



Guotai Junan International Holdings Limited

國泰君安國際控股有限公司

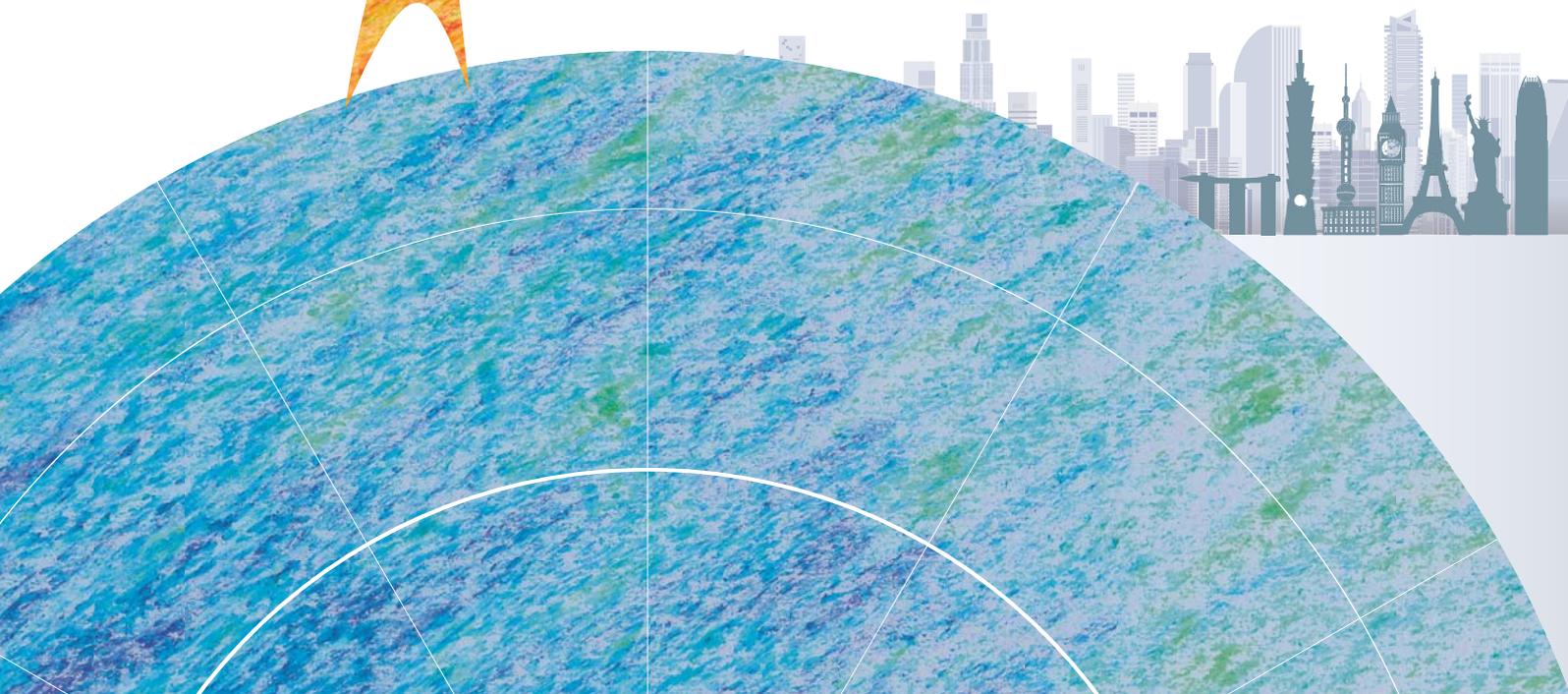
(incorporated in Hong Kong with limited liability 於香港註冊成立的有限公司)

