值計入其他全面收益(須待達成指定標準)。

根據香港財務報告準則第9號金融負債的分類及計量規定與香港會計準則第39號大致相同，惟香港財務報告準則第9號規定因財務負債之信貸風險變動導致按公平值計入損益之金融負債之公平值變動須於其他全面收益確認(未重新分類至損益)。本集團現時並無任何指定為按公平值計入損益之金融負債，故此新規定可能不會對本集團採用香港財務報告準則第9號造成任何影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 9 - Financial Instruments (Continued)

Impairment

In general, the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and loan and other receivables and fixed deposits with financial institutions. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018. The above assessments were made based on currently available information and may be subject to changes arising from further reasonable and supportable information being subsequently made available to the Group.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第9號－金融工具(續)

減值

一般而言，應用香港財務報告準則第9號的預期信用損失模型將導致較早的信貸虧損撥備，按攤銷成本計量的金融資產及本集團應用香港財務報告準則第9號時須作出減值撥備的其他項目尚未產生。

根據本公司董事之評估，倘本集團將採用預期信貸虧損模式，則本集團於二零一八年一月一日確認的減值虧損累計金額將與根據香港會計準則第39號確認的累計金額相比略有增加，主要由於應收貿易賬款及貸款及其他應收款項及金融機構定期存款的預計信貸虧損撥備。有關於預期信用損失模型下確認之進一步減值將減少二零一八年一月一日的期初保留利潤。上述評估乃基於當前可用之資料進行，並可能會隨著集團得到進一步具理據之資料而產生變化。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第15號－客戶合約收益

該新訂準則確立了單一收益確認框架。框架的核心原則是，實體確認的收益應反映其向客戶轉移商品或服務，其金額為實體預計有權向客戶收取的該等商品及服務換取的代價。香港財務報告準則第15號取代了現行的收益確認指引，包括香港會計準則第18號「收入」、香港會計準則第11號「建築合約」及相關詮釋。

香港財務報告準則第15號規定確認收入所應用的五個步驟：

- 步驟1： 識別與客戶所訂立之合約
- 步驟2： 識別合約之履約責任
- 步驟3： 釐定交易價格
- 步驟4： 分配交易價格至各履約責任
- 步驟5： 於履行各履約責任後確認收入

香港財務報告準則第15號包括對與可能改變目前根據香港財務報告準則之做法之特定收入相關事宜之特定指引。有關準則亦顯著加強有關收入之定性及定量披露。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

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

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

Based on the preliminary assessment so far, the expected impacts arising from the adoption of HKFRS 15 on the Group are mainly related to customer loyalty bonus points that the Group grants to its customers as part of a sales transaction. Currently, the Group accounts for bonus points as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable in respect of the sales transaction is allocated between the bonus points and the other components of the sale. The amount allocated to the bonus points is determined by reference to their fair value, irrespective of the fair values of the other components. Under HKFRS 15, the accounting for the bonus points is largely consistent with the Group's current practice. However, the Group is required to allocate transaction price to bonus points based on relative stand-alone selling price basis.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第15號的修訂－來自客戶合約的收益(澄清香港財務報告準則第15號)香港財務報告準則第15號的修訂包括澄清確定履約義務；應用委託人及代理人；知識產權許可；及過渡規定。

根據迄今初步評估，採納香港財務報告準則第15號對本集團產生的預期影響主要與本集團作為銷售交易一部分向客戶授予的客戶忠誠獎勵積分有關。目前，本集團將獎勵積分作為授予其的銷售交易的可單獨識別部分。就銷售交易收取或應收代價的公平值分配於獎勵積分及銷售其他組成部分之間。分配予獎勵積分的金額參照其公允價值釐定，而不考慮其他部分的公允價值。根據香港財務報告準則第15號，獎勵積分的會計處理與本集團目前的做法基本一致。然而，本集團須根據相對獨立售價基準將交易價格分配至獎勵積分。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 16 - Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號－租賃
香港財務報告準則第16號由生效日期起將取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人須就所有租賃期超過12個月的租賃確認資產及負債，除非相關資產為低值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認代表其有權使用相關租賃資產的權利的資產(即使用權資產)及代表其有責任支付租賃付款的負債(即租賃負債)。因此，承租人應確認使用權資產的折舊及租賃負債的利息，並將租賃負債的現金還款分類為本金部分及利息部分，並於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權續租或行使選擇權終止租賃的情況下，將於選擇權期間內作出的付款。上述會計處理方法與原準則(即香港會計準則第17號)項下分類為經營租賃的租賃承租人的會計處理方法顯著不同。

就出租人會計處理而言，香港財務報告準則第16號大致繼承了香港會計準則第17號的出租人會計處理規定。因此，出租人將繼續將其租賃分類為經營租賃或融資租賃，並且對兩類租賃進行不同的會計處理。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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3. ADOPTION OF NEW OR REVISED HKFRS (Continued)

(b) New/revised HKFRS that have been issued but not yet effective (Continued)

HKFRS 16 - Leases (Continued)

Regarding sublease accounting, HKFRS 16 requires an intermediate lessor to account for a head lease and a sublease as two separate contracts, applying both the lessee and lessor accounting requirements. In classifying a sublease by reference to the right-of-use asset arising from the head lease, an intermediate lessor may classify more subleases as finance leases than it would have done under the predecessor standard, HKAS 17, if those same subleases were classified by reference to the underlying asset. Accordingly, a lessor may classify similar leases differently depending on whether the lessor owns or leases the underlying asset.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB512,611,000 as disclosed in Note 29(b)(i). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號－租賃(續)

關於轉租會計處理，香港財務報告準則第16號要求中間出租人將主租約及轉租作為兩個單獨的合同進行會計處理，同時適用承租人及出租人會計要求。在參考由主租賃產生的使用權資產對轉租進行分類時，中間出租人可能會將更多轉租分類為融資租賃，而不是根據前身標準香港會計準則第17號所作的分類，前提是該等轉租經參考相關資產而分類。因此，出租人可能根據出租人是否擁有或租賃相關資產而區別類似的租賃。

於二零一七年十二月三十一日，本集團擁有附註29(b)(i)所披露的不可撤銷經營租賃承擔人民幣512,611,000元。初步評估顯示，該等安排將符合香港財務報告準則第16號項下租賃的定義，因此，本集團將就所有該等租賃確認使用權資產及相應負債，除非其符合因應用香港財務報告準則第16號低價值或短期租賃條件。此外，應用新規定可能導致上文所述計量，呈列及披露的變動。本集團將需要進行更詳細的分析，以釐定採納香港財務報告準則第16號後經營租賃承諾產生的新資產及負債金額，當中已考慮實際權益的適用性及就任何訂立或終止現已採納香港財務報告準則第16號及貼現影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

Depreciation and amortisation

The Group depreciates property, plant and equipment and amortises the prepaid land lease and intangible assets with finite useful lives in accordance with the accounting policies stated in notes 2.5, 2.7 and 2.8 respectively. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets.

Inventory valuation

Inventory is valued using the cost method, which values inventory at the lower of the actual cost and net realisable value. Cost is determined using the first-in, first-out method. The estimated net realisable value is generally the merchandise selling price less selling expenses. The Group reviews its inventory levels in order to identify slow-moving merchandise and use markdowns to clear merchandise. Inventory value is reduced when the decision to markdown below cost is made.

Customer loyalty programme

Significant estimates is required in determining the percentage of redemption of credit awards granted to the customers. These estimates are based on historical records and managements' judgement. Management reassesses the estimation at each reporting date.

4. 重要會計估計及判斷

估計及判斷持續進行評估，並根據過往經驗及其他因素而作出，包括預期日後在合理情況下相信會發生的事件。

本集團作出有關未來的估計及假設。顧名思義，推算所得的會計估計甚少與相關實際結果相符。以下論述有關具有重大風險導致資產及負債的賬面值須於下個年度作出重大調整的估計及假設：

折舊及攤銷

本集團分別根據附註2.5、2.7及2.8所述之會計政策，折舊物業、廠房及設備及攤銷預付土地租賃及具有有限可使用年期的無形資產。估計可使用年期反映董事估計本集團擬從本集團物業、廠房及設備以及無形資產使用產生未來經濟效益的期間。

存貨估值

存貨乃使用成本法估值，即以存貨的實際成本與可變現淨值的較低者進行估值。成本乃根據先進先出法釐定。估計可變現淨值一般為商品售價減銷售開支。本集團會檢討其存貨水平，以識別滯銷商品，並減價促銷。倘作出減價至低於成本的決定，則將會扣減存貨價值。

客戶長期支持計劃

於釐定授予客戶兌換獎賞積分百分比時需要重大估計。此等估計乃按過往記錄及管理層判斷作出。管理層於各報告日期重估估計。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Impairment of receivables

The management review receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on the credit history of its customers, past settlement and industry practice and current market conditions. Management reassesses the impairment of receivables at each reporting date.

Income tax

Significant judgement is required in determining the amount of the provision of income tax and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in periods in which such determination are made.

Deferred tax

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

The recognition of deferred tax liabilities requires assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax liabilities are included within the consolidated statement of financial position. Deferred tax liabilities are measured using substantially enacted tax rates expected to apply when the temporary differences reverse. Deferred tax liabilities are not recognised where it is more likely than not that the liabilities will not be realised in the future. This evaluation requires judgements to be made including the forecast of future taxable income. Recognition therefore, involves management's judgement regarding the future financial performance of the particular legal entity in which the deferred tax liabilities have been recognised and interpretation of country specific tax law and the likelihood of settlement. However, the actual tax liabilities could differ from the provision and in such event the Group would be required to make an adjustment in a subsequent period which could have a material impact on the Group's income statement.

4. 重要會計估計及判斷(續)

應收款項減值

本集團管理層定期檢討應收款項，以確定是否需要作出減值撥備。此估計乃基於其客戶的信貸歷史、過往交收及市場慣例及現行市況而定。管理層於各報告日期重新評估應收款項減值。

所得稅

釐定所得稅撥備金額及有關稅項的支付時間時須作出重大判斷。倘最終稅項與最初入賬的金額不同，則該差額將影響作出有關釐定期間的現行稅項及遞延稅項撥備。

遞延稅項

與若干暫時差異有關的遞延稅項資產予以確認，原因是管理層認為很可能存在未來應課稅溢利，以致能夠利用暫時差異與之抵銷。倘預期有別於原先估計，則有關差異將影響該估計出現變化期間的遞延稅項開支確認。其實際使用結果或有所出入。

遞延稅項負債的確認需要對因會計及稅務處理不同所造成的臨時性差異進行評估。該等臨時性差異導致遞延稅項負債於綜合財務狀況表內列示。遞延稅項負債於撥回臨時性差異時，大致通過使用預計將實際實行的稅率計量。倘將在未來實現的可能性不高，則不對遞延稅項負債予以確認。此估值需要就未來應課稅收入作出判斷。故此，遞延稅項負債的確認涉及管理層對個別法律實體之未來財務表現，所在國稅法的特殊要求、可結算的可能性等作出主觀判斷。然而，稅項負債的實際金額可能與計提金額不同，一旦發生這種情況，本集團則須於下一期間作出調整，可能對本集團的收益表造成重大影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Impairment of available-for-sale investments

The management reviews available-for-sale investments at the end of each reporting period to assess if impairment is required. The amount of impairment loss is measured as the difference between the carrying amount of the available-for-sale investments and the present value of estimated future cash flows discounted at the current market rate of return of a similar asset. The management estimates the expected future cash flows from the asset and determine a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of intangible assets

The carrying amounts of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is the higher of their fair value less costs of disposal and value in use. Estimating the recoverable amount requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement

The Group measures investment properties at fair value. Certain assets included in the Group's financial statements also require disclosure of fair value. Significant estimation and judgement are required to determine the fair value.

The fair value measurement 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: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

4. 重要會計估計及判斷(續)

可供出售投資減值

管理層於各報告期末審閱可供出售投資，以評估是否須作出減值。減值虧損金額按可供出售投資賬面值與以類似資產現時市場回報率貼現的估計未來現金流量現值之差額計量。管理層估計資產所產生的預期未來現金流量及釐定合適貼現率以計算該等現金流量的現值。

無形資產減值

當出現事件或情況變化顯示賬面值或不可收回時，則會審閱無形資產的賬面值以察看是否存在減值。該等資產或(倘適用)其所屬現金產生單位的可收回金額高於其公平值減出售成本及使用價值。估計可收回金額需要本集團估計現金產生單位的預期未來現金流量，以及選擇適當的貼現率，以計算該等現金流量的現值。

公平值計量

本集團按公平值計算投資物業。本集團財務報表所載若干資產亦須作出公平值披露。釐定公平值時須作出重大估計及判斷。

公平值計量盡量使用市場可觀察輸入資料及數據。釐定公平值計量所用之輸入資料乃基於獲採納之估值技巧所用輸入資料之可觀察程度，分類為以下不同層級(「公平值層級」)：

- 第1層：相同項目於活躍市場之報價(未作調整)；
- 第2層：可直接或間接觀察得出之輸入資料(不包括第1層輸入資料)；
- 第3層：不可觀察輸入資料(即並非由市場數據得出)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (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.

For more information in relation to the fair value measurement of the investment properties, please refer to note 12 to the financial statements.

5. SEGMENT INFORMATION

On adoption of HKFRS 8 Operating Segments, the Group has identified its operating segments and prepared 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 review of these components' performance. There are three business components/operating segments in the internal reporting to the executive directors, which are operation and management of retail stores and other related businesses, food and catering, and provision of factoring services.

For the year ended 31 December 2017, the Group has identified the reportable segments as (i) operation and management of retail stores and other related businesses; (ii) food and catering; and (iii) provision of factoring services.

For the year ended 31 December 2016, the Group had identified the reportable segments as operation and management of retail stores and other related businesses. Information about other business activities and operating segments (i.e. food and catering, and provision of factoring services) that are not reportable are combined and disclosed in "All other segments" in prior year as the revenue was minimal for that year. Accordingly, certain comparative amounts in segment information have been re-presented to conform to the current year's presentation for better presentation.