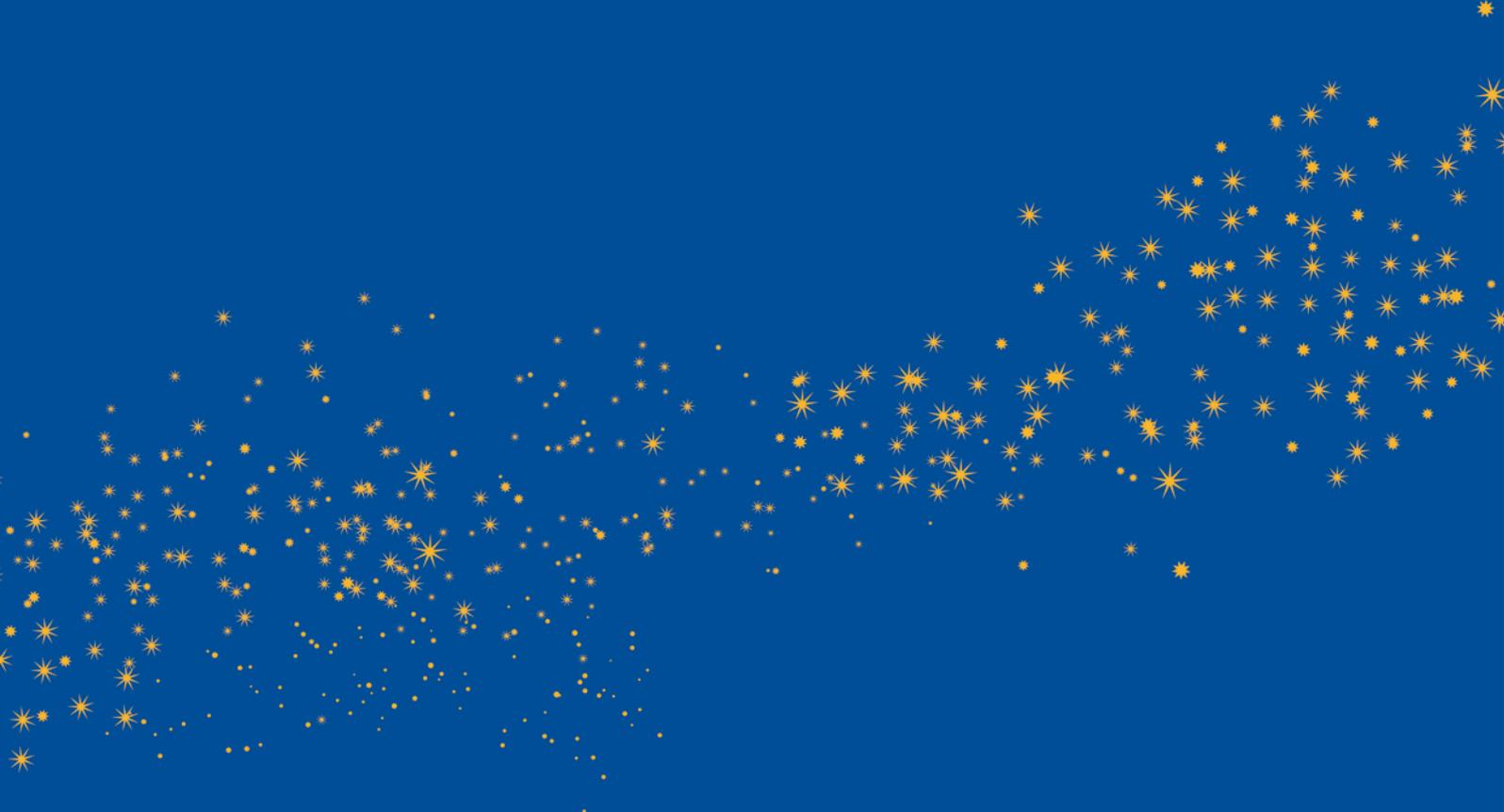
Stock Code 股份代號 : 1788

舉目千里 穩健致遠

Pursue Perfection  
Unchain Potential

Annual Report 2017 年報





When dreams are limitless, the possibilities are endless.

In building wealth, we adhere to our commitments and provide with comprehensive and high-quality services by leveraging our professional knowledge, rich experience, and serving clients with expertise, integrity and precision.

By establishing staunch direction and vision, we strive to assist our clients to reach further and higher.

Because we, Guotai Junan International, firmly believe quality and prudence are the key to success and sustainable growth.



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We are...  
Connectors  
Leaders  
History Makers



# High Growth, High Dividend and High Sustainability

Since its listing in 2010, every year has been a historical year for Guotai Junan International. Since 2012, the Group entered into a fast growth period with a CAGR of 32% and a compound annual growth rate of net profit of 34%. At the same time, we have maintained a payout ratio of more than 50% with an industry leading Return on Equity (ROE) of 15% in last year.

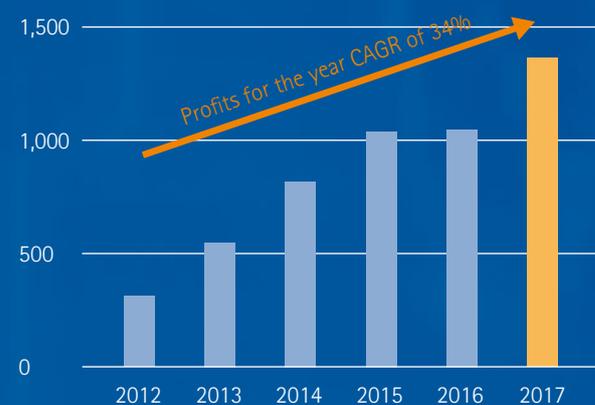
Although the industry weathered through a fluctuating market in 2016, the Group managed to achieve a satisfactory growth with our diversified business model. In 2017, despite the corporate structural adjustment of loans and financing business, the Group once again benefited from the balanced development of the business lines, and net profit continued to increase by 30% year-on-year. Currently the Group has achieved outstanding financial performance in Hong Kong market, signaturing "high growth, high dividend payout, and high sustainability". Our overall business philosophy is highly recognized in the capital market. In the coming year, we will take a step further and strive to create greater growth and profit for the shareholders.

## Deliver rapid, steady and sustainable development through market cycles

Revenue (HK\$mil)



Profits for the year (HK\$mil)



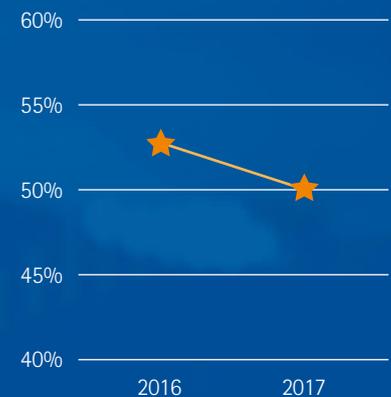
ROE (%)



Payout Ratio (%)



Cost/Income Ratio (%)



# Corporate Profile

Established in Hong Kong, one of the world's most vibrant global metropolises, Guotai Junan International Holdings Limited ("Guotai Junan International" or "the Company" or "We") serves as a bridge to connect enterprises and investors in China and the world. The Company provides a range of innovative financial products and services to facilitate financing and investment opportunities for Mainland Chinese and overseas companies and investors.

Guotai Junan International is the first Mainland-owned securities brokerage house with China Securities Regulatory Commission ("CSRC") approval to list its shares through initial public offering ("IPO") on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). We provide our services in 5 core business areas: (i) dealing and broking in securities, futures, options and leveraged foreign exchange, (ii) corporate finance, (iii) asset management, (iv) loans and financing and (v) financial products, market making and investments. The Company has diversified its business lines in recent years due to rapid and successful development of loans and financing, corporate finance, fixed income, structured products and market-making businesses, and has shifted its focus from the traditional fee-based brokerage to wealth management with a wide range of tailored financial products and services to maximize returns for investors. Our team of dedicated professionals, who have in-depth knowledge and understanding of both China and Hong Kong capital markets, has established a solid reputation for providing high quality financial services and tailored financial products to investors in Hong Kong, China and across the world.

By means of a sophisticated online platform, we provide our clients with comprehensive services on global securities, derivative and leveraged foreign exchange trading, IPO subscriptions, margin financing, stock quotes, market news and research reports, etc. Our powerful online trading tools, including mobile application, support on-line trading in 8 major global stock markets and over 20 futures and options markets, as well as leveraged forex trading in 8 major currency pairs and 21 associated combinations.

The Company operates an effective risk management system for all lines of business to minimize risks and maximize returns for shareholders and investors. In 2016, Guotai Junan International has been assigned "Baa2/Prime-2" and "BBB/A-2" rating from Moody's Investor Service and Standard & Poor's Global Ratings respectively. Guotai Junan International was also named as "Securities House of the Year 2016" by Asia Risk Magazine. In 2017, Moody's has changed the outlook to stable from negative on long-term issuer ratings, the long-term and short term (local/foreign currency) issuer ratings of the Company remain unchanged. At the same time, Moody's has raised the Company's standalone assessment from ba2 to ba1, attributable to the sound financial metrics of the Company under the new methodology, and the Baa2 long term issuer ratings also reflect a two-notch uplift based on Moody's assumption of a high level of support from the Chinese government in times of stress. S&P Global Ratings upgraded the Company's long-term issuer credit rating from "BBB" to "BBB+", the "A-2" short-term issuer credit rating to the Company remained unchanged, and the outlook on the long-term rating of the Company remained stable. Despite turbulence in stock market and economic slowdown in recent years, Guotai Junan International has reported steady growth in profits, outperforming competitors with a double-digit return on equity from 2012 to 2017.

Our controlling shareholder, Guotai Junan Securities Co., Ltd. ("Guotai Junan") (stock code: 2611.HK/601211.SS) is one of the China's largest securities houses. Backed by parent company's strong support in respect of brand name, client network and significant capital, we play a major role in the international growth strategy of Guotai Junan, serving as the gateway for its international expansion.

Looking into the future, we will continue to expand and invest in our existing platforms and customer profiles, and become a major regional financial services and products conglomerate. With our effective risk management system and wide range of financial services and innovative products, we will commit ourselves to serve clients with integrity, client focus, expertise and innovation.

# Milestones



<b>1995</b>	<p>Guotai Junan (Hong Kong) Limited was incorporated.</p> <p>Guotai Junan Securities (Hong Kong) Limited became a member of the Stock Exchange and commenced business.</p> <p>CSRC approval on China B shares trading qualification obtained.</p>
<b>2010</b>	<p>CSRC approval for Hong Kong listing was obtained.</p> <p>Guotai Junan International Holdings Limited was incorporated and listed on the Main Board of the Stock Exchange.</p> <p>Guotai Junan FX Limited commenced leveraged foreign exchange trading service.</p>
<b>2011</b>	<p>Level 1 American Depository Receipt program was launched.</p>
<b>2012</b>	<p>We launched our first RQFII fund: Guotai Junan Great Dragon RMB Funds – Guotai Junan Great Dragon China Fixed Income Fund.</p> <p>Completed conversion of the B share into H share and the listing of H share on the Main Board of the Stock Exchange of a Chinese enterprise.</p>
<b>2013</b>	<p>We launched our first public fund in Luxembourg: White Fleet – Guotai Junan Sunrise Emerging Market Fixed Income Total Return Fund.</p>
<b>2014</b>	<p>Completed the issuance of offshore US-denominated corporate bonds for offshore investment for our controlling shareholder Guotai Junan.</p>
<b>2015</b>	<p>Guotai Junan International Asset Management (Singapore) Pte. Limited commenced asset management business in Singapore.</p>
<b>2016</b>	<p>Guotai Junan International Holdings Limited issued US\$300 million Subordinated Perpetual Securities while Guotai Junan Securities (Hong Kong) Limited is the sole placing agent.</p> <p>Guotai Junan International Holdings Limited has been assigned "Baa2/Prime-2" and "BBB/A-2" rating from Moody's Investor Service ("Moody's") and Standard &amp; Poor's Global Ratings ("S&amp;P") respectively.</p>
<b>2017</b>	<p>S&amp;P upgraded the long term issuer rating of Guotai Junan International to "BBB+". Along with Baa2 rating from Moody's rating, the company has achieved highest ratings among the Chinese financial institutions in Hong Kong.</p> <p>Assisted and completed the H shares IPO deal for Guotai Junan Securities Co., Ltd. We acted as the Joint Sponsor, Joint Global Coordinator, Joint Book runner and Joint Lead Manager in the deal.</p> <p>Introduced the brand of "Jun Hong Wealth Management" (君弘財富管理) from the parent company to provide comprehensive products and services to high net worth clients.</p>

# Awards in 2017

## High recognition on our operational excellence

Our corporate philosophy of comprehensive development and professional service are widely recognized by our clients and peers. In 2017, the Group was awarded 14 awards from prestigious media and professional organizations in respect of various fields such as listing sponsorship, bond issuance, derivatives providers, institutional research and services, corporate governance and investor relations.