4. 重要會計估計及判斷(續)

公平值計量(續)

將項目分類至上述層級之基準為對有關項目之公平值計量有重大影響之最低層次輸入資料。層級間轉移項目於發生期間確認。

有關按公平值計量投資物業的更多資料，請參閱財務報表附註12。

5. 分類資料

就採納香港財務報告準則第8號經營分類而言，本集團已根據向執行董事匯報的定期內部財務資料辨識其經營分類及編製分類資料以供彼等作出對本集團業務組成部分分配資源及審閱該等組成部分表現的決定。向執行董事作出的內部匯報包括三個業務組成部分／經營分類，即經營及管理零售店及其他相關業務、食物及餐飲以及提供保理服務。

於截至二零一七年十二月三十一日止年度，本集團已識別可呈報分類為：(i)即經營及管理零售店及其他相關業務；(ii)食物及餐飲；及(iii)提供保理服務。

截至二零一六年十二月三十一日止年度，本集團已識別報告分部為經營及管理零售店及其他相關業務。有關其他無法呈報的業務活動及經營分類的資料(例如食物及餐飲及提供保理服務)在上一年度的「所有其他分類」中合併並披露。因此，分類資料中的若干比較金額已重新呈列以符合本年度呈列以作出更佳呈報。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | | Operation and management of retail stores and other related businesses 經營及管理零售店及其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 | Inter-segment elimination 分類間對銷 RMB'000 人民幣千元 | Consolidated 合併 RMB'000 人民幣千元 |
|--|-------------------|---|--|---|--|--|
| Year ended 31 December 2017 | 截至二零一七年十二月三十一日止年度 | | | | | |
| Revenue from external customers | 外部客戶收入 | 687,316 | 10,059 | 2,808 | - | 700,183 |
| Inter-segment revenue | 分類間收入 | 191 | - | - | (191) | - |
| Reportable segment revenue | 可呈報分類收益 | 687,507 | 10,059 | 2,808 | (191) | 700,183 |
| Segment results | 分類業績 | 82,116 | (16,327) | 1,986 | - | 67,775 |
| Impairment loss on an available-for-sale financial asset | 可供出售金融資產之減值虧損 | | | | | (3,484) |
| Unallocated corporate income | 未分配企業收入 | | | | | 692 |
| Other unallocated corporate expenses | 其他未分配企業開支 | | | | | (5,119) |
| Profit before income tax | 除所得稅前溢利 | | | | | 59,864 |
| Income tax expense | 所得稅開支 | | | | | (26,665) |
| Profit for the year | 年內溢利 | | | | | 33,199 |

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | Operation and management of retail stores and other related businesses 經營及管理零售店及其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 | Consolidated 合併 RMB'000 人民幣千元 | |
|---|---|--|---|--|----------|
| Other segment information | 其他分類資料 | | | | |
| Interest income | 利息收入 | (5,095) | (11) | (21) | (5,127) |
| Additions to non-current assets | 非流動資產添置 | 96,873 | 11,767 | 403 | 109,043 |
| Amortisation of intangible assets | 無形資產攤銷 | 115 | 4,741 | - | 4,856 |
| Amortisation of prepaid land lease | 預付土地金攤銷 | 261 | - | - | 261 |
| Impairment loss on intangible assets | 無形資產之減值虧損 | - | 1,773 | - | 1,773 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 32,601 | 3,066 | 12 | 35,679 |
| Written-off of property, plant and equipment | 物業、廠房及設備撇銷 | 1 | 475 | - | 476 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 12 | - | - | 12 |
| Obsolete inventories written-off | 陳舊存貨撇銷 | 178 | - | - | 178 |
| Inventories loss | 存貨虧損 | 10 | - | - | 10 |
| Increase in fair value of investment properties | 投資物業公平值增加 | (20,100) | - | - | (20,100) |
| Provision for a legal claim | 就一項法律索償之撥備 | 3,159 | - | - | 3,159 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | | Operation and management of retail stores and other related businesses 經營及管理零售店及其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 | Consolidated 合併 RMB'000 人民幣千元 |
|-------------------------------------|----------------------|---|--|---|--|
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | |
| Segment assets | 分類資產 | 864,666 | 23,884 | 47,313 | 935,863 |
| Available-for-sale financial assets | 可供出售金融資產 | | | | 3,235 |
| Other unallocated corporate assets | 其他未分配企業資產 | | | | 3,318 |
| Total assets | 總資產 | | | | 942,416 |
| Segment liabilities | 分類負債 | 300,816 | 3,261 | 258 | 304,335 |
| Provision for taxation | 稅項撥備 | | | | 14,393 |
| Deferred tax liabilities | 遞延稅項負債 | | | | 22,486 |
| Unallocated corporate liabilities | 未分配企業負債 | | | | 1,426 |
| Total liabilities | 總負債 | | | | 342,640 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | | Operation and management of retail stores and other related businesses 經營及 管理零售店及 其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Consolidated 合併 RMB'000 人民幣千元 |
|--|-------------------------------|---|---|---|--|
| Year ended 31 December 2016 | 截至二零一六年十二月三十一日 止年度 | | | | |
| Reportable segment revenue | 可報告分類收益 | 726,047 | 1,013 | 1,843 | 728,903 |
| Segment results | 分類業績 | 82,263 | (9,741) | 1,399 | 73,921 |
| Impairment loss on an available- for-sale financial asset | 可供出售金融資產之減值虧損 | | | | (4,081) |
| Other unallocated corporate expenses | 其他未分配企業開支 | | | | (5,196) |
| Operating profit | 經營溢利 | | | | 64,644 |
| Share of loss of an associate | 應佔一家聯營公司之虧損 | (116) | - | - | (116) |
| Profit before income tax | 除所得稅前溢利 | | | | 64,528 |
| Income tax expense | 所得稅開支 | | | | (23,393) |
| Profit for the year | 年內溢利 | | | | 41,135 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | Operation and management of retail stores and other related businesses 經營及管理零售店及其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Consolidated 合併 RMB'000 人民幣千元 | |
|---|---|--|---|--|----------|
| Other segment information | 其他分類資料 | | | | |
| Interest income | 利息收入 | (4,930) | (6) | (8) | (4,944) |
| Additions to non-current assets | 非流動資產添置 | 34,140 | 8,858 | 20 | 43,018 |
| Amortisation of intangible assets | 無形資產攤銷 | 105 | 4,547 | - | 4,652 |
| Amortisation of prepaid land lease | 預付土地金攤銷 | 261 | - | - | 261 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 30,946 | 173 | 1 | 31,120 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 350 | - | - | 350 |
| Obsolete inventories written-off | 陳舊存貨撇銷 | 156 | - | - | 156 |
| Inventories loss | 存貨虧損 | 307 | - | - | 307 |
| Increase in fair value of investment properties | 投資物業公平值增加 | (10,600) | - | - | (10,600) |
| Provision for a legal claim | 就一項法律索償撥備 | 60 | - | - | 60 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

5. 分類資料(續)

| | Operation and management of retail stores and other related businesses 經營及管理零售店及其他相關業務 RMB'000 人民幣千元 | Food and catering 食物及餐飲 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Provision of factoring services 提供保理服務 RMB'000 人民幣千元 (Re-presented) (重新呈列) | Consolidated 合併 RMB'000 人民幣千元 |
|-------------------------------------|---|--|---|--|
| At 31 December 2016 | 於二零一六年十二月三十一日 | | | |
| Segment assets | 分類資產 | 827,585 | 21,688 | 866,701 |
| Available-for-sale financial assets | 可供出售金融資產 | | | 6,752 |
| Other unallocated corporate assets | 其他未分配企業資產 | | | 1,860 |
| Total assets | 總資產 | | | 875,313 |
| Segment liabilities | 分類負債 | 252,050 | 1,567 | 253,666 |
| Provision for taxation | 稅項撥備 | | | 12,392 |
| Deferred tax liabilities | 遞延稅項負債 | | | 16,661 |
| Unallocated corporate liabilities | 未分配企業負債 | | | 1,013 |
| Total liabilities | 總負債 | | | 283,732 |

The PRC is the country of domicile of the Group. The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

本集團之註冊國家為中國。註冊國家乃指本集團視作其基地之國家，為其大部分業務及管理中心所在地。

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets, including available-for-sale financial assets, are principally attributable to a single geographical region, which is the PRC.

由於本集團之收入及非流動資產(包括可供出售金融資產)主要來自單一地區(即中國)，故並無獨立呈列按地區分部劃分之分類資料分析。

Information about a major customer

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2016 and 2017.

關於主要客戶的資料

於截至二零一六年及二零一七年十二月三十一日止年度，概無單一客戶佔本集團收益10%或以上。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

6. REVENUE AND OTHER OPERATING INCOME

(a) Revenue

The Group is principally engaged in operation and management of retail stores and other related businesses, sales of food and catering, and provision of factoring services. Revenue, which is also the Group's turnover, represents invoiced value of goods sold after allowances for returns and discounts, rental income, sales of food and catering, and interest income from factoring services. Revenue recognised during the year is as follows:

6. 收入及其他經營收入

(a) 收入

本集團主要業務為經營及管理零售店及其他相關業務，銷售食物及餐飲及提供保理服務，收入(亦為本集團之營業額)，指售出貨品扣除退貨及折扣、租金收入，銷售食物及餐飲及提供保理服務所產生的利息之後的發票價值。年內確認的收入如下：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Sales of goods | 銷售貨品 | 509,167 | 555,206 |
| Commissions from concessionaire sales | 專賣銷售所得佣金 | 109,525 | 110,330 |
| Rental income from sub-leasing of shop premises | 分租店舖物業的租金收入 | 51,581 | 51,331 |
| Rental income from investment properties | 投資物業的租金收入 | 10,146 | 9,180 |
| Rental income from sub-leasing of a shopping mall | 分租商場物業的租金收入 | 6,897 | – |
| Interest income from factoring services | 來自保理服務之利息收入 | 2,808 | 1,843 |
| Sales of food and catering | 銷售食物及餐飲 | 10,059 | 731 |
| Others | 其他 | – | 282 |
| | | 700,183 | 728,903 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

6. REVENUE AND OTHER OPERATING INCOME (Continued)

(b) Other operating income

An analysis of the Group's other operating income is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|----------------|-----------------------------------|-----------------------------------|
| Interest income | 利息收入 | 5,127 | 4,944 |
| Net exchange gain | 匯兌收益淨額 | 692 | 517 |
| Government grants (Note) | 政府補貼(附註) | 1,318 | 2,500 |
| Administration and management fee income from suppliers | 來自供應商的行政及管理費收入 | 42,314 | 43,375 |
| Others | 其他 | 13,821 | 18,656 |
| | | 63,272 | 69,992 |

Note: Various local government grants have been granted to subsidiaries of the Group during the years ended 31 December 2016 and 2017. There were no unfulfilled conditions or contingencies attaching to these government grants.

6. 收入及其他經營收入(續)

(b) 其他經營收入

本集團其他經營收入之分析如下：

附註：截至二零一六年及二零一七年十二月三十一日止年度本集團之附屬公司獲授多項地方政府補貼，該等政府補貼並無附帶任何未達成之條件或或然事項。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

7. OPERATING PROFIT

7. 經營溢利

| | | 2017 | 2016 |
|---|---------------------------|---------------|----------|
| | | 二零一七年 | 二零一六年 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Operating profit is arrived at after charging: | 經營溢利已扣除以下項目： | | |
| Cost of inventories sold recognised as expense | 確認為開支的已售存貨成本 | 421,461 | 468,950 |
| Auditor's remuneration | 審計費 | 1,187 | 1,142 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 35,679 | 31,120 |
| Amortisation of prepaid land lease | 預付土地金攤銷 | 261 | 261 |
| Amortisation of intangible assets | 無形資產攤銷 | 4,856 | 4,652 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 12 | 350 |
| Operating lease rentals in respect of land and buildings | 土地及樓宇的營運租賃租金 | 67,851 | 53,089 |
| Obsolete inventories written-off | 撇銷陳舊存貨 | 178 | 156 |
| Inventories loss | 存貨虧損 | 10 | 307 |
| Impairment loss on an available-for-sale financial asset (Note(i)) | 可供出售金融資產之減值虧損(註(一)) | 3,484 | 4,081 |
| Written-off of property, plant and equipment | 物業、廠房及設備撇銷 | 476 | - |
| Impairment loss on an intangible asset (Note (i)) | 無形資產減值虧損(註(一)) | 1,773 | - |
| Provision for legal claims (Note (i)) | 法律訴訟之撥備(註(一)) | 3,159 | 60 |
| Staff costs, including directors' emoluments (Note 28(a)) | 員工成本，包括董事酬金(附註28(a)) | | |
| Salaries and other benefits | 薪金及其他福利 | 88,659 | 80,282 |
| Contributions to retirement schemes | 退休金計劃供款 | 10,494 | 9,143 |
| | | 99,153 | 89,425 |
| and crediting: | 及已計入： | | |
| Net exchange gain | 匯兌收益 | 692 | 517 |
| Rental income from investment properties | 投資物業之租金收入 | 10,146 | 9,180 |
| Sub-letting of properties | 分租物業 | | |
| - Base rents | - 基本租金 | 54,574 | 47,705 |
| - Contingent rents (Note (ii)) | - 或然租金(註(二)) | 3,904 | 3,626 |
| | | 58,478 | 51,331 |
| Total gross rental income | 總租金收入 | 68,624 | 60,511 |
| Less: Direct operating expenses arising from investment properties that generated rental income during the year | 減：於年內賺取租金收入的投資物業產生的直接經營開支 | - | (29) |
| Less: Outgoings of sub-letting of properties | 減：分租物業開支 | (15,906) | (18,563) |
| Net rental income | 淨租金收入 | 52,718 | 41,919 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

7. OPERATING PROFIT (Continued)

Notes:

- (i) Impairment loss on an available-for-sale financial asset and an intangible asset, and provision for legal claims had been included in other operating expenses.
- (ii) Contingent rents are calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

8. INCOME TAX EXPENSE

7. 經營溢利(續)

註：

- (一) 可供出售金融資產及無形資產之減值虧損及法律索償之撥備已計入其他經營開支內。
- (二) 或然租金乃根據租賃協議按租客相關銷售的若干百分比計算。

8. 所得稅開支

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|------------|-----------------------------------|-----------------------------------|
| Current income tax | 即期所得稅 | | |
| – PRC enterprise income tax | – 中國企業所得稅 | 18,040 | 16,863 |
| – PRC withholding income tax | – 中國預扣所得稅 | 2,800 | 2,900 |
| | | 20,840 | 19,763 |
| Deferred tax (Note 24) | 遞延稅項(附註24) | 5,825 | 3,630 |
| | | 26,665 | 23,393 |

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the year (2016: Nil).

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits in Hong Kong for the year (2016: Nil).

For a subsidiary of the Group in Guangxi, its PRC Enterprise Income Tax has been provided at the preferential enterprise income tax rate of 15% (2016: 15%) for the year pursuant to the privilege under the China's Western Development Program.

Other subsidiaries of the Group established in the PRC were mainly subject to PRC Enterprise Income Tax at the rate of 25% (2016: 25%) for the year under the income tax rules and regulations of the PRC.

本集團於年內毋須繳納任何開曼群島及英屬處女群島司法權區的稅項(二零一六年：無)。

由於本集團於年內並無來自香港的估計應課稅溢利，故並無就香港利得稅作出撥備(二零一六年：無)。

就本集團於廣西的一家附屬公司，根據中國西部大開發計劃的優惠政策，年內其中國企業所得稅按優惠企業所得稅稅率15%繳納(二零一六年：15%)。

本集團於中國成立的其他附屬公司於本年度須根據中國所得稅條例及法規按25%的稅率繳納中國企業所得稅(二零一六年：25%)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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8. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates:

8. 所得稅開支(續)

按適用稅率計算的所得稅開支與會計溢利之對賬：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-------------------------------|-----------------------------------|-----------------------------------|
| Profit before income tax | 除所得稅前溢利 | 59,864 | 64,528 |
| Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned | 除所得稅前溢利的稅項，按有關稅務司法權區溢利適用的稅率計算 | 14,833 | 15,868 |
| Tax effect of non-deductible expenses | 不可扣稅開支的稅務影響 | 3,887 | 1,898 |
| Tax effect of non-taxable income | 毋須課稅收入的稅務影響 | (1,828) | (2,193) |
| Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries | 本集團中國附屬公司可供分派溢利的預扣所得稅影響 | 3,600 | 4,900 |
| Tax effect of tax loss not recognised | 未確認稅項虧損的稅務影響 | 6,173 | 2,920 |
| Income tax expense | 所得稅開支 | 26,665 | 23,393 |

9. DIVIDENDS

(a) Dividends attributable to the year

9. 股息

(a) 本年度應佔股息

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|--|-----------------------------------|-----------------------------------|
| Proposed final dividend for the year ended 31 December 2017 of approximately RMB1.91 cents (2016: RMB2.41 cents) per ordinary share | 截至二零一七年十二月三十一日止年度擬派發末期股息每股普通股約人民幣1.91分(二零一六年：人民幣2.41分) | 19,816 | 25,004 |

The final dividend proposed after the reporting date has not been recognised as a liability at the respective reporting date, but reflected as an appropriation of retained profits for that year.