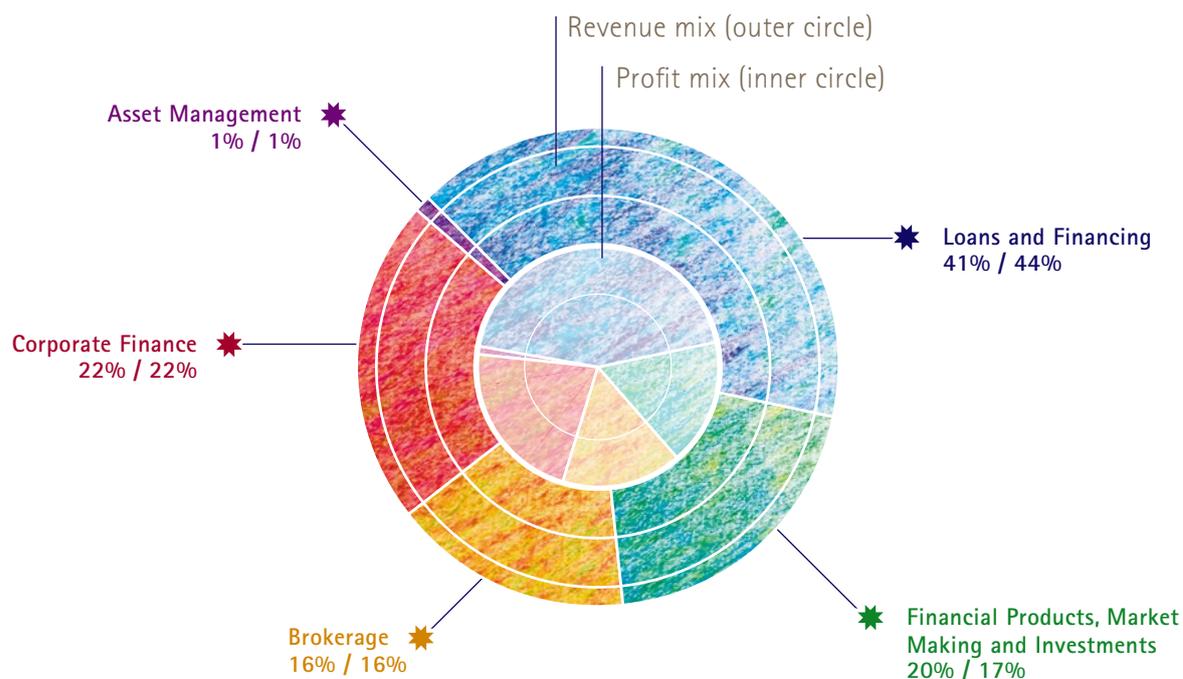
Time	Awards	Organizer
January	"Best IPO Project Sponsor" "Most Valuable Listed Companies"	China Financial Market Magazine
January	"Most Valuable Listed Companies"	Zhitongcaijing
April	"Excellence Award" in category of "Securities Company of the Year" "Excellence Award" in category of "Corporate Finance" "Excellence Award" in category of "Urban Investment Bond" "Outstanding Award" in "Derivatives Provider of the Year"	Bloomberg Businessweek
August	2016 Annual Report won Silver Award in the "Vision Awards"	League of American Communications Professionals
November	"Best China Broker" Award in "2017 Offshore China Fund Awards"	Chinese Asset Management Association of Hong Kong and Bloomberg
November	Gold Award in "The Asset Corporate Awards 2017"	The Asset
November	Ranked No. 2 as Best Research Team for gaming, transportation, telecommunication services by Asiamoney Poll	Asiamoney
December	"The Best Listed Company" Award in "Golden Bauhinia Awards"	Ta Kung Pao
January 2018	Star Investment Banking Award of the Year in Capital Market	China Financial Market
January 2018	"Most Valuable Listed Companies"	Zhitongcaijing



# Financial Highlights

	For the year ended 31 December		Change %
	2017 HK\$'000	2016 HK\$'000	
Fee and commission income			
– brokerage	517,118	393,000	31.6%
– corporate finance	683,526	456,649	49.7%
– asset management	29,792	28,487	4.6%
Income from loans and financing	1,288,777	1,297,278	-0.7%
Gain from financial products, market making and investments	613,180	343,773	78.4%
Revenue	3,132,393	2,519,187	24.3%
Profit for the year	1,336,039	1,026,087	30.2%
Profit attributable to ordinary equity holders of the Company	1,228,174	969,139	26.7%
Basic earnings per share (HK cents)	17.7	14.1	25.5%
Diluted earnings per share (HK cents)	17.6	13.9	26.6%
Dividend per share (HK cents)	9.0	7.5	20.0%
Equity per ordinary share (HK\$) (Note)	1.24	1.18	5.1%