報告日期後擬派的末期股息並無確認為有關報告日期的負債，惟已反映為該年度的保留溢利分配。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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9. DIVIDENDS (Continued)

(b) Dividend attributable to the previous year, approved and paid during the year

9. 股息(續)

(b) 年內批准及派付的上個年度應佔股息

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---|-----------------------------------|-----------------------------------|
| Final dividend in respect of the previous year, of RMB2.41 cents (2016: RMB1.27 cents) per ordinary share | 上個年度的末期股息每股普通股人民幣2.41分(二零一六年: 人民幣1.27分) | | |
| – Approved during the year | – 年內批准 | 25,004 | 13,176 |
| – Paid during the year | – 年內派付 | (25,004) | (13,176) |
| | | – | – |

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB33,199,000 (2016: RMB41,306,000) and the weighted average number of approximately 1,037,500,002 (2016: 1,037,500,002) ordinary shares in issue during the year.

Diluted earnings per share were the same as the basic earnings per share as the exercise price of the Company's outstanding options were higher than the average market price for the year ended 31 December 2016 and there were no other potential dilutive ordinary shares in existence during the years. All the outstanding options were lapsed during the year ended 31 December 2016 (Note 27).

10. 每股盈利

每股基本盈利乃根據公司擁有人應佔溢利約人民幣33,199,000元(二零一六年: 人民幣41,306,000元)及年內已發行普通股加權平均數約1,037,500,002股(二零一六年: 1,037,500,002股)計算。

由於本公司未行使購股權之行使價高於截至二零一六年十二月三十一日止年度之平均市價,故每股攤薄盈利與每股基本盈利相同,且年內並無其他具攤薄潛力之普通股。截至二零一六年十二月三十一日止年度,所有未行使股權已失效(附註27)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

11. PROPERTY, PLANT AND EQUIPMENT

11. 物業、廠房及設備

| | | Leasehold buildings 租賃樓宇 RMB'000 人民幣千元 | Leasehold improvements 租賃物業 裝修 RMB'000 人民幣千元 | Plant and machinery 廠房及機器 RMB'000 人民幣千元 | Motor vehicles and tools 汽車及工具 RMB'000 人民幣千元 | Furniture, fixtures and equipment 家具、裝置 及設備 RMB'000 人民幣千元 | Total 總額 RMB'000 人民幣千元 |
|---|-------------------------------------|--|---|---|---|---|---------------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | | | | | | |
| Cost | 成本 | 21,357 | 279,641 | 21,414 | 10,767 | 103,646 | 436,825 |
| Accumulated depreciation | 累計折舊 | (802) | (217,557) | (15,744) | (7,915) | (92,009) | (334,027) |
| Net carrying amount | 賬面淨值 | 20,555 | 62,084 | 5,670 | 2,852 | 11,637 | 102,798 |
| Net carrying amount | 賬面淨值 | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 20,555 | 62,084 | 5,670 | 2,852 | 11,637 | 102,798 |
| Additions | 添置 | - | 34,964 | 3 | 1,664 | 5,237 | 41,868 |
| Disposals | 出售 | - | - | - | (199) | (213) | (412) |
| Depreciation | 折舊 | (305) | (24,742) | (947) | (1,020) | (4,106) | (31,120) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 20,250 | 72,306 | 4,726 | 3,297 | 12,555 | 113,134 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | | | | | | |
| Cost | 成本 | 21,357 | 314,605 | 21,403 | 10,857 | 107,082 | 475,304 |
| Accumulated depreciation | 累計折舊 | (1,107) | (242,299) | (16,677) | (7,560) | (94,527) | (362,170) |
| Net carrying amount | 賬面淨值 | 20,250 | 72,306 | 4,726 | 3,297 | 12,555 | 113,134 |
| Net carrying amount | 賬面淨值 | | | | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 20,250 | 72,306 | 4,726 | 3,297 | 12,555 | 113,134 |
| Additions | 添置 | - | 90,536 | 73 | 102 | 3,456 | 94,167 |
| Disposals | 出售 | - | - | - | (19) | - | (19) |
| Written-off | 撇銷 | - | (474) | (1) | - | (1) | (476) |
| Depreciation | 折舊 | (305) | (29,856) | (749) | (991) | (3,778) | (35,679) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 19,945 | 132,512 | 4,049 | 2,389 | 12,232 | 171,127 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | | | |
| Cost | 成本 | 21,357 | 404,537 | 21,461 | 10,836 | 110,529 | 568,720 |
| Accumulated depreciation | 累計折舊 | (1,412) | (272,025) | (17,412) | (8,447) | (98,297) | (397,593) |
| Net carrying amount | 賬面淨值 | 19,945 | 132,512 | 4,049 | 2,389 | 12,232 | 171,127 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation charges incurred for the year were recognised in the consolidated statement of comprehensive income as “selling and distribution costs” and “administrative expenses” amounted to approximately RMB35,076,000 (2016: RMB30,599,000) and RMB603,000 (2016: RMB521,000) respectively.

Written-off of property, plant and equipment of approximately RMB476,000 incurred have been recorded as other operating expenses for the year ended 31 December 2017, in which approximately RMB475,000 was in relation to agreements entered into for the exclusive right for operation and licensing of the business of beverage kiosk in Shenzhen region with an international cartoon brand name, please refer to note 14 to the financial statements for the particulars.

12. INVESTMENT PROPERTIES

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------|-----------------------------------|-----------------------------------|
| At beginning of the year | 年初 | 270,700 | 260,100 |
| Increase in fair value of investment properties | 投資物業公平值增加 | 20,100 | 10,600 |
| At end of the year | 年末 | 290,800 | 270,700 |

The investment properties represent various buildings and leasehold land located in the PRC held for generating rental income and the leasehold land will expire in 2066.

The fair values of the Group's investment properties as at 31 December 2016 and 2017 were arrived at on the basis of valuations carried out at the date by Chung Hin Appraisal Limited, an independent firm of qualified professional valuers not connected to the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

11. 物業、廠房及設備(續)

年內產生的折舊支出已於綜合全面收益表的「銷售及分銷成本」及「行政開支」分別確認約人民幣35,076,000元(二零一六年：人民幣30,599,000元)及人民幣603,000元(二零一六年：人民幣521,000元)。

所產生撇銷物業、廠房及設備約人民幣476,000元已記入截至二零一七年十二月三十一日止年度之其他經營開支，其中約人民幣475,000元有關訂立協議，以一個國際卡通品牌名稱於深圳地區經營茶店之獨家權利及加盟分判權，有關詳情請參閱財務報表附註14。

12. 投資物業

投資物業指為產生租金收入而持有的眾多中國樓宇及租賃土地，而租賃土地的期限將於二零六六年屆滿。

本集團投資物業於二零一六年及二零一七年十二月三十一日的公平值，乃基於中衍評值有限公司於該日進行的估值達致，其為與本集團概無關連的一間獨立合資格專業估值師行，並具有評估相關地區類似物業之適當資格及近期經驗。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

12. INVESTMENT PROPERTIES (Continued)

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:

12. 投資物業(續)

投資物業的公平值為第3層經常性公平值計量。年初及年末的公平值結餘對賬載列如下：

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|
| Opening balance (level 3 recurring fair value) | 年初結餘 (第3層經常性公平值) | 270,700 | 260,100 |
| Increase in fair value of investment properties | 投資物業之公平值增加 | 20,100 | 10,600 |
| Closing balance (level 3 recurring fair value) | 年末結餘 (第3層經常性公平值) | 290,800 | 270,700 |
| Change in unrealised gains for the year included in profit or loss for assets held at 31 December | 於十二月三十一日就持有資產計入損益的年內未變現收益變動 | 20,100 | 10,600 |

Fair values of investment properties are determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and negatively correlated to property yield.

投資物業的公平值乃透過資本化現有租約(附有物業的復歸收入潛力的適當條文)產生的租金收入採用直接資本化法釐定。公平值計量與市場每月租金成正比，而與物業回報率則成反比。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

12. INVESTMENT PROPERTIES (Continued)

12. 投資物業(續)

| | Valuation techniques 估值技術 | Significant unobservable inputs 重大無法觀察之輸入資料 | Range 範圍 |
|--|--|--|---|
| At 31 December 2017 | | | |
| Investment properties 於二零一七年 十二月三十一日 投資物業 | Direct capitalisation method 直接資本化法 | Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size. etc. (RMB/sq.m) 市場每月租金計及位置、環境、樓齡、可達性、樓層、呎寸等個別因素(人民幣/平方米) | RMB120 to RMB340 (2016: RMB80 to RMB320) 人民幣120元至人民幣340元 (二零一六年: 人民幣80元至人民幣320元) |
| | | Capitalisation rate of reversionary income 復歸收入的資本化比率 | 4% to 5% (2016: 4% to 5%) 4%至5% (二零一六年: 4%至5%) |

There were no changes to the valuation techniques during the years.

年內估值技術並無任何變動。

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

公平值計量乃基於上述物業得到完全充分使用(與其實際用途相同)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

13. PREPAID LAND LEASE

13. 預付土地金

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---------------------------------|-------------|-----------------------------------|-----------------------------------|
| At beginning of the year | 年初 | | |
| Cost | 成本 | 14,132 | 14,132 |
| Accumulated amortisation | 累計攤銷 | (1,209) | (948) |
| Net carrying amount | 賬面淨值 | 12,923 | 13,184 |
| Net carrying amount | 賬面淨值 | | |
| At beginning of the year | 年初 | 12,923 | 13,184 |
| Amortisation | 攤銷 | (261) | (261) |
| At end of the year | 年末 | | |
| Cost | 成本 | 14,132 | 14,132 |
| Accumulated amortisation | 累計攤銷 | (1,470) | (1,209) |
| Net carrying amount | 賬面淨值 | 12,662 | 12,923 |

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

14. INTANGIBLE ASSETS

14. 無形資產

| | | Computer software 電腦軟件 | | Franchise (Note) 特許經營權(附註) | | Total 總計 | |
|---|-------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
| At beginning of the year | 年初 | | | | | | |
| Cost | 成本 | 1,150 | - | 15,000 | 15,000 | 16,150 | 15,000 |
| Accumulated amortisation | 累計攤銷 | (105) | - | (4,547) | - | (4,652) | - |
| Net carrying amount | 賬面淨值 | 1,045 | - | 10,453 | 15,000 | 11,498 | 15,000 |
| Net carrying amount | 賬面淨值 | | | | | | |
| At beginning of the year | 年初 | 1,045 | - | 10,453 | 15,000 | 11,498 | 15,000 |
| Additions – externally acquired | 添置 – 外部收購 | - | 1,150 | 1,500 | - | 1,500 | 1,150 |
| Amortisation | 攤銷 | (115) | (105) | (4,741) | (4,547) | (4,856) | (4,652) |
| Impairment | 減值 | - | - | (1,773) | - | (1,773) | - |
| At end of the year | 年末 | 930 | 1,045 | 5,439 | 10,453 | 6,369 | 11,498 |
| At end of the year | 年末 | | | | | | |
| Cost | 成本 | 1,150 | 1,150 | 11,500 | 15,000 | 12,650 | 16,150 |
| Accumulated amortisation and impairment | 累計攤銷及減值 | (220) | (105) | (6,061) | (4,547) | (6,281) | (4,652) |
| Net carrying amount | 賬面淨值 | 930 | 1,045 | 5,439 | 10,453 | 6,369 | 11,498 |

Note: As at 31 December 2017, the Group held three franchise rights. Two of them are relating to the exclusive rights for operation and licensing of the business of restaurants in the PRC and beverage kiosk in Shenzhen region with an international cartoon brand name. Another one is relating to the exclusive right for operation and licensing of the business of restaurants in Shenzhen region with a specific brand name (2016: exclusive rights for operation and licensing of the business restaurants in the PRC and beverage kiosk in Shenzhen region with an international cartoon brand name).

附註：於二零一七年十二月三十一日，本集團持有三項特許經營權。其中兩項有關以一個國際卡通品牌名稱於中國經營餐飲業務以及於深圳地區經營茶店之獨家權利及加盟分判權。另一項有關以一個特定品牌於深圳經營餐飲業務之獨家權利及加盟分判權(二零一六年：以一個國際卡通品牌名稱於中國經營餐飲業務以及於深圳地區經營茶店之獨家權利及加盟分判權)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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14. INTANGIBLE ASSETS (Continued)

During the year, the directors of the Company has identified impairment indicator of certain intangible assets and certain property, plant and equipment in relation to agreements entered into for the exclusive rights for operation and licensing of the business of restaurants in the PRC and beverage kiosk in Shenzhen region with an international cartoon brand name with reference to the continuous losses. The directors of the Company conducted assessments on the intangible assets and property, plant and equipment, and these assets were allocated to two cash generating units, including restaurant business cash-generating unit and beverage kiosk business cash-generating unit ("Kiosk CGU") under the segment of food and catering.

The directors of the Company determined that, based on their estimation, an impairment loss on an intangible asset allocated to the Kiosk CGU of approximately RMB1,773,000 and written-off of certain property, plant and equipment in the Kiosk CGU of approximately RMB475,000 were recognised in other operating expenses for the year ended 31 December 2017. The recoverable amount of the Kiosk CGU was based on higher of its fair value less costs of disposal and its value in use. The recoverable amount of the Kiosk CGU was determined by the value in use calculation based on cash flow projection of the Kiosk CGU and discount rate of 18.5% has been used with reference to the current market data for the relevant industry and comparable companies.

14. 無形資產(續)

年內，本公司董事就若干無形資產及若干物業、廠房及設備，有關訂立協議以一個國際卡通品牌名稱於中國經營餐飲業務之獨家權利及加盟分判權，以及於深圳地區經營茶店之權利所帶來之持續虧損，已識別減值跡象。本公司董事就無形資產，以及物業、廠房及設備進行評估，且該等資產已分配至兩項現金產生單位，包括餐飲分部項下之餐飲業務現金產生單位及茶店業務現金產生單位（「茶店現金產生單位」）。

本公司董事基於彼等之估算，決定為截至二零一七年十二月三十一日之其他經營開支確認就無形資產分配至茶店現金產生單位之減值虧損約人民幣1,773,000元及撇銷茶店現金產生單位中若干物業、廠房及設備約人民幣475,000元。茶店現金產生單位之可收回金額以其公平值減出售成本及其可使用價值之較高者為準。茶店現金產生單位之可收回金額視乎茶店現金產生單位現金流量預測計算之可使用價值而定，且已使用參考相關行業及可比較公司之現行市場數據而定之18.5%貼現率。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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15. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

15. 已付按金、預付款項及其他應收款項

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Non-current assets | 非流動資產 | | |
| Rental deposits | 租金按金 | 16,533 | 6,141 |
| Prepayments | 預付款項 | 140 | - |
| Payment in advance for acquisition of property, plant and equipment | 收購物業、廠房及設備的預付款項 | 2,844 | - |
| | | 19,517 | 6,141 |
| Current assets | 流動資產 | | |
| Deposits paid | 已付按金 | 2,922 | 5,089 |
| Prepayments | 預付款項 | 18,497 | 19,491 |
| Payment in advance for acquisition of property, plant and equipment | 收購物業、廠房及設備的預付款項 | - | 719 |
| Advances to suppliers | 向供應商墊款 | 638 | 1,815 |
| Other receivables (Note) | 其他應收款項(附註) | 35,149 | 25,852 |
| | | 57,206 | 52,966 |

Note:

Included in the balance was input value added tax ("VAT") receivable of approximately RMB15,928,000 (2016: RMB10,150,000) as at 31 December 2017. Input VAT arose when the Group purchases products from suppliers and the input VAT can be deducted from output VAT on revenue.

Except for input VAT receivables which had no expiry date, all other receivables were repayable either on demand or within one year.