## 2017 Revenue and profit mix



### Note:

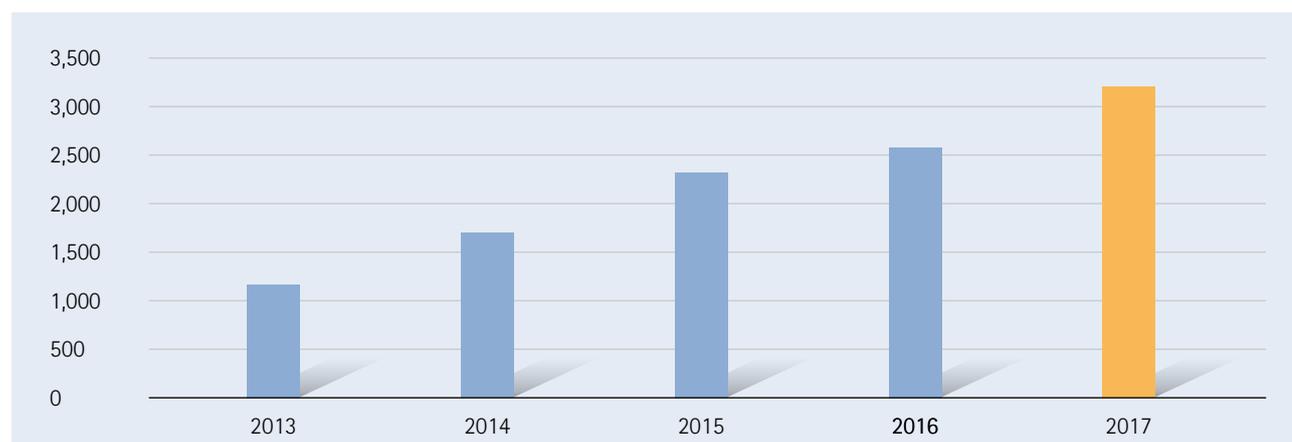
Based on 6,943,880,085 shares (2016: 6,902,496,742 shares) as at 31 December 2017, being 7,005,680,485 shares issued and fully paid less 61,800,400 shares held under the Company's share award scheme (2016: 6,965,301,142 shares issued and fully paid less 62,804,400 shares held under the Company's share award scheme).

# Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended 31 December				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue and other income	<b>3,134,792</b>	2,521,795	2,278,507	1,661,041	1,139,368
Profit before tax	<b>1,559,112</b>	1,188,607	1,168,122	929,216	619,526
Profit for the year	<b>1,334,491</b>	1,026,087	1,015,433	801,915	537,758
Profit attributable to ordinary equity holders of the Company	<b>1,228,174</b>	969,139	1,013,541	799,791	536,398

Revenue and other income (HK\$mil)



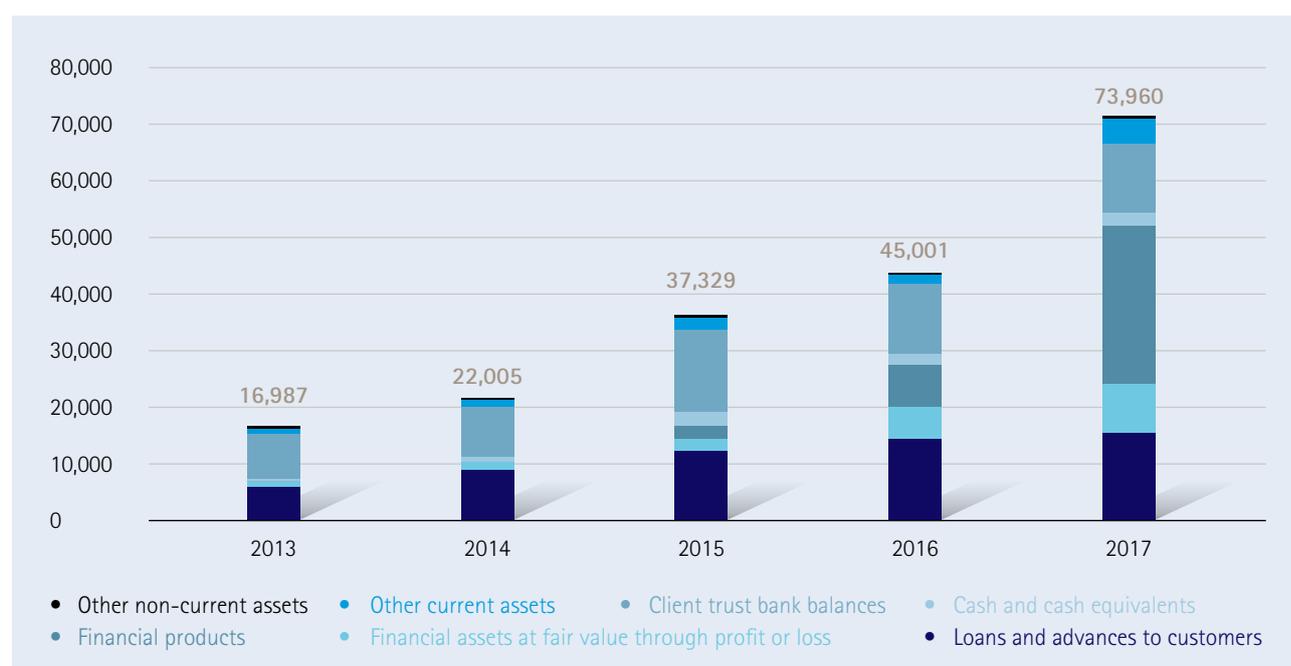
Profit attributable to ordinary equity holders of the company (HK\$mil)