The directors of the Company consider that the fair values of other receivables, except for input VAT receivables, which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

附註：

結餘中包括於二零一七年十二月三十一日應收回進項增值稅(「增值稅」)約人民幣15,928,000元(二零一六年：人民幣10,150,000元)。有關進項增值稅因本集團向供應商採購產品而產生，並可於收益中自銷項增值稅扣除。

除並無屆滿日期的應收回進項增值稅外，所有其他應收款項須按要或於一年內償還。

本公司董事認為，由於該等結餘於產生後在短期內到期，預期於一年內收回之其他應收款項(除應收回進項增值稅外)之公平值與其賬面值並無重大差異。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

16. INTERESTS IN AN ASSOCIATE

16. 於一家聯營公司之權益

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|
| Share of net liabilities | 應佔負債淨值 | (484) | (484) |
| Goodwill | 商譽 | 600 | 600 |
| Less: Accumulated impairment loss (Note) | 減：累計減值虧損(附註) | (116) | (116) |
| | | - | - |

Note:

For the year ended 31 December 2016, impairment loss of approximately RMB116,000 had been recognised and was included in the share of loss of an associate.

Details of the associate are as follows:

附註：

截至二零一六年十二月三十一日止年度，減值虧損約人民幣116,000元已獲確認，且已計入一間聯營公司之應佔虧損內。

聯營公司詳情如下：

| Company name 公司名稱 | Place of incorporation/ establishment and legal form of entity 註冊成立/成立 地點及其法人類別 | Particulars of paid-up registered capital 已繳足註冊 資本詳情 | Percentage of interest held by the Company Indirectly 本公司間接 持有權益百分比 | Principal activities and place of operations 主要業務及 經營地點 |
|---|--|---|--|---|
| Shenzhen Egoos Mobile Internet Limited 深圳市移樂購移動互聯有限公司 | The PRC, limited liability company 中國， 有限責任公司 | RMB10,000,000 人民幣10,000,000元 | 30% | Operation and management of online sale in the PRC 於中國經營與管理網上銷售 |

In the opinion of the directors of the Company, the above associate is immaterial to the Group.

The summarised financial information of the associate is unavailable for the years ended 31 December 2016 and 2017, and the directors of the Company considered the impact of it is immaterial in view of the insignificance of the carrying amount of this associate.

本公司董事認為，上述聯營公司對本集團並不重大。

截至二零一六年及二零一七年十二月三十一日止年度無法取得聯營公司的財務資料概要，且本公司董事認為鑒於此聯營公司之賬面值並不重大，故其影響不算重大。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS 17. 可供出售金融資產

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------------|-------------|-----------------------------------|-----------------------------------|
| Unlisted equity securities, at cost | 非上市股本證券，按成本 | 10,800 | 10,833 |
| Less: Accumulated impairment losses | 減：累計減值虧損 | (7,565) | (4,081) |
| | | 3,235 | 6,752 |

The Group held two investments in unlisted companies in the PRC as at 31 December 2016. They are measured at cost less impairment, if any, at the end of each reporting period because the directors of the Company are of the opinion that the fair value cannot be measured reliably. During the year, the Group disposed of one of the investments in unlisted companies with proceeds with the same amount as its carrying amount, and thus no gain or loss on disposal was recognised.

An impairment loss of approximately RMB3,484,000 (2016: RMB4,081,000) has been recognised for the year, as a result of a decline in present value of its anticipated future cash flows estimated by the management.

於二零一六年十二月三十一日，本集團於中國持有兩項於非上市公司的投資。因為本公司董事認為未能可靠地計量公平值，其於各報告期末按成本減減值(如有)計量。年內，本集團出售一項於非上市公司的投資，所得款項金額相等於其賬面值金額，故概無確認出售收益或虧損。

由於管理層估計其預測未來現金流量的現值下跌，減值虧損約人民幣3,484,000元已於年內確認(二零一六年：人民幣4,081,000元)。

18. INVENTORIES AND CONSUMABLES 18. 存貨及易耗品

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------|-------|-----------------------------------|-----------------------------------|
| Merchandise for resale | 轉售商品 | 44,051 | 49,944 |
| Low value consumables | 低值易耗品 | 3,139 | 2,877 |
| | | 47,190 | 52,821 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

19. TRADE AND LOAN RECEIVABLES

All of the Group's sales are on cash basis except for trade receivables from certain bulk sales of merchandise to corporate customers, rental income receivables from tenants and loan receivables from provision of factoring services. The credit terms offered to the customers from operation and management of retail stores are generally for a period of one to three months, while to customers from factoring services are generally for a period of one to nine months (2016: one to six months).

Trade receivables were non-interest-bearing. Loan receivables from provision of factoring services of approximately RMB35,462,000 (2016: RMB16,977,000) which bore interest at rates ranging from 6% to 24% (2016: 6% to 13%) per annum.

The aging analysis of the Group's trade and loan receivables, based on invoice dates, is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|----------------|----------|-----------------------------------|-----------------------------------|
| Within 30 days | 30日內 | 8,795 | 2,611 |
| 31-60 days | 31至60日 | 25,027 | 2,397 |
| 61-180 days | 61至180日 | 11,242 | 14,667 |
| 181-365 days | 181至365日 | 282 | 53 |
| Over 1 year | 一年以上 | 147 | 40 |
| | | 45,493 | 19,768 |

Impairment of trade and loan receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade and loan receivables are impaired. All of the Group's trade and loan receivables have been reviewed for indicators of impairment.

19. 應收貿易賬款及貸款

除若干向企業客戶作出的大量商品銷售、應收租客的租金收入及應收保理業務的貸款賬款，本集團所有銷售均以現金進行。授予此等經營及管理零售店之客戶的信貸期一般為一至三個月，而授予保理業務之客戶的信貸期一般為一至九個月(二零一六年：一至六個月)。

應收貿易賬款為免息。源自保理業務之人民幣35,462,000元(二零一六年：人民幣16,977,000元)之應收貸款賬款附帶介乎6厘至24厘之年利率(二零一六年：介乎6厘至13厘)。

本集團之應收貿易賬款及貸款按發票日期的賬齡分析如下：

倘有客觀證據顯示本集團將無法按照應收款項原定年期收回所有到期款項，則確定應收貿易賬款及貸款已減值。欠款人面對重大財政困難以及欠付或拖欠款項被視為應收貿易賬款及貸款已減值的指標。本集團所有應收貿易賬款及貸款均已檢討是否出現減值指標。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

19. TRADE AND LOAN RECEIVABLES (Continued)

Impairment losses in respect of trade and loan receivables 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 and loan receivables directly. There was no allowance for impairment loss as at 31 December 2017 (2016: Nil).

The aging analysis of Group's trade and loan receivables that were neither past due at the reporting date nor impaired and, past due at the reporting date but not impaired, based on due date is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------|------------|-----------------------------------|-----------------------------------|
| Neither past due nor impaired | 無逾期或減值 | 45,064 | 19,675 |
| 1-30 days past due | 逾期1至30日 | - | 1 |
| 31-180 days past due | 逾期31至180日 | 282 | 52 |
| 181-365 days past due | 逾期181至365日 | 147 | 40 |
| | | 45,493 | 19,768 |

Trade and loan receivables that were neither past due nor impaired related to customers or tenants for whom there were no recent history of default. Trade and loan receivables that were past due but not impaired related to a number of customers or tenants that had a good track record of credit with the Group. Based on past experience, management believed that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances were still considered fully recoverable.

The directors of the Company consider that the fair values of trade and loan receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

19. 應收貿易賬款及貸款(續)

應收貿易賬款及貸款之減值虧損以撥備賬記錄，除非本集團認為金額之可收回性極微，於此情況下，減值虧損直接於應收貿易賬款及貸款撇銷。於二零一七年十二月三十一日並無就減值虧損作出撥備(二零一六年：無)。

於報告日期並無逾期或減值及於報告日期已逾期但無減值的本集團應收貿易賬款及貸款按到期日的賬齡分析如下：

並無逾期或減值的應收貿易賬款及貸款與並無近期欠款記錄的客戶或租客有關。已逾期但並無減值的應收貿易賬款及貸款與本集團多名信貸記錄良好的客戶或租客有關。根據過往經驗，管理層相信，由於信貸質素並無重大轉變及結餘仍被視為可全數收回，故無須就此等結餘作出減值撥備。

本公司董事認為，由於該等結餘於產生後在短期內到期，預期於一年內收回之應收貿易賬款及貸款之公平值與其賬面值並無重大差異。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

20. CASH AND BANK BALANCES

20. 現金及銀行結餘

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|----------------|-----------------------------------|-----------------------------------|
| Cash at banks and in hand | 銀行及手頭現金 | 151,150 | 171,766 |
| Bank deposits maturing within three months | 於三個月內到期的銀行存款 | 107,667 | 135,098 |
| Cash and cash equivalents for the purpose of statement of cash flows | 現金流量表的現金及現金等價物 | 258,817 | 306,864 |
| Bank deposits maturing over three months | 於三個月後到期的銀行存款 | 30,000 | 21,746 |
| | | 288,817 | 328,610 |

The Group had cash and bank balances denominated in RMB of approximately RMB281,394,000 (2016: RMB322,451,000) of which the remittance out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

The cash at banks bore interests at floating rates based on daily bank deposit rates. Certain bank deposits bore interest at floating rate with effective interest rate at 31 December 2017 was 0.35% (2016: 0.35%) per annum. The other bank deposits bore interest at fixed rates with effective interest rates at 31 December 2017 ranged from 1.35% to 1.65% (2016: ranged from 1.35% to 2.00%) per annum. They had maturities ranged from 3 month to 6 months (2016: ranged from 1 months to 12 months) and were eligible for immediate cancellation without receiving any interest for the last deposit period.

本集團以人民幣計值的現金及銀行結餘約為人民幣281,394,000元(二零一六年：人民幣322,451,000元)，其中匯出中國之款項須受中國政府實施的外匯管制限制規限。

銀行現金按浮息計息，乃按每日銀行存款利率計算。若干銀行存款按浮息計息，於二零一七年十二月三十一日的實際年利率為0.35厘(二零一六年：0.35厘)。其他銀行存款按固定利率計息，於二零一七年十二月三十一日的實際年利率介乎1.35厘至1.65厘(二零一六年：介乎1.35厘至2.00厘)。到期期限由三個月至六個月(二零一六年：由一個月至十二個月)不等，可於不收取最近一期存款期利息的情況下即時取消。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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21. TRADE PAYABLES

The credit terms granted by suppliers are generally for a period of 30 to 60 days. The aging analysis of the trade payables, based on invoice dates, is as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|----------------|----------|-----------------------------------|-----------------------------------|
| Within 30 days | 30日內 | 105,662 | 107,603 |
| 31-60 days | 31至60日 | 56,804 | 57,413 |
| 61-180 days | 61至180日 | 19,530 | 17,610 |
| 181-365 days | 181至365日 | 4,345 | 2,860 |
| Over 1 year | 一年以上 | 8,158 | 6,983 |
| | | 194,499 | 192,469 |

All amounts are short term and hence the carrying amounts of the Group's trade payables are considered to be a reasonable approximation of fair values.

21. 應付貿易賬款

供應商授出的信貸期一般為30至60日。應付貿易賬款按發票日期的賬齡分析如下：

所有款項均為短期，因此，本集團之應付貿易賬款賬面值被視為其公平值之合理約數。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

22. COUPON LIABILITIES, DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS 22. 票息負債、已收按金、其他應付款項及應計費用

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-----------------------|------------|-----------------------------------|-----------------------------------|
| Coupon liabilities | 票息負債 | 12,922 | 11,866 |
| Deposits received | 已收按金 | 25,936 | 19,791 |
| Other payables (Note) | 其他應付款項(附註) | 47,554 | 16,622 |
| Accruals | 應計費用 | 24,791 | 13,872 |
| | | 111,203 | 62,151 |

Note:

As at 31 December 2017, included in other payables of approximately RMB4,680,000 (2016: RMB2,447,000) represented other PRC tax payables, other than PRC Enterprise Income Tax.

As at 31 December 2017, included in other payables of approximately RMB2,291,000 (2016: RMB2,460,000) represented amounts received from (i) suppliers when they send promoters to the retail stores and (ii) staff when joining the retail stores in aggregate.

As at 31 December 2017, included in other payables of approximately RMB2,350,000 (2016: RMB2,278,000) represented provision for credit awards under customer loyalty programme of the Group.

As at 31 December 2017, included in other payables of approximately RMB3,219,000 (2016: RMB60,000) represented provision for counterclaims of alleged damage ruled by the court against the Group (Note 35).

All amounts are short term and hence the carrying amounts of the Group's coupon liabilities, deposit received, other payables and accruals are considered to be a reasonable approximation of fair values.

附註：

於二零一七年十二月三十一日，計入其他應付款項約人民幣4,680,000元(二零一六年：人民幣2,447,000元)指除中國企業所得稅以外之其他應付中國稅項。

於二零一七年十二月三十一日，計入其他應付款項約人民幣2,291,000元(二零一六年：人民幣2,460,000元)指(i)於供應商派遣推廣人員至零售店時應收供應商的款項及(ii)於員工加盟零售店時應收員工的款項兩者之總額。

於二零一七年十二月三十一日，計入其他應付款項約人民幣2,350,000元(二零一六年：人民幣2,278,000元)指本集團客戶忠誠計劃項下積分獎賞之撥備。

於二零一七年十二月三十一日，計入其他應付款項約人民幣3,219,000元(二零一六年：人民幣60,000元)指就法院針對本集團涉嫌損害之反訴裁決的撥備(附註35)。

所有款項均為短期，因此，本集團之票息負債、已收按金、其他應付款項及應計費用賬面值被視為其公平值之合理約數。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

23. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, interest free and repayable on demand.

23. 應收一名董事款項

有關款項為無抵押、免息及按要求償還。

24. DEFERRED TAXATION

The following are the major deferred tax asset and liabilities recognised by the Group and movements thereon during the current and previous financial years.

24. 遞延稅項

以下為本集團於本年度及過往財政年度已確認的主要遞延稅項資產及負債及有關變動。

| | | Revaluation of investment properties 投資 物業重估 RMB'000 人民幣千元 | Available- for-sale financial asset 可供出售 金融資產 RMB'000 人民幣千元 | Undistributed profits of subsidiaries 附屬公司之 未分派溢利 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|---------------------------------|--|---|---|---------------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | 13,031 | - | - | 13,031 |
| Deferred taxation debited/(credited) to the profit or loss (Note 8) | 扣除/(計入)損益的 遞延稅項(附註8) | 2,650 | (1,020) | 2,000 | 3,630 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月 三十一日及 二零一七年一月一日 | 15,681 | (1,020) | 2,000 | 16,661 |
| Deferred taxation debited to the profit or loss (Note 8) | 扣除損益的遞延稅項 (附註8) | 5,025 | - | 800 | 5,825 |
| At 31 December 2017 | 於二零一七年 十二月三十一日 | 20,706 | (1,020) | 2,800 | 22,486 |

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law of the PRC issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends declared or proposed out from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

根據於二零零七年十二月六日頒佈的中國新企業所得稅法實施條例，由二零零八年一月一日起，將對在中國成立的公司向其海外投資者派付的股息徵收10%的預扣所得稅。於二零零八年一月一日後，以中國公司產生的溢利宣派或建議宣派的股息須繳納該項預扣所得稅。

As at 31 December 2017, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised totalled approximately RMB323,000,000 (2016: RMB284,000,000), as the directors of the Company consider that timing of reversal of the related temporary differences can be controlled and it is probable that such differences will not be reversed in the foreseeable future.

於二零一七年十二月三十一日，與於附屬公司的投資有關而尚未就此確認遞延稅項負債的暫時差異總額合計約為人民幣323,000,000元(二零一六年：人民幣284,000,000元)，因為本公司董事認為可以控制撥回相關暫時差異的時間，而且有關差異可能不會於可預見未來撥回。



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綜合財務報表附註(續)

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24. DEFERRED TAXATION (Continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2017, the Group has estimated unused tax losses of approximately RMB45,045,000 (2016: RMB22,932,000) which were available for offset against future profits and are subject to expiry period of five years as follows. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams.

24. 遞延稅項(續)

遞延稅項資產於相關稅項利益可能透過日後應課稅溢利變現時就結轉稅項虧損予以確認。於二零一七年十二月三十一日，本集團已有估計未動用稅項虧損約人民幣45,045,000元(二零一六年：人民幣22,932,000元)，可用以抵銷日後溢利，並按照以下五個年度期間屆滿。因未能預測日後溢利來源，概無遞延稅項資產就有關估計稅項虧損而獲確認。

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-----------|---------|-----------------------------------|-----------------------------------|
| Expire in | 於以下年度屆滿 | | |
| - 2017 | - 二零一七年 | - | 2,580 |
| - 2018 | - 二零一八年 | 1,160 | 1,160 |
| - 2019 | - 二零一九年 | 3,743 | 3,743 |
| - 2020 | - 二零二零年 | 3,767 | 3,767 |
| - 2021 | - 二零二一年 | 11,682 | 11,682 |
| - 2022 | - 二零二二年 | 24,693 | - |
| | | 45,045 | 22,932 |

25. SHARE CAPITAL

25. 股本

| | | 2017 二零一七年 | | 2016 二零一六年 | |
|---|----------------------|--|------------------|--|------------------|
| | | Number of shares ('000) 股份數目 (千股) | RMB'000 人民幣千元 | Number of shares ('000) 股份數目 (千股) | RMB'000 人民幣千元 |
| Authorised: | 法定： | | | | |
| Ordinary shares of Hong Kong Dollars ("HK\$") 0.01 each | 每股面值0.01港元(「港元」)的普通股 | | | | |
| At 1 January and 31 December | 於一月一日及十二月三十一日 | 10,000,000 | 97,099 | 10,000,000 | 97,099 |
| Issued and fully paid: | 已發行及繳足： | | | | |
| Ordinary shares of HK\$0.01 each | 每股面值0.01港元的普通股 | | | | |
| At 1 January and 31 December | 於一月一日及十二月三十一日 | 1,037,500 | 10,125 | 1,037,500 | 10,125 |



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26. RESERVES

The movements of the Group's reserves for the year are presented in the consolidated statement of changes in equity.

The movements of the Company's reserves for the year are set out below:

26. 儲備

本集團於年內之儲備變動已於綜合權益變動表呈列。

本公司於年內之儲備變動載列如下：

| | | Share premium 股份溢價 RMB'000 人民幣千元 | Share option reserve 購股權儲備 RMB'000 人民幣千元 | Contributed surplus 繳入盈餘 RMB'000 人民幣千元 | Retained profits 保留溢利 RMB'000 人民幣千元 | Dividend proposed 擬派股息 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-------------------------|---|---|---|--|---|---------------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | 252,478 | 24 | 67,848 | 1,578 | 13,176 | 335,104 |
| Profit and total comprehensive income for the year | 年內溢利及全面收益總額 | - | - | - | 24,483 | - | 24,483 |
| Dividend approved for 2015 | 二零一五年之獲批准股息 | - | - | - | - | (13,176) | (13,176) |
| Proposed dividend for 2016 | 二零一六年之擬派股息 | - | - | - | (25,004) | 25,004 | - |
| Share option lapsed in 2016 | 二零一六年之失效購股權 | - | (24) | - | 24 | - | - |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 252,478 | - | 67,848 | 1,081 | 25,004 | 346,411 |
| Profit and total comprehensive income for the year | 年內溢利及全面收益總額 | - | - | - | 19,578 | - | 19,578 |
| Dividend approved for 2016 | 二零一六年之獲批准股息 | - | - | - | - | (25,004) | (25,004) |
| Proposed dividend for 2017 | 二零一七年之擬派股息 | - | - | - | (19,816) | 19,816 | - |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 252,478 | - | 67,848 | 843 | 19,816 | 340,985 |



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綜合財務報表附註(續)

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26. RESERVES (Continued)

Share premium

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Statutory reserve

According to the relevant PRC laws, subsidiaries established in the PRC are required to transfer at least 10% of their net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries equity owners. The statutory reserve is non-distributable other than upon the liquidation of the entity.

Statutory welfare reserve

According to the relevant PRC laws, companies established in the PRC are required to transfer a certain percentage, as approved by the directors of the subsidiaries, of its net profit after tax, as determined under the PRC accounting regulation, to a statutory welfare reserve. This reserve can only be used to provide staff facilities and other collective benefits to its employees. The statutory welfare reserve is non-distributable other than upon the liquidation of the entity. According to the relevant PRC laws, from 1 January 2006, no subsequent profit distribution to the statutory welfare reserve was needed.

Merger reserve

The merger reserve of the Group arose as a result of the reorganisation completed on 30 April 2007 and represented the difference between the nominal value of the Company's shares issued under the reorganisation and the nominal value of the aggregate share capital/registered capital and share premium of the subsidiaries then acquired.

26. 儲備(續)

股份溢價

根據開曼群島公司法，股份溢價賬可分派予本公司股東，惟本公司於緊隨建議派付股息當日後須能清償其於日常業務過程中到期償還的債務。

法定儲備

根據有關中國法律，於中國成立的附屬公司須將其按中國會計規例釐定的除稅後純利最少10%轉撥至法定儲備，直至法定儲備結餘達到實體註冊資本之50%為止。此儲備轉撥必須於向附屬公司權益持有人派發股息前作出。除非實體清盤，否則法定儲備不得分派。

法定福利基金

根據有關中國法律，在中國成立的公司須將其按中國會計規例釐定的除稅後純利經附屬公司之董事批准的若干百分比轉撥至法定福利基金。該基金僅可用於向其僱員提供員工設施及其他集體利益。除非實體清盤，否則法定福利基金不得分派。根據有關中國法律，自二零零六年一月一日起，概無其後須分派至法定福利基金之溢利。

合併儲備

於二零零七年四月三十日完成的重組導致本集團出現合併儲備，合併儲備指根據重組所發行本公司股份的面值與當時所收購附屬公司股本／註冊資本及股份溢價面值總額的差額。



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綜合財務報表附註(續)

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26. RESERVES (Continued)

Share option reserve

The share option reserve of the Group arose as a result of the options granted to the employees, directors and consultant of the Group.

Other reserve

Other reserve represented the difference between the consideration paid and the carrying amount of the net assets attributable to the additional of interest in a subsidiary being acquired from non-controlling equity holder in prior year.

Contributed surplus

The contributed surplus of the Company arose as a result of the reorganisation completed on 30 April 2007 and represents the excess of the nominal value of the Company's shares issued in exchange for the consolidated net assets value of the subsidiaries then acquired.

27. SHARE-BASED COMPENSATION

Pursuant to the written resolutions of all the shareholders passed on 30 April 2007, the Company has adopted the Share Option Scheme (the "Scheme").

The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

Pursuant to the Scheme, the Board may, at its absolute discretion, invite any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of any member of the Group; any consultants, professional and other advisers to any member of the Group (or persons, firms or companies proposed to be appointed for providing such services), (together, the "Participants" and each a "Participant"), to take up options ("Option(s)") to subscribe for shares at a price determined in accordance with the paragraphs below.

26. 儲備(續)

購股權儲備

本集團購股權儲備因向本集團僱員、董事及一名顧問授出購股權而產生。

其他儲備

其他儲備指上一年度向非控股權益持有人收購一間附屬公司額外權益應佔的已付代價與資產淨值賬面值之間的差異。

繳入盈餘

本公司繳入盈餘因二零零七年四月三十日完成之重組而產生，指本公司就交換代價所發行股份的面值超出當時所收購附屬公司的綜合資產淨值的差額。

27. 股份支付報酬

根據全體股東於二零零七年四月三十日通過的書面決議案，本公司採納購股權計劃(「該計劃」)。

該計劃旨在讓本公司以靈活的方法向參與者給予激勵、獎勵、酬金、報酬及／或福利，以及達致董事會可能不時批准的其他目的。

根據該計劃，董事會可全權酌情邀請本集團任何成員公司的任何執行或非執行董事(包括獨立非執行董事)或任何僱員(不論全職或兼職)以及本集團任何成員公司的任何顧問、專業人士及其他顧問(或擬委任以提供該等服務的人士、商行或公司)(上述人士稱為「參與者」)接納購股權(「購股權」)，以根據下段釐定的價格認購股份。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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27. SHARE-BASED COMPENSATION (Continued)

The subscription price in respect of each share issued pursuant to the exercise of Options granted shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the shares where the Company has been listed for less than 5 business days as at the offer date); and
- (c) the nominal value of a share.

The total number of shares, which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company shall not in aggregate exceed 100,000,000 shares, being 10% of the total number of shares on the listing date, unless the Company obtains an approval from its shareholders. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating such 10% limit.

On and subject to the terms of the Scheme, the Board shall be entitled at any time, within 10 years after 30 April 2007 to make an offer of the grant of an Option by the Board (the "Offer") to any Participant as the Board may in its absolute discretion select to subscribe for such number of shares as the Board may determine at the subscription price. In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant in the Group's business, the length of service of the Participant has exerted and made towards the success of the Group and/or the amount of potential efforts and contributions the Participant is likely to be able to give or make towards the success of the Group in the future.

27. 股份支付報酬(續)

根據所授出購股權獲行使而發行每股股份的認購價，必須由董事會全權釐定及知會參與者，且不得低於以下最高者：

- (a) 於要約日聯交所每日報價表所列股份收市價；
- (b) 緊接要約日前五個營業日聯交所每日報價表所列股份平均收市價的價格(惟倘本公司於要約日前已上市之日數少於五個營業日，則新發行價將用作股份上市前期間任何營業日的收市價)；及
- (c) 股份面值。

除非本公司自其股東取得批准，否則根據該計劃及本公司任何其他購股權計劃授出的所有購股權獲行使時可能發行的股份總數合共不得超過100,000,000股，即上市日期股份總數的10%。就計算該10%限制而言，按照該計劃條款已失效的購股權將不計算在內。

按照並在該計劃的條款規限下，董事會有權於二零零七年四月三十日後十年內，隨時向其全權酌情挑選的任何參與者提出授予購股權的要約(「要約」)，以按認購價認購董事會可能決定的股份數目。於釐定每名參與者資格的基準時，董事會主要考慮參與者於本集團的業務經驗、參與者為本集團的成就所付出的服務年期及／或參與者可能對本集團的日後成就所作出的潛在努力和貢獻的多寡。



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27. SHARE-BASED COMPENSATION (Continued)

Notwithstanding any provisions of the Scheme, the limit on the number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

An Offer shall be deemed to have been accepted by any Participant (the "Grantee") who accepts an Offer in accordance with the terms of the Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Scheme in consequence of death of the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within the date upon which the Offer is made to such date as the Board may determine and specify in the offer letter (both days inclusive).

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the Options.

The Options vest within one year from the dates of grant and then are exercisable within a period of four to five years.

During the year ended 31 December 2017, there were no outstanding Options.

27. 股份支付報酬(續)

不論該計劃任何條文，因行使根據該計劃及本公司任何其他購股權計劃授出但尚未行使的全部未行使購股權而可能發行的股份數目限額，不得超過不時已發行股份的30%。

除非獲股東批准，否則於任何十二個月期間因行使授予每名參與者的購股權(包括已行使及尚未行使的購股權)而已發行及將予發行的股份總數，不得超過已發行股份總數的1%。

當本公司於作出要約當日至董事會可能釐定並於要約函件註明的日期(包括首尾兩日)期間內收到按照該計劃的條款接納要約的參與者(「承授人」)或(如文義許可)因承授人身故而於該計劃享有權益的合法遺產代理人妥為簽署接納要約的要約函件複本，並向本公司支付1.00港元作為授出要約的代價後，要約將被視為已獲接納，而與要約有關的購股權被視為已授出及生效。

所有股份支付報酬均於權益中結算。本集團並無法定或推定責任回購或清償購股權。

自授出日期起計一年內歸屬之購股權，在其後四至五年期間可予行使。

於截至二零一七年十二月三十一日止年度，概無尚未行使購股權。



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27. SHARE-BASED COMPENSATION (Continued)

During the year ended 31 December 2016, details of the Options granted by the Company pursuant to the Scheme and the Options outstanding were as follows:

27. 股份支付報酬(續)

於截至二零一六年十二月三十一日止年度，本公司根據該計劃授出的購股權及尚未行使購股權的詳情如下：

| Grant to | Date of grant | Exercisable period | Number of Options 購股權數目 | | | | | Balance at 31 December 2016 於二零一六年 十二月 三十一日 結餘 | Exercise price per share HK\$ 每股 行使價 港元 |
|--|-----------------|---------------------------------------|---|-------------------------------|---------------------------------|------------------------------|---------------------------------|---|---|
| | | | Balance at 1 January 2016 於 二零一六年 一月一日 結餘 | Granted during the year | Exercised during the year | Lapsed during the year | Forfeited during the year | | |
| 承授人 | 授出日期 | 行使期 | | 年內授出 | 年內行使 | 年內失效 | 年內沒收 | | |
| Independent non-executive directors | | | | | | | | | |
| 獨立非執行董事 | | | | | | | | | |
| Mr. Chin Kam Cheung | 15 January 2011 | 17 January 2011 to 16 January 2016 | 36,666 | - | - | (36,666) | - | - | N/A 不適用 |
| 錢錦祥先生 | 二零一一年 一月十五日 | 二零一一年一月 十七日至二零一六年 一月十六日 | | | | | | | |
| Mr. Ai Ji | 15 January 2011 | 17 January 2011 to 16 January 2016 | 36,666 | - | - | (36,666) | - | - | N/A 不適用 |
| 艾及先生 | 二零一一年 一月十五日 | 二零一一年一月 十七日至二零一六年 一月十六日 | | | | | | | |
| Employees of the Group | | | | | | | | | |
| 本集團僱員 | | | | | | | | | |
| | 15 January 2011 | 17 January 2011 to 16 January 2016 | 2 | - | - | (2) | - | - | N/A 不適用 |
| | 二零一一年 一月十五日 | 二零一一年一月 十七日至二零一六年 一月十六日 | | | | | | | |
| | | | 73,334 | - | - | (73,334) | - | - | |



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綜合財務報表附註(續)

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27. SHARE-BASED COMPENSATION (Continued)

Options granted on 15 January 2011:

The weighted average fair value of Options granted during the year ended 31 December 2011 was RMB0.331 and were determined using the Black-Scholes Option Pricing Model. Significant inputs into the calculation included a share price on issue date of HK\$0.90 and exercise price as illustrated above. Furthermore, the calculation took into account the expected dividend yield of nil and a volatility rate of 76.598%, based on expected share price. Risk-free annual interest rate was determined at 0.732%.

The underlying expected volatility was determined based on the historical volatility for a period matching the expected life of the Options and reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Pursuant to the Scheme, as at 31 December 2016, no options were exercised and 73,334 options were lapsed during the year ended 31 December 2016. No options were forfeited during the year ended 31 December 2016.