## Assets and Liabilities

	As at 31 December				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Loans and advances to customers	15,583,573	14,538,144	12,375,857	9,099,164	6,005,392
Financial assets at fair value through profit or loss	8,924,271	5,888,774	2,197,965	1,353,089	983,717
Financial products	28,246,491	7,424,551	2,429,123	-	-
Receivable from reverse repurchase agreements	1,513,177	480,782	509,695	-	-
Derivative financial instruments	110,461	122,001	24,952	1,766	-
Cash and cash equivalents	2,212,502	1,964,398	2,408,666	889,286	485,295
Client trust bank balances	12,348,012	12,400,917	14,662,991	9,009,909	7,966,841
Other current assets	4,475,149	1,671,466	2,199,578	1,130,166	1,020,404
Other non-current assets	546,748	509,712	520,608	521,501	525,092
<b>Total assets</b>	<b>73,960,384</b>	<b>45,000,745</b>	<b>37,329,435</b>	<b>22,004,881</b>	<b>16,986,741</b>
Bank borrowings	(13,781,721)	(8,911,433)	(7,855,662)	(4,462,719)	(3,386,113)
Debt securities in issue	(16,363,891)	(5,823,241)	(2,358,088)	(171,123)	(324,706)
Financial liabilities at fair value through profit or loss	(9,008,776)	(3,485,520)	(505,340)	-	-
Obligations under repurchase agreements	(6,244,957)	(930,958)	(400,517)	-	-
Derivative financial instruments	(27,722)	(130,083)	(29,766)	(1,766)	-
Other liabilities	(17,541,891)	(15,185,676)	(18,544,805)	(10,304,059)	(9,328,605)
Non-controlling interests	(36,546)	(11,951)	(11,693)	(9,801)	(7,677)
<b>Shareholders' fund</b>	<b>10,954,880</b>	<b>10,521,883</b>	<b>7,623,564</b>	<b>7,055,413</b>	<b>3,939,640</b>

## Asset Structure (HK\$mil)



# Chairman's Statement

Dear Shareholders,

I am pleased to report to you that in 2017, with prudent assessment of the situation, the Group has acted positively to adapt to transformation of the economic growth pattern of the "new normal" and adjusted the business strategy in accordance with the requirements for developing high-quality economic growth from the central government. The Group prioritized the quality, rather than scale of the business as the development goal. The Group has increasingly emphasized on performance indicators such as return on equity (ROE), risk-adjusted return on capital and compound growth rate to enhance the value of shareholders and ensuring sustainable quality growth.

Deploying this strategy, the Group's operating results outperform the market and its peers for the financial year 2017. Profit for the year witnessed a year-on-year increase of 30%, hitting record high. Our financial indicators such as return on equity of ordinary equity holders and growth rate of earnings kept leading the industry.



For the year ended 31 December 2017, profit after tax of the Group recorded a significant year-on-year growth of 30% to HK\$1.336 billion during the financial year, reaching a new historical high level. Basic earnings per share increased by 26% from the previous year to HK\$0.177. The Board of Directors has recommended the payment of a final dividend of HK\$0.045 per share. Together with the interim dividend of HK\$0.045 per share, the aggregate dividend for the year will be HK\$0.09 per share. Based on the latest share price, the dividend yield is approximately 4% and the dividend growth rate is 20%. While capital returns are created for shareholders and investors, substantial cash returns with sustained growth are also provided. The return on ordinary shareholders' equity of the Group for the year continued to grow to 15%, achieving the objectives of "becoming stronger and better".

## Results Review

With the implementation of Bond Connect in 2017, following Shanghai Connect or Shenzhen Connect, the expanded trading link further strengthen mutual access between the Mainland and Hong Kong stock markets, leading a notable increase in the trading volume of Hong Kong capital market. Market value of the securities market amounted has also climbed to the record high of HK\$34 trillion as at the end of 2017, represent a year-on year increase of 37%. The Hong Kong Hang Seng Index outperformed most markets around the world and rose 36% to close 2017 at 29,919.15.

The capital market recorded notable structural increases amid the uptrend, while the industry leaders and "white horse stocks" with outstanding performance and growth potential soared rapidly, enterprises in the absence of proven track record or even providing faking financial data (especially the Small-Caps) were sold off, leading volatile market conditions and high risks. Overall, benefited from the earnings growth and fundamental improvement, the current HSI, HSCFI's P/E ratio is only at the historical average of about 15 times, and the valuation is within an attractive and reasonable range.

The Group took advantage of favourable market conditions and had increased resources in corporate finance, fixed income securities, financial products and market making business, and received rewarding results.

During the year, we followed our established strategy to pursue greater development in the asset-light business. In 2017, revenues from corporate finance and financial products increased by 50% and 162% respectively, while brokerage business grew steadily by 32% and a slight increase of 5% in the asset management business.

# Chairman's Statement

Since we are committed to optimising risk capital management and improving the efficiency of capital allocation, the investment business maintained a rapid growth of 49%, and market-making business revenue recorded a stable growth of 26%. Under the backdrop of minimized overall risk, enhanced client base and significantly reduced credit portfolio risk, the overall revenue from loans and financing business drop by 1%. As a whole, while we maintain the rapid increase in revenue and profits, the revenue structure and risk structure are also significantly optimised.

In order to maintain stable and sustainable profit growth while pursuing higher revenue, the Group continues to strengthen cost control and expenses management. We are at a leading position in the industry in terms of cost expense ratio and profit per capita.