27. 股份支付報酬(續)

於二零一一年一月十五日授出的購股權：

於截至二零一一年十二月三十一日止年度授出的購股權的加權平均公平值為人民幣0.331元，乃按栢力克－舒爾斯期權定價模式釐定。計算所用重大輸入數據包括於發行日期的股價0.90港元及上述行使價。此外，計算亦已計及預期零股息率及按預期股價計算的波幅率76.598%。無風險年利率率定為0.732厘。

相關預期波幅乃根據配合購股權預計年期的期間的過往波幅而釐定並反映過往波幅乃為未來趨勢指標的假設，其未必是實際結果。

根據該計劃，於二零一六年十二月三十一日，概無購股權獲行使，而於截至二零一六年十二月三十一日止年度，73,334份購股權失效。於截至二零一六年十二月三十一日止年度，概無購股權被沒收。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

28. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the directors were as follows:

28. 董事薪酬及高級管理人員酬金

(a) 董事酬金

已付或應付董事之酬金如下：

| | | Fees | Salaries, allowance and other benefits in kind | Contributions to retirement schemes | Total |
|--|----------------|---------|--|-------------------------------------|---------|
| | | 袍金 | 薪金、津貼及其他實物利益 | 退休計劃供款 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| 2017 | 二零一七年 | | | | |
| Executive directors | 執行董事 | | | | |
| Mr. Zhuang Lu Kun | 莊陸坤先生 | - | - | - | - |
| Mr. Zhuang Pei Zhong | 莊沛忠先生 | 650 | 139 | 51 | 840 |
| Mr. Gu Wei Ming | 顧衛明先生 | 650 | 133 | 51 | 834 |
| Mr. Zhuang Xiao Xiong | 莊小雄先生 | 780 | 265 | 51 | 1,096 |
| | | 2,080 | 537 | 153 | 2,770 |
| Independent non-executive directors | 獨立非執行董事 | | | | |
| Mr. Chin Kam Cheung | 錢錦祥先生 | 125 | - | - | 125 |
| Mr. Sun Ju Yi | 孫聚義先生 | 144 | - | - | 144 |
| Mr. Ai Ji | 艾及先生 | 144 | - | - | 144 |
| | | 413 | - | - | 413 |
| | | 2,493 | 537 | 153 | 3,183 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

28. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The emoluments paid or payable to the directors were as follows: (Continued)

29. 董事薪酬及高級管理人員酬金 (續)

(a) 董事酬金 (續)

已付或應付董事之酬金如下：
(續)

| | Fees | Salaries, allowance and other benefits in kind | Contributions to retirement schemes | Total |
|--|---------|--|-------------------------------------|---------|
| | 袍金 | 薪金、津貼及其他實物利益 | 退休計劃供款 | 總計 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| 2016 | | | | |
| Executive directors | | | | |
| Mr. Zhuang Lu Kun | - | - | - | - |
| Mr. Zhuang Pei Zhong | 600 | 155 | 48 | 803 |
| Mr. Gu Wei Ming | 600 | 154 | 48 | 802 |
| Mr. Zhuang Xiao Xiong | 720 | 299 | 48 | 1,067 |
| | 1,920 | 608 | 144 | 2,672 |
| Independent non-executive directors | | | | |
| Mr. Chin Kam Cheung | 125 | - | - | 125 |
| Mr. Sun Ju Yi | 144 | - | - | 144 |
| Mr. Ai Ji | 144 | - | - | 144 |
| | 413 | - | - | 413 |
| | 2,333 | 608 | 144 | 3,085 |

No directors of the Company waived any emoluments paid by the Group during the year (2016: Nil).

年內概無本公司董事放棄本集團所付任何酬金(二零一六年：無)。

No emoluments were paid to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the year (2016: Nil).

年內本公司董事並無獲支付任何酬金，作為招攬加入本集團或於加入時的獎勵或離職補償(二零一六年：無)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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28. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals of the Group included three (2016: three) directors of the Company for the year, whose emoluments are disclosed in Note 28(a). Details of the remuneration paid to the remaining two (2016: two) non-director highest paid individuals who were also members of senior management of the Group, which fell within the band of Nil – HK\$1 million (equivalent to approximately Nil – RMB870,000) are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 1,230 | 1,234 |
| Contributions to retirement schemes | 退休計劃供款 | 67 | 64 |
| | | 1,297 | 1,298 |

No emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the year (2016: Nil).

年內本集團並無支付酬金予任何最高薪酬人士，作為招攬加入本集團或於加入時的獎勵或離職補償(二零一六年：無)。

(c) Senior management's emoluments

The emoluments paid or payable to five (2016: three) members of senior management whose emoluments fell within the following bands:

| | | 2017 二零一七年 | 2016 二零一六年 |
|---|---|---------------|---------------|
| Nil to HK\$1,000,000 (equivalent to approximately Nil – RMB870,000) | 零港元至1,000,000港元 (約相當於人民幣零元至人民幣870,000元) | 5 | 3 |

28. 董事薪酬及高級管理人員酬金(續)

(b) 五名最高薪酬人士

年內本集團五名最高薪酬人士包括本公司三名(二零一六年：三名)董事，彼等的酬金已於附註28(a)披露。付予餘下兩名(二零一六年：兩名)最高薪酬非董事人士(亦為本集團高級管理人員)的薪酬介乎零港元至1,000,000港元(約相當於人民幣零元至人民幣870,000元)，詳情如下：

(c) 高級管理人員酬金

已付或應付五名(二零一六年：三名)高級管理層成員之酬金介乎以下組別：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

29. COMMITMENTS

(a) Capital commitments

The Group had the following outstanding capital commitments:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Contracted, but not provided for, in respect of property, plant and equipment | 17,448 | 6,353 |

(b) Operating lease commitments

(i) Group as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of land and buildings payable to independent third parties is as follows:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|-----------------------------------|-----------------------------------|
| Within one year | 47,730 | 30,125 |
| In the second to fifth years | 83,555 | 73,120 |
| After five years | 19,063 | 2,121 |
| | 150,348 | 105,366 |

29. 承擔

(a) 資本承擔

本集團具有以下未支付資本承擔：

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Contracted, but not provided for, in respect of property, plant and equipment | 17,448 | 6,353 |

(b) 經營租賃承擔

(i) 本集團作為承租人

根據不可撤銷土地及樓宇經營租賃須於未來應付獨立第三方之最低租賃付款總額如下：

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|-----------------------------------|-----------------------------------|
| Within one year | 47,730 | 30,125 |
| In the second to fifth years | 83,555 | 73,120 |
| After five years | 19,063 | 2,121 |
| | 150,348 | 105,366 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

29. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

(i) Group as lessee (Continued)

The total future minimum lease payments under non-cancellable operating leases in respect of land and buildings payable to related companies, namely Shenzhen Baijiahua Group Company Limited (“BJH Group”) and Shenzhen Jiahua Real Estate Development Company Limited (“JH Real Estate”), companies in which Mr. Zhuang Lu Kun and Mrs. Zhuang Su Lan, the wife of Mr. Zhuang Lu Kun, have beneficial interests, are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|---------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 33,000 | 17,757 |
| In the second to fifth years | 第二年至第五年 | 103,074 | 28,987 |
| After five years | 五年後 | 226,189 | – |
| | | 362,263 | 46,744 |

The Group leases a number of land and buildings under operating leases. The leases run for initial periods of one to fifteen years, with an option to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group and respective landlords.

The above lease commitments do not include commitments for additional rentals payable, if any, when revenue from sales of food and catering exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

(ii) Group as lessor

The Group sub-leases out a number of land and buildings under operating leases. The leases are negotiated for terms ranging from two to fifteen years.

29. 承擔(續)

(b) 經營租賃承擔(續)

(i) 本集團作為承租人(續)

根據不可撤銷土地及樓宇經營租賃須於未來應付莊陸坤先生及莊素蘭女士(莊陸坤先生之妻子)擁有實益權益的關連公司深圳市百佳華集團有限公司(「百佳華集團」)及深圳市佳華房地產開發有限公司(「佳華房地產」)的最低租賃付款總額如下:

本集團根據經營租賃租用多項土地及樓宇。租賃初步為期一至十五年，並可選擇於屆滿日期或本集團與有關業主雙方協定之日期重續租期。

當銷售食品及餐飲收益超出預定水平時，上述租賃承擔不包括額外應付租金(如有)，原因乃不能預先釐定有關額外租金的金額。

(ii) 本集團作為出租人

本集團根據經營租賃分租多項土地及樓宇。該等租賃按介乎兩年至十五年的年期磋商。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

29. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

(ii) Group as lessor (Continued)

The Group leases out the investment properties under operating lease run for initial periods of three to ten years.

The total future minimum lease receivables under non-cancellable operating leases from independent third parties are as follows:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|---------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 37,660 | 7,561 |
| In the second to fifth years | 第二年至第五年 | 122,582 | 23,305 |
| After five years | 五年後 | 67,875 | 3,795 |
| | | 228,117 | 34,661 |

The above lease receivables do not include commitments for additional rentals receivables, if any, when revenue from the lessees exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

The total future minimum lease receivables under non-cancellable operating lease from related parties, namely BJH Group and JH Real Estate, companies in which Mr. Zhuang Lu Kun and Mrs. Zhuang Su Lan, the wife of Mr. Zhuang Lu Kun, have beneficial interests, are as follow:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|------------------------------|---------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 2,923 | 2,923 |
| In the second to fifth years | 第二年至第五年 | 9,905 | 10,487 |
| After five years | 五年後 | 8,986 | 11,327 |
| | | 21,814 | 24,737 |

29. 承擔(續)

(b) 經營租賃承擔(續)

(ii) 本集團作為出租人(續)

本集團根據經營租賃出租投資物業，初步租期為三至十年。

根據不可撤銷經營租賃應收獨立第三方之未來最低租金總額如下：

上述應收租金不包括當來自承租人的收入超過預定水平的額外應收租金承擔(如有)，乃因不可能預先釐定該額外租金金額。

根據不可撤銷經營租賃，未來應收關連方百佳華集團及佳華房地產(為莊陸坤先生及莊素蘭女士(莊陸坤先生之妻子)擁有實益權益之公司)之最低租賃付款總額如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

30. RELATED PARTY TRANSACTIONS

In addition to those transactions and balances detailed elsewhere in these financial statements, the following transactions were carried out with related parties:

(a) Transactions with BJH Group

| | | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|------------------|------------|-----------------------------------|-----------------------------------|
| Operating lease rentals payment in respect of land and buildings | 有關土地及樓宇支付的經營租賃租金 | (i), (iii) | (12,938) | (12,938) |
| Operating lease rentals arrangement in respect of land and buildings | 有關土地及樓宇的經營租賃租金安排 | (i), (ii) | (4,821) | (5,510) |
| Operating lease rentals income in respect of land and buildings | 有關土地及樓宇的經營租賃租金收入 | (i) | 2,328 | 776 |
| Rental income arrangement | 租金收入安排 | (i), (iv) | 833 | 850 |
| Utilities income arrangement | 水電費收入安排 | (i), (iv) | 508 | 502 |

Notes:

- (i) The amounts were determined in accordance with the terms of the underlying agreements.
- (ii) BJH Group (as tenant) entered into lease arrangements with certain independent third parties (as landlords) to lease certain premises rented by the Group. The Group paid rental expenses of these premises as disclosed above directly to the landlords and not to BJH Group.

Pursuant to a lease agreement dated 28 April 2002 between 深圳市中鵬展實業有限公司 ("Zhong Peng Zhan") (as landlord) and BJH Group (as tenant), BJH Group leases store premises for a term of 15 years commencing from 16 November 2002 and expiring on 15 November 2017. Pursuant to a supplemental lease agreement dated 1 March 2004 between Zhong Peng Zhan and BJH Group, Zhong Peng Zhan has consented that BJH Group can provide the store premises for occupation by Shenzhen Baijiahua Department Stores Company Limited. Zhong Peng Zhan also consented that Shenzhen Baijiahua Department Stores Company Limited shall pay the rental under this lease agreement directly to Zhong Peng Zhan and BJH Group has guaranteed the timely payment of rentals to Zhong Peng Zhan by the Group.

附註：

- (i) 該等金額乃根據相關協議條款釐定。
- (ii) 百佳華集團(作為租戶)與若干獨立第三方(作為業主)訂立租賃安排，以租賃若干由本集團租用的物業。本集團就上文披露的該等物業直接向業主而非百佳華集團支付租金開支。

根據深圳市中鵬展實業有限公司(「中鵬展」，作為業主)與百佳華集團(作為租戶)所訂立日期為二零零二年四月二十八日的租賃協議，百佳華集團租賃店舖物業，租期為十五年，由二零零二年十一月十六日起至二零一七年十一月十五日屆滿。根據中鵬展與百佳華集團所訂立日期為二零零四年三月一日的補充租賃協議，中鵬展同意百佳華集團可將店舖物業供深圳市百佳華百貨有限公司佔用。中鵬展亦同意深圳市百佳華百貨有限公司直接向中鵬展支付此租賃協議項下租金，而百佳華集團已保證本集團依時向中鵬展支付租金。

30. 關連人士交易

除於該等財務報表其他部分詳列之交易及結餘外，以下為與關連人士進行之交易：

(a) 與百佳華集團之交易



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

30. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with BJH Group (Continued)

Notes: (Continued)

- (iii) As at 31 December 2017, the rental deposit paid by the Group to BJH Group of approximately RMB2,076,000 (2016: RMB3,037,000) was included in the balances of deposit paid, prepayments and other receivables of the Group.
- (iv) BJH Group (as lessor) entered into a sub-lease arrangement with an independent third party (as tenant) to sub-lease part of the retail stores which were rented by the Group. BJH Group received the rental income and utilities income as disclosed above on behalf of the Group. Pursuant to a supplemental agreement dated 6 November 2006 between BJH Group and the Group, BJH Group confirmed that the Group was entitled to the rental and utilities income as lessor from the independent third party commencing 1 March 2004. The rentals and utilities income were determined in accordance with the terms of the underlying agreements.

(b) Transactions with JH Real Estate

| | Notes 附註 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|--|-------------------------------|-----------------------------------|-----------------------------------|
| Operating lease rentals payment in respect of land and buildings | 有關土地及樓宇的經營租賃租金付款 (i), (ii) | (11,314) | (3,628) |
| Operating lease rentals income in respect of land and buildings | 有關土地及樓宇的經營租賃租金收入 (i) | 730 | 730 |

Notes:

- (i) The amounts were determined in accordance with the terms of the underlying agreements.
- (ii) As at 31 December 2017, the rental deposit paid by the Group to JH Real Estate of approximately RMB4,220,000 (2016: RMB606,000) was included in the balances of deposit paid, prepayments and other receivables of the Group.

附註：

- (i) 該等金額乃根據相關協議的年期釐定。
- (ii) 於二零一七年十二月三十一日，本集團向佳華房地產支付的租賃按金約人民幣4,220,000元（二零一六年：人民幣606,000元）計入本集團的已付按金、預付款項及其他應收款項之結餘。

30. 關連人士交易(續)

(a) 與百佳華集團之交易(續)

附註：(續)

- (iii) 於二零一七年十二月三十一日，本集團向百佳華集團支付之租金按金約為人民幣2,076,000元（二零一六年：人民幣3,037,000元），已計入本集團已付按金、預付款項及其他應收款項結餘。
- (iv) 百佳華集團（作為出租人）與一名獨立第三方（作為租戶）訂立一項分租安排，分租由本集團租用的部分零售店。百佳華集團已代表本集團收取上文所披露租金收入及水電費收入。根據百佳華集團與本集團所訂立日期為二零零六年十一月六日的補充協議，百佳華集團確認，本集團由二零零四年三月一日起有權以出租人身分向該獨立第三方收取租金及水電費收入。租金及水電費收入乃根據相關協議的條款釐定。

(b) 與佳華房地產的交易



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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30. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

30. 關連人士交易(續)

(c) 主要管理人員酬金

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---------------------------|-----------------------------------|-----------------------------------|
| Total remuneration of directors (Note 28(a)) and other member of key management | 董事(附註28(a))及其他主要管理人員的薪酬總額 | | |
| – Short term employee benefits | – 短期僱員福利 | 5,433 | 4,662 |
| – Contributions to retirement schemes | – 退休計劃供款 | 374 | 256 |
| | | 5,807 | 4,918 |



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

31. 本公司財務狀況表

| | | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------|---------------|-------------|-----------------------------------|-----------------------------------|
| | | Notes 附註 | | |
| ASSETS AND LIABILITIES | 資產及負債 | | | |
| Non-current assets | 非流動資產 | | | |
| Investments in subsidiaries | 於附屬公司的投資 | | 67,848 | 67,848 |
| Current assets | 流動資產 | | | |
| Amounts due from subsidiaries | 應收附屬公司款項 | | 281,370 | 287,841 |
| Other receivables | 其他應收款項 | | 165 | 16 |
| Cash and bank balances | 現金及銀行結餘 | | 3,153 | 1,844 |
| | | | 284,688 | 289,701 |
| Current liabilities | 流動負債 | | | |
| Other payables and accruals | 其他應付款項及應計費用 | | 1,426 | 1,013 |
| | | | 1,426 | 1,013 |
| Net current assets | 流動資產淨值 | | 283,262 | 288,688 |
| Net assets | 資產淨值 | | 351,110 | 356,536 |
| EQUITY | 權益 | | | |
| Share capital | 股本 | 25 | 10,125 | 10,125 |
| Reserves | 儲備 | 26 | 340,985 | 346,411 |
| Total equity | 權益總額 | | 351,110 | 356,536 |

Zhuang Lu Kun
莊陸坤
Director
董事

Zhuang Pei Zhong
莊沛忠
Director
董事



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

32. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries as at 31 December 2016 and 2017 are as follows:

32. 於附屬公司的權益

於二零一六年及二零一七年十二月三十一日，附屬公司詳情如下：

| Company name 公司名稱 | Place of incorporation/ establishment and legal form of entity 註冊成立/ 成立地點及其法人類別 | Particulars of issued share/paid-up registered capital 已發行股份/ 已繳足註冊資本詳情 | Percentage of interest held by the Company 本公司持有權益百分比 | | Principal activities and place of operations 主要業務及經營地點 |
|---|---|---|---|------------------|--|
| | | | Directly 直接 | Indirectly 間接 | |
| Forever Prosperity International Company Limited 永泰國際有限公司 | British Virgin Islands, limited liability company 英屬處女群島，有限責任公司 | US\$20 20美元 | 100% | - | Investment holding in Hong Kong 於香港進行投資控股 |
| Ding Xin Investment Company Limited 鼎新投資有限公司 | Hong Kong, limited liability company 香港，有限責任公司 | HK\$0.1 0.1港元 | - | 100% | Investment holding in Hong Kong 於香港進行投資控股 |
| Heng Run Xin Investment Company Limited 恒潤鑫投資有限公司 | Hong Kong, limited liability company 香港，有限責任公司 | HK\$10,000 10,000港元 | - | 100% | Dormant 暫無業務 |
| Shenzhen Ding Xin Department Stores Company Limited 深圳鼎新百貨有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB5,000,000 人民幣5,000,000元 | - | 100% | Dormant 暫無業務 |
| Shenzhen Baijiahua Commercial Investment Management Limited 深圳市百佳華商業投資管理有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB30,000,000 人民幣30,000,000元 | - | 100% | Operation and management of shopping mall in the PRC (2016: Dormant) 於中國經營及管理商場 (二零一六年：暫無業務) |
| Shenzhen Qianhai Baijiahua Commercial Factoring Limited 深圳市前海百佳華商業保理有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB50,000,000 人民幣50,000,000元 | - | 100% | Commercial factoring services in the PRC 於中國進行商業保理 服務 |
| Shenzhen Baijiahua Department Stores Company Limited 深圳市百佳華百貨有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB220,400,000 人民幣220,400,000元 | - | 100% | Investment holding and operation and management of retail stores in the PRC 於中國進行投資控股及 經營及管理零售店 |
| Guangxi Baijiahua Department Stores Company Limited 廣西百佳華百貨有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB10,000,000 人民幣10,000,000元 | - | 100% | Operation and management of retail stores in the PRC 於中國經營及管理 零售店 |

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
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32. INTERESTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries as at 31 December 2016 and 2017 are as follows: (Continued)

| Company name 公司名稱 | Place of incorporation/ establishment and legal form of entity 註冊成立/ 成立地點及其法人類別 | Particulars of issued share/paid-up registered capital 已發行股份/ 已繳足註冊資本詳情 | Percentage of interest held by the Company 本公司持有權益百分比 | | Principal activities and place of operations 主要業務及經營地點 |
|---|---|---|---|------------------|--|
| | | | Directly 直接 | Indirectly 間接 | |
| Yunnan Baijiahua Department Stores Company Limited 雲南百佳華百貨有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB10,000,000 人民幣10,000,000元 | - | 100% | Dormant 暫無業務 |
| Shenzhen BJH Network Technology Limited 深圳市百佳華網絡科技有限公司 | The PRC, limited liability company 中國，有限責任公司 | RMB5,000,000 人民幣5,000,000元 | - | 100% | Operation and management of online sale in the PRC 於中國經營及管理網上 銷售 |
| Shenzhen Qianhai Baijiahua Beverage Management Limited (Note (i)) 深圳市前海百佳華餐飲管理有限公司 (附註(i)) | The PRC, limited liability company 中國，有限責任公司 | RMB35,000,000 人民幣35,000,000元 | - | 100% | Operation of restaurants in the PRC 於中國經營餐廳 |
| Shenzhen Baijiahua Convenient Stores Chain Management Limited (Note (ii)) 深圳市百佳華連鎖便利店管理有限公司 (附註(ii)) | The PRC, limited liability company 中國，有限責任公司 | - | - | 100% | Dormant 暫無業務 |

The financial statements of the above subsidiaries were audited by BDO Limited, for statutory purpose and/or for the purpose of the group consolidation.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

- (i) During the year ended 31 December 2016, the Group acquired additional equity interest of 5% in Shenzhen Qianhai Baijiahua Beverage Management Limited (深圳市前海百佳華餐飲管理有限公司) from the non-controlling equity holder at a consideration of approximately RMB250,000. The difference between the consideration and the carrying amount of the net assets attributable to the additional interests in the subsidiary being acquired from the non-controlling equity holder has been dealt with in the other reserve.
- (ii) During the year, a subsidiary, Shenzhen Baijiahua Convenient Stores Chain Management Limited (深圳市百佳華連鎖便利店管理有限公司), has been incorporated.

32. 於附屬公司的權益(續)

於二零一六年及二零一七年十二月三十一日，附屬公司詳情如下：(續)

上述附屬公司的財務報表已就符合法例規定及／或集團綜合賬目由香港立信德豪會計師事務所有限公司審核。

於年末，概無附屬公司發行任何債務證券。

附註：

- (i) 截至二零一六年十二月三十一日止年度，本集團以約人民幣250,000元的代價向非控股權益持有人收購深圳市前海百佳華餐飲管理有限公司的額外5%股本權益。代價與向非控股權益持有人收購的該附屬公司的額外權益應佔淨資產賬面值的差額已於其他儲備處理。
- (ii) 於年內，附屬公司深圳市百佳華連鎖便利店管理有限公司已註冊成立。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk and interest risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Board. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to engage in the trading of financial instruments for speculative purposes. The most significant financial risks to which the Group is exposed to are described below.

(i) **Categories of financial assets and liabilities**

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and financial liabilities:

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| Financial assets: | 金融資產： | | |
| Loans and receivables | 貸款及應收款項 | | |
| – Cash and bank balances | – 現金及銀行結餘 | 288,817 | 328,610 |
| – Trade and loan receivables | – 應收貿易賬款及貸款 | 45,493 | 19,768 |
| – Other receivables | – 其他應收款項 | 35,149 | 25,852 |
| | | 369,459 | 374,230 |
| Available-for-sale financial assets: | 可供出售金融資產： | | |
| – Unlisted equity investments | – 非上市股本投資 | 3,235 | 6,752 |
| | | 372,694 | 380,982 |

33. 財務風險管理及公平值計量

本集團因其日常業務經營過程及投資業務使用金融工具而面對財務風險。有關財務風險包括市場風險(包括貨幣風險及利率風險)、信貸風險及流動資金風險。

財務風險管理由本集團總部協調，並與董事會密切合作。管理財務風險之整體目標重點在於透過盡量減少金融市場風險，確保本集團短期至中期現金流量。長期金融投資以可接受風險程度產生持續回報管理。

本集團之政策並非從事以投機為目的的金融工具買賣。本集團所面對最重大的金融風險說明如下。

(i) **金融資產及負債類別**

於財務狀況表呈列有關金融資產及金融負債類別之賬面值如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(i) Categories of financial assets and liabilities (Continued)

| | | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Financial liabilities: | 金融負債： | | |
| Financial liabilities measured at amortised costs | 按攤銷成本計量之金融負債 | | |
| – Trade payables | – 應付貿易賬款 | 194,499 | 192,469 |
| – Other payables and accruals | – 其他應付款項及應計款項 | 72,345 | 30,494 |
| – Amount due to a director | – 應付一名董事款項 | 59 | 59 |
| | | 266,903 | 223,022 |

(ii) Foreign currency risk

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 has operation in the PRC so that the majority of the Group's revenues, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB and HK\$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

33. 財務風險管理及公平值計量(續)

(i) 金融資產及負債類別(續)

(ii) 外幣風險

貨幣風險指金融工具之公平值或未來現金流量由於匯率變動而波動之風險。

本集團於中國經營業務，故本集團大部分收入、開支及現金流量均以人民幣計值。本集團大部分資產及負債以人民幣及港元計值。外幣兌人民幣的匯率如有任何重大波動均可能對本集團構成財務影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(ii) Foreign currency risk (Continued)

The Group's exposures at the reporting date to currency risk arising from foreign currency denominated monetary assets in currency other than the functional currency of the entity to which they relate are set out below:

| | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Financial assets: | | |
| Cash and bank balances – HK\$ | 7,423 | 6,159 |
| 金融資產： | | |
| 現金及銀行結餘－港元 | | |

Sensitivity analysis

As at 31 December 2017, if RMB had strengthened by 5% against HK\$, with all other variables held constant, post-tax profit for the year and, retained profits would have been approximately RMB353,000 lower (2016: RMB331,000 lower), as a result of foreign exchange gains on translation of foreign currency denominated financial assets and liabilities.

The same % decrease in the foreign currency exchange rate on RMB against HK\$ would have the same magnitude on the Group's post-tax profit for the year and retained profits as shown above but of opposite effect, on the basis all variances held constant.

These are the same method and assumption used in preparing the sensitivity analysis included in the financial statements for the years ended 31 December 2016 and 2017.

The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

33. 財務風險管理及公平值計量(續)

(ii) 外幣風險(續)

由於以外幣計值的貨幣資產以與有關實體的功能貨幣不同的貨幣計值，故本集團於報告日期承受下列貨幣風險：

敏感度分析

於二零一七年十二月三十一日，倘人民幣兌港元升值5%，而所有其他因素不變，則年內稅後溢利及保留溢利將因換算外幣計值的金融資產及負債錄得匯兌收益而減少約人民幣353,000元(二零一六年：減少人民幣331,000元)。

倘所有變數維持不變，則人民幣兌港元匯率的相同下跌百分比對本集團年內稅後溢利及保留溢利應具有上文所示相同幅度但相反方向之影響。

所使用的方法及假設與編製截至二零一六年及二零一七年十二月三十一日止年度財務報表所載的敏感度分析所採用者相同。

本集團一直沿用過往年度管理外幣風險的政策，並認為其具有成效。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(iii) 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 instrument and cause a financial loss to the Group.

For the operation and management of retail stores and other related businesses and food and catering business, the Group has no significant concentrations of credit risk. Most of the sales transactions were settled in cash basis or by credit card payment. Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from factoring business. As at 31 December 2017, the five largest factoring debtors, in aggregate, contributed approximately RMB34,978,000 or 77% (2016: RMB15,685,000 or 79%) to the Group's total trade and loan receivables.

In respect of trade receivables, the Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. Monthly reports of customer payment history are produced and reviewed by the finance department. Overdue balances and significant trade and loan receivables are highlighted. The finance director will determine the appropriate recovery actions. This is no requirement for collateral or other credit enhancement by the Group,

In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

33. 財務風險管理及公平值計量(續)

(iii) 信貸風險

信貸風險指金融工具的交易對手將無法根據金融工具條款履行其責任，令本集團出現財務虧損的風險。

就經營及管理零售店及其他相關業務以及食物及餐飲業務而言，本集團的信貸風險並無出現重大集中情況。大部分銷售交易以現金或信用卡付款結算。現金及銀行結餘的信貸風險已因現金存於享有高度信貸評級的銀行而減低。

本集團面對的信貸風險主要來自保理業務的應收貸款產生。於二零一七年十二月三十一日，五大保理債務人合共佔本集團總應收貿易賬款及貸款約人民幣34,978,000元或77%（二零一六年：人民幣15,685,000元或79%）。

就應收貿易賬款而言，本集團的政策為與信用良好的客戶交易。授予新客戶的信貸期由信貸監控部門對新客戶進行信用評估後授出。於適當情況下，客戶或會被要求提供其財務狀況的證明文件。不被視為信用良好的客戶須預先付款或貨到付款。客戶的付款記錄會受到密切監察。客戶每月的付款記錄報告由財政部編製及審閱，並會加緊處理逾期結餘及重大應收貿易賬款及貸款。財務總監將釐定合適的收款行動。本集團並無要求提供抵押品或其他信用提升。

就應收貸款而言，本集團的政策規定所有擬向本集團獲得貸款的客戶須經管理層審查。本集團直接或間接持有抵押物以涵蓋其與應收貸款有關的風險。

信貸及投資政策在過往年度一直由本集團沿用，且被視為有效將本集團承擔之信貸風險限制至理想水平。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(iv) 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 exposure to interest rate risk mainly arises on cash and bank balances and factoring receivables. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

Management considers the Group's exposure to fair value interest rate risk is not significant due to the short-term maturities of these instruments.

A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's profit after tax and retained profits. Changes in interest rates have no impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense.

(v) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations and also in respect of its cash flow management.

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

33. 財務風險管理及公平值計量(續)

(iv) 利率風險

利率風險有關金融工具的公平值或現金流量將由於市場利率變動而波動的风险。

本集團面對的利率風險主要因現金及銀行結餘及保理應收款項產生。本集團並無採用任何衍生工具合約對沖其面對的利率風險。本集團並無制定管理利率風險的政策。

管理層密切監察相關利息風險，以確保利率風險維持於可接受水平。管理層密切監察利率重新訂價錯配之水平。

由於此等工具的年期較短，故管理層認為本集團面對的公平值利率風險並不重大。

倘於未來十二個月利率出現合理變動，則預計不會對本集團稅後溢利及保留溢利構成重大變動。利率變動對本集團權益之其他組成部分並無影響。本集團就現金及財務管理採取中央庫務政策，著重於減低本集團整體利息開支。

(v) 流動資金風險

流動資金風險有關本集團無法履行其金融負債承擔的風險。本集團就償付應付貿易賬款及其財務承擔以及就其現金流量管理面對流動資金風險。

本集團的政策為維持充足現金及銀行結餘，並取得資金以配合其營運資金需要。本集團的流動資金依賴自其客戶收取的現金。本公司董事信納，本集團將能於可見未來全數履行其到期財務承擔。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(v) Liquidity risk (Continued)

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its non-derivative as at 31 December 2016 and 2017. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

33. 財務風險管理及公平值計量(續)

(v) 流動資金風險(續)

本集團一直沿用過往年度的流動資金政策，並認為其對管理流動資金風險具有成效。

以下分析為本集團於二零一六年及二零一七年十二月三十一日的非衍生項目的尚餘合約到期狀況。倘債權人可選擇清付負債的時間，則負債按本集團可被要求還款的最早日期記賬。倘負債分期償還，則各分期付款分配至本集團承諾還款的最早期間。

| | | Carrying amount | Total contractual undiscounted cash flows | Repayable within one year or on demand |
|-----------------------------|----------------------|-----------------|---|--|
| | | 賬面值 | 合約未貼現現金流量總額 | 須按要償還 |
| | | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | |
| Trade payables | 應付貿易賬款 | 194,499 | 194,499 | 194,499 |
| Other payables and accruals | 其他應付款項及應計費用 | 72,345 | 72,345 | 72,345 |
| Amount due to a director | 應付一名董事款項 | 59 | 59 | 59 |
| Total | 總計 | 266,903 | 266,903 | 266,903 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | | | |
| Trade payables | 應付貿易賬款 | 192,469 | 192,469 | 192,469 |
| Other payables and accruals | 其他應付款項及應計費用 | 30,494 | 30,494 | 30,494 |
| Amount due to a director | 應付一名董事款項 | 59 | 59 | 59 |
| Total | 總計 | 223,022 | 223,022 | 223,022 |

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

本集團於評估及管理流動資金風險時已考慮金融資產之預期現金流量，尤其是其現金資源及其他可即時產生現金的流動資產。本集團現有現金資源及其他流動資產大幅超出現金流量需求。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2017 amounted to approximately RMB599,776,000 (2016: RMB591,581,000), in which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

35. LITIGATIONS

Guangxi Yulin Store

In July 2011, the Group entered into a lease agreement with Yulin Hongyuan Real Estate Development Limited ("Yulin Hongyuan") pursuant to which the Group would lease from Yulin Hongyuan a property located at No.8 Baishiqiao Road of Yulin, Guangxi, the PRC for setting up a store (the "Yulin Store"). The Group also entered into property management agreements with a related company of Yulin Hongyuan, Handan Shengyuan Property Service Limited Company ("Shengyuan") for the Yulin Store in July 2011.