Despite of the steady growth in earnings and record-breaking profit in 2017, the Group stayed clear-headed and placed high priority on risk management. In response to the complicated and ever-changing market conditions, we increased our risk control capacity by continuous implementation of the comprehensive risk management framework, rules and systems. During the year, Moody's Investors Service and S&P Global Ratings, international credit rating agencies, raised the Group's long-term issuer rating

to Baa2 and BBB+ respectively, which rendered us with the highest ratings among Chinese financial institutions in Hong Kong. The ratings represented high recognitions and appreciations of the market and the rating agencies on the Group's excellent risk management capabilities, our effective leadership and core competence in the industry. The upgraded ratings had also effectively reduced the Group's Weighted Average Cost of Capital (WACC). The tactical value of strategy of increasing risk neutral income had been materialized in the form of lowered revenue volatility and strengthened profit stability, which embody the value of "becoming stronger and better".

## Outlook

In 2018, subsequent to the China National People's Congress and the Chinese People's Political Consultative Conference, the composition and duties and responsibilities of government officials become more defined. With various regulatory policies being gradually implemented, we believe that the domestic economic fundamentals will continue to improve, yet the growth rate would be affected by the changes in the trade policy of the United States and other external factors. It is expected that the monetary policy in the Mainland will remain stable. Positive financial policy such as tax reduction will become the focus of the policy.

Under the influence of North Korea nuclear issue, changes of situation in the Middle East, contradictions between the United States and Russia, expanded trade frictions between China and the United States and other geopolitical issues, together with the expectation of US Federal interest rate hike and shrink of balance sheet and the phase-out of quantitative easing policy by the ECB, the US dollar will show a strong trend, imposing outflow impact on Hong Kong, Mainland China and other emerging markets and increasing the possibility of an interest rate lift-off for Hong Kong dollar. Therefore, the global market in 2018 is expected to see an upward trend in volatility.

In 2018, our business will be benefited from numerous favourable factors and development opportunities arising from the inclusion of China A-shares in the MSCI index, the growing demand of high net worth clients in the Mainland China for overseas assets allocation, the rising demand of overseas development, financing, investment, mergers and acquisitions, risk management of the Mainland enterprises, the building of Guangdong-Hong Kong-Macao Greater Bay Area and the "Belt and Road Initiative".

As an overseas business platform of Guotai Junan Securities Co.,Ltd., we will continue to build on the strong support from the parent company and capitalise our comprehensive financial services of "One Guotai Junan", and provide diversified financial products and high-quality financing solutions for our corporate, institutional and individual clients. The Group will enrich the wealth management services to expand business portfolio and create new drive for growth, accelerate the expansion of service coverage and customer base in Southeast Asia to drive revenue growth, increase the capital to enhance the business capacity and promote business growth and customer quality. The risk-adjusted return on capital of the Group is enhanced by strengthening risk capital measurement, management and optimization of business evaluation system. By adhering to the objective of "becoming stronger and better", we strive for providing the shareholders and investors with rapid, sustained and stable growth in operation and create more values for our shareholders.

**Dr YIM Fung, JP**

*Chairman and Chief Executive Officer*

**Guotai Junan International Holdings Limited**

16 March 2018



# Management Discussion and Analysis



2017 marks the 20th anniversary of Hong Kong's return to China as well as the 22nd year since Guotai Junan International ("the Group", "the Company" or "we") set about its business in Hong Kong. Since its establishment, the Group has been providing quality and diversified financial products and services under the ever-changing market to clients from both Mainland China and overseas. In particular, it provided cross-border investment opportunities and convenience for Mainland and overseas corporations and investors.

After its listing in 2010, the Group entered into a fast development period. During the growth stage, we have been committed to innovating and introducing new products and services to the market, including five core businesses, namely brokerage, corporate finance, loans and financing, financial products and market marking and investments, as well as asset management. Nowadays, the competitiveness of products and services has led the Group to a leading market position and drove the steady improvement of client quality and quantity, further optimizing our revenue structure. In 2017, the core businesses of the Group received a number of major awards to recognize the achievements in corporate finance, debt securities business, derivative products, integrated securities services capability and corporate governance. During its rapid development, the Group has built exceptional risk management systems to identify, assess, manage and control relevant risks. As a result, quality of the group's assets and earnings has been strengthened, core competitiveness and sustainable growth have been consolidated. The Group has been rated "Baa2" and "BBB+" by the global credit rating agencies Moody's Investors Service ("Moody's") and Standard & Poor's Global Ratings ("S&P"), respectively, which rendered the Group with the highest ratings among the Chinese financial institutions in Hong Kong.

Since 2017, the Group has adjusted the business strategy in accordance with the requirement for developing high-quality economy from the central government. Along with business expansion, the Group prioritized the quality of the business as the development goal. The Group has increasingly emphasized on financial indicators such as Return on Equity (ROE), risk-adjusted return on capital and compound growth rate to enhance the value of shareholders and ensuring sustainable quality growth.

The Group realized the profit after tax of HK\$1,336 million in 2017, up 30% as compared with the same period last year and hit record high. In particular, the income from financial products and corporate finance witnessed a significant increase of 162% and 50%, respectively. The overall revenue structure of the Group has been continuously optimizing. In 2017, the revenue generated from loans and financing, corporate finance, financial products, market making and investment income contributed approximately 41%, 22% and 20%, respectively. The overall business capabilities of the group have been steadily enhanced.