In October 2012, the Group has commenced legal proceedings against Yulin Hongyuan and Shengyuan as Yulin Hongyuan has breached the lease agreement for failing to hand over the property to the Group before the deadline as stipulated in the lease agreement. The Group demanded repayments of the deposits and prepaid rentals and management fees of an aggregate amount of approximately RMB4,173,000 from Yulin Hongyuan and Shengyuan. The Group further claimed a sum of approximately RMB1,669,000, being penalty for breaching the agreements and the costs of the proceedings.

34. 資本管理

本集團資本管理目標為確保本集團持續經營業務的能力，並確保貨物及服務之定價符合風險水平以為股東提供足夠回報。

本集團積極定期檢討及管理其資本結構，以確保達致最佳資本結構及股東回報，並考慮本集團日後資金需要、現行及預計資本開支及預計策略投資機會。

為維持或調整資本結構，本集團或會調整付予股東之股息金額、向股東退回股本、發行新股份或出售資產以減低債務。

就資本管理而言，管理層視權益總額為資本。於二零一七年十二月三十一日的資本金額約為人民幣599,776,000元(二零一六年：人民幣591,581,000元)，管理層於考慮預計資本開支及預計策略投資機會後認為屬恰當。

35. 訴訟

廣西玉林店

於二零一一年七月，本集團與玉林市洪源房地產開發有限公司(「玉林洪源」)簽訂一項租賃協議。據此，本集團向玉林洪源租賃位於中國廣西省玉林市白石橋路8號的一項物業，用於開設一間分店(「玉林店」)。於二零一一年七月，本集團亦與玉林洪源之關聯公司邯鄲市盛源物業服務有限公司(「盛源」)簽訂玉林店之物業管理協議。

於二零一二年十月，本集團基於玉林洪源已違反租賃協議條款未有依約將物業移交給本集團，對玉林洪源及盛源採取法律行動。本集團向玉林洪源及盛源追討按金及預付租金及管理費合計約為人民幣4,173,000元。本集團進一步追討一筆約為人民幣1,669,000元之違反協議罰款及訴訟所產生的費用。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

35. LITIGATIONS (Continued)

Guangxi Yulin Store (Continued)

In December 2012, Yulin Hongyuan and Shengyuan have filed counterclaims against the Group for the alleged damage of an aggregate amount of approximately RMB8,466,000 arising from the alleged improper cancellation of the agreements by the Group and the costs of the proceedings.

In July 2013, the court has announced its judgement that the Group was required to bear the alleged damage to Yulin Hongyuan with a total of approximately RMB3,510,000; Yulin Hongyuan was required to return the prepaid rent and deposit to the Group of approximately RMB1,407,000 and RMB938,000 respectively; the Group was required to bear partial court processing fee of approximately RMB25,000. In August 2013, the Group and Yulin Hongyuan have lodged appeal against the decision by the court separately.

In October 2013, the court has announced its judgement that the Group was required to bear the alleged damage to Shengyuan with a total of approximately RMB678,000; Shengyuan was required to return the prepaid management fee and deposit to the Group of approximately RMB1,097,000 and RMB731,000 respectively; the Group was required to bear the partial court processing fee of approximately RMB12,000. In December 2013, the Group has lodged appeal against the decision by the court.

In March 2014, the court has subsequently cancelled its previous judgements regarding the legal proceedings with Yulin Hongyuan in July 2013 as stated above and the legal proceedings will be processed again by the court.

In July 2014, the court has announced its judgement that the Group was required to bear the alleged damage to Shengyuan with a total of approximately RMB60,000; Shengyuan was required to return the prepaid management fee and deposit to the Group of approximately RMB1,097,000 and RMB731,000 respectively; the Group was required to bear the partial court processing fee of approximately RMB16,000.

35. 訴訟(續)

廣西玉林店(續)

於二零一二年十二月，玉林洪源及盛源向本集團提出反索償追討一筆合計約為人民幣8,466,000元之聲稱賠償，基於本集團聲稱不正當取消若干協議及訴訟所產生的一切費用。

於二零一三年七月，法院頒佈裁決，本集團須對玉林洪源承擔合計約為人民幣3,510,000元之聲稱賠償，而玉林洪源須向本集團分別退還約人民幣1,407,000元及人民幣938,000元之預付租金及按金；本集團須承擔部分法院訟費，金額為約人民幣25,000元。於二零一三年八月，本集團及玉林洪源分別對法院的裁決提出上訴。

於二零一三年十月，法院頒佈裁決，本集團須對盛源承擔合計約為人民幣678,000元之聲稱賠償，而盛源須向本集團分別退還約人民幣1,097,000元及人民幣731,000元之預付管理費及按金；本集團須承擔部分法院訟費，金額為約人民幣12,000元。於二零一三年十二月，本集團已對法院的裁決提出上訴。

於二零一四年三月，法院最終取消其上述於二零一三年七月與玉林洪源之法律行動之裁決，而該法律行動須由法院重新審理。

於二零一四年七月，法院頒佈裁決，本集團須對盛源承擔合計約為人民幣60,000元之聲稱賠償，而盛源須向本集團分別退還約人民幣1,097,000元及人民幣731,000元之預付管理費及按金；本集團須承擔部分法院訟費，金額為約人民幣16,000元。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

35. LITIGATIONS (Continued)

Guangxi Yulin Store (Continued)

In August 2014, the court has announced its judgement that the Group was required to bear the alleged damage and rental loss compensation to Yulin Hongyuan with a total of approximately RMB1,754,000 and RMB2,815,000 respectively; Yulin Hongyuan was required to return the rental deposit to the Group of approximately RMB938,000; the Group was required to bear partial court processing fee of approximately RMB38,000. In November 2014, the Group has lodged appeal against the decision by the court.

In February 2015, the court has announced its judgement that Yulin Hongyuan was required to return the prepaid rent and deposit to the Group of approximately RMB1,407,000 and RMB938,000 respectively; Yulin Hongyuan was required to bear all court processing fee. The Group has lodged application for compulsory execution of the decision by the court immediately. In October 2015, Yulin Hongyuan have lodged appeal against the decision by the court but has been turned down.

In October 2015, the court has cancelled its previous judgements regarding the legal proceedings with Shengyuan in October 2013 and July 2014 as stated above respectively and the legal proceedings will be processed again by the court.

In July 2016, Yulin Hongyuan lodged protest to the People's Procuratorate Court. In October 2016, the court has suspended the compulsory execution made by the decision in February 2015 and ordered the case to be processed again.

In August 2016, the court has announced that the judgements made in July 2014 have been sustained. Shengyuan lodged appeal to the intermediate court immediately but has been turned down.

In August 2017, Shengyuan has lodged appeal to high court against the decision by the intermediate court but has been turned down. The Group has lodged application for compulsory execution of the decision by the court immediately.

35. 訴訟(續)

廣西玉林店(續)

於二零一四年八月，法院頒佈裁決，本集團須對玉林洪源承擔合計分別約為人民幣1,754,000元及人民幣2,815,000元之聲稱賠償及租金損失賠償；而玉林洪源須向本集團退還約人民幣938,000元之租用按金；本集團須承擔部分法院訟費，金額為約人民幣38,000元。於二零一四年十一月，本集團對法院的裁決提出上訴。

於二零一五年二月，法院頒佈裁決，玉林洪源須向本集團分別退還約人民幣1,407,000元及人民幣938,000元之預付租金及按金；玉林洪源須承擔所有法院訟費。本集團立即提出強制執行法院之裁決。於二零一五年十月，玉林洪源對法院的裁決提出上訴但遭駁回。

於二零一五年十月，法院分別取消其上述於二零一三年十月及二零一四年七月對盛源之法律行動之裁決，而該法律行動須由法院重新審理。

於二零一六年七月，玉林洪源向人民檢察院提呈抗訴。於二零一六年十月，法院暫停該案件於二零一五年二月判決生效之強制執行及宣佈重審。

於二零一六年八月，法院對於二零一四年七月之判決維持原判。盛源立即向中級法院提出上訴但遭駁回。

於二零一七年八月，盛源對中級法院之判決向最高法院提出上訴但遭駁回。本集團立即提出強制執行法院之裁決。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017
截至二零一七年十二月三十一日止年度

35. LITIGATIONS (Continued)

Guangxi Yulin Store (Continued)

In December 2017, the court has announced its judgements that the Group was required to bear the counterclaims of alleged damage to Yulin Hongyuan of approximately RMB3,159,000; Yulin Hongyuan was required to return the prepaid rent and deposit to the Group of approximately RMB1,407,000 and RMB938,000 respectively; the Group was required to bear partial court processing fee of approximately RMB65,000.

The directors of the Company are of the view that, as pursuant to legal opinion from the Group's legal advisor, prepaid rent and deposit, and prepaid management fees and deposit with amounts of approximately RMB2,345,000 and RMB1,828,000 should be refunded to the Group from Yulin Hongyuan and Shengyuan respectively. Provision of counterclaims of alleged damage granted by the court of approximately RMB60,000 to Shengyuan was made and included in other payables as at 31 December 2016 while provision of counterclaims of alleged damage granted by the court of approximately RMB3,159,000 to Yulin Hongyuan was made and included in other payables as at 31 December 2017. No impairment loss on deposits and prepaid rent and management fees with amounts totalling RMB4,173,000 was made and these amounts were recorded under current assets – deposits paid, prepayments and other receivables as at 31 December 2017.

Furthermore, the directors of the Company are of the view that adequate provision for legal fees in relation to the proceedings has been made as at 31 December 2017.

35. 訴訟(續)

廣西玉林店(續)

於二零一七年十二月，法院頒佈裁決，本集團須對玉林洪源承擔約為人民幣3,159,000元之聲稱賠償之反索償；而玉林洪源須向本集團分別退還約為人民幣1,407,000元及人民幣938,000元之預付租金及按金；本集團須承擔部分法院訟費，金額約為人民幣65,000元。

基於本集團法律顧問提供之法律意見，本公司董事認為預付租金及按金，以及預付管理費及按金分別約人民幣2,345,000元及人民幣1,828,000元應由玉林洪源及盛源退還本集團。本集團已就法院對盛源頒佈聲稱賠償之反索償作出撥備約人民幣60,000元，並已計入二零一六年十二月三十一日之其他應付款項；亦就法院對玉林洪源頒佈聲稱賠償之反索償作出撥備約人民幣3,159,000元，並已計入二零一七年十二月三十一日之其他應付款項。概無就合共人民幣4,173,000元之按金及預付租金及管理費作出減值虧損，且該等金額已記錄於二零一七年十二月三十一日之流動資產－已付按金、預付款項及其他應收款項。

此外，本公司董事認為於二零一七年十二月三十一日，已就該等訴訟之相關法律訴訟費作出足夠撥備。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要



RESULTS

業績

| | | Year ended 31 December 截至十二月三十一日止年度 | | | | |
|---|--------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2013 二零一三年 RMB'000 人民幣千元 | 2014 二零一四年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| Revenue | 收入 | 846,155 | 821,249 | 839,674 | 728,903 | 700,183 |
| Cost of inventories sold | 已售存貨成本 | (563,690) | (556,965) | (579,767) | (468,950) | (421,461) |
| | | 282,465 | 264,284 | 259,907 | 259,953 | 278,722 |
| Other operating income | 其他經營收入 | 62,325 | 74,949 | 66,169 | 69,992 | 63,272 |
| Increase in fair value of investment properties | 投資物業 公平值增加 | 10,000 | 7,000 | 3,100 | 10,600 | 20,100 |
| Selling and distribution costs | 銷售及分銷成本 | (233,248) | (213,675) | (214,561) | (216,943) | (230,879) |
| Administrative expenses | 行政開支 | (39,177) | (42,222) | (43,887) | (54,047) | (61,879) |
| Other operating expenses | 其他經營開支 | (11,772) | (10,317) | (5,237) | (4,911) | (9,472) |
| Finance cost | 財務成本 | (3,707) | (1,238) | (13) | - | - |
| Share of loss of an associate | 應佔一間聯營公司 虧損 | - | (2,009) | (1,475) | (116) | - |
| Profit before income tax | 除所得稅前溢利 | 66,886 | 76,772 | 64,003 | 64,528 | 59,864 |
| Income tax expense | 所得稅開支 | (21,508) | (18,116) | (18,414) | (23,393) | (26,665) |
| Profit/(loss) attributable to: | 以下人士應佔溢利/ (虧損): | | | | | |
| - Owners of the Company | - 本公司擁有人 | 45,378 | 58,656 | 45,600 | 41,306 | 33,199 |
| - Non-controlling interest | - 非控股股東權益 | - | - | (11) | (171) | - |
| | | 45,378 | 58,656 | 45,589 | 41,135 | 33,199 |
| Dividends | 股息 | 20,854 | 21,165 | 13,176 | 25,004 | 19,816 |
| Earnings per share | 每股盈利 | RMB人民幣 | RMB人民幣 | RMB人民幣 | RMB人民幣 | RMB人民幣 |
| - Basic | - 基本 | 4.37 cents分 | 5.65 cents分 | 4.40 cents分 | 3.98 cents分 | 3.20 cents分 |
| - Diluted | - 攤薄 | RMB人民幣 | RMB人民幣 | RMB人民幣 | RMB人民幣 | RMB人民幣 |
| | | 4.37 cents分 | 5.65 cents分 | 4.40 cents分 | 3.98 cents分 | 3.20 cents分 |



Five-Year Financial Summary (Continued)
五年財務概要(續)

ASSETS AND LIABILITIES

資產及負債

| | | As at 31 December 於十二月三十一日 | | | | |
|-------------------|------|-------------------------------|-----------|-----------|-----------|------------------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 |
| | | 二零一三年 | 二零一四年 | 二零一五年 | 二零一六年 | 二零一七年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Total assets | 總資產 | 906,511 | 930,596 | 835,790 | 875,313 | 942,416 |
| Total liabilities | 總負債 | (405,546) | (391,398) | (271,918) | (283,732) | (342,640) |
| Net assets | 資產淨值 | 500,965 | 539,198 | 563,872 | 591,581 | 599,776 |

Note:

附註：

- The results for year ended 31 December 2017, and the assets and liabilities as at 31 December 2017 have been extracted from the audited consolidated statement of comprehensive income and audited consolidated statement of financial position as set out on page 69 and pages 70 to 71 respectively, of the financial statements.

- 截至二零一七年十二月三十一日止年度的業績，以及於二零一七年十二月三十一日的資產及負債分別摘錄自財務報表第69頁及第70至71頁的經審核綜合全面收益表及經審核綜合財務狀況表。



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