## Market Review

As the policies of developed countries such as the United States and the European countries becoming more certain, the global economy has witnessed a continuous recovery, and the prices of bulk commodities have also stabilized gradually. Economic statistics such as labour market data economic factors of these developed countries have started to pick up, which strengthen the confidence of consumers and investors. Following the interest rate hike in December 2016, the US Federal Reserve announced upward adjustments in the Federal Funds Rate in March, June and December of 2017 respectively, each by 25 basis points.

The Stock Connect program between the Mainland China and Hong Kong has provided favorable conditions for southbound capital flow from the Mainland China. The Hang Seng Index rose to 29,919 in 2017, representing a year-on-year increase of 36% and outperforming those of other stock markets in the world. Driven by the optimistic market sentiments, the average daily turnover of the Hong Kong stock market surged to approximately HK\$88.2 billion, representing a year-on-year increase of 32%. During the period under review, the debt issuance market of Hong Kong showed a flourishing trend. Based on the statistics published by Bloomberg, the aggregate amount of Asian G3 currencies (i.e. the US dollar, Euro and Yen) denominated debt issuance (excluding Japan) in 2017 amounted to approximately US\$332.2 billion, which increased by approximately 62% from approximately US\$204.9 billion for the same period of last year.

## Financial Review

### Brokerage: Steady growth with optimized structure

Benefit from various positive factors including the year-on-year increase in the average trading volume in Hong Kong, the revenue of the Group generated from the brokerage business increased steadily by approximately 32% year-on-year to HK\$517 million in 2017. A breakdown of the business revenue is set out below:

	For the twelve months ended 31 December			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Securities	430,129	83.2	301,318	76.7
Futures and options	25,095	4.8	44,084	11.2
Handling income	47,966	9.3	36,396	9.3
Leveraged foreign exchange	2,743	0.5	2,068	0.5
Insurance	11,185	2.2	9,134	2.3
	517,118	100.0	393,000	100.0

# Management Discussion and Analysis

In April 2017, the Company successfully introduced the brand of "Jun Hong Wealth Management" (君弘財富管理) from the parent company to provide comprehensive and customised wealth management products and services to high net worth clients. In addition to the access to the research reports and meetings of listed companies and periodical investment newsletters, our clients would also enjoy preferential financing rate for margin financing and IPO loans. In 2017, the number of the Group's professional investor clients leapt by more than twofold year-on-year, with their average account balance soared by nearly 1.26 times year-on-year to approximately HK\$33.46 million. In addition, as of the end of 2017, the clients' assets under custody have increased by 31% to HK\$224.4 billion as compared to the end of last year. The Group was well recognized by the market and was awarded the Excellence Award for "Securities Company of the Year" by Bloomberg Businessweek in April 2017.

In 2017, the Group's brokerage income of securities amounted to approximately HK\$430 million, with an approximately 43% year-on-year growth. A reliable and efficient online trading platform is crucial to the expansion of our business. In the second half of the year, the mobile trading platform "Guotai Junan International TradeGo (國泰君安國際交易寶)" of the Company provided users with brand new features, after undergoing a complete system revamp, which provides convenient and speedy services by integrating information and trading functions, the user experience was further enhanced. During the period under review, 84% of the brokerage commission was generated from online trading system of the Company.

## Corporate Finance: Maintaining leading position and setting new records

Our corporate finance business covers debt capital markets, equity capital markets and consultancy and financial advisory services. During the period under review, the corporate finance team actively captured the opportunities in the market and set another new record of business income to maintain its leading position. A breakdown of the business revenue is set out below:

	For the twelve months ended 31 December			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Placing, underwriting and sub-underwriting commission				
– Debt capital markets	350,269	51.3	250,249	54.8
– Equity capital markets	244,920	35.8	113,180	24.8
Consultancy and financial advisory fee	88,337	12.9	93,220	20.4
	683,526	100.0	456,649	100.0

During the period under review, the Group continued to rank top among the debt capital teams of the Chinese enterprises, and participated in 101 debt issue exercises (2016: 47 debt issue exercises), and assisted corporates to raise nearly HK\$250 billion in the Hong Kong debt capital market. The Group's income from debt capital markets substantially increased by 40% to approximately HK\$350 million (2016: approximately HK\$250 million) in 2017.

In 2017, the Group's underwriting business managed to maintain its growth trend and set another new record. During the period under review, the income from the equity capital markets surged by 116% to approximately HK\$245 million (2016: approximately HK\$113 million). During the year, the Group completed the biggest H-share IPO of the year, namely Guotai Junan Securities Co., Ltd. (stock code: 2611.HK/601211.SS) and several large high-profile projects such as the IPO project of Jilin Jiutai Rural Commercial Bank Corporation Limited (stock code: 6122.HK), in which the Group played important roles as the sole sponsor, the main global coordinator and the bookrunner. Throughout 2017, we assisted corporates to raise more than HK\$24.8 billion in the primary market as well as HK\$37.1 billion in the secondary market in Hong Kong. The Group ranked the top in terms of the number of projects acting as IPO project sponsor in Hong Kong market for two consecutive years from 2016 to 2017 (source: AASTOCKS). The Group's remarkable achievement was highly accredited and awarded the Excellence Award for "Corporate Finance" by Bloomberg Businessweek in April 2017.

## Loans and Financing: Optimizing portfolios and graded risk pricing

The income from the Company's overall loans and financing business recorded a slight decrease of 1% to approximately HK\$1,289 million (2016: HK\$1,297 million) in 2017. A breakdown of the business revenue is set out below:

	For the twelve months ended 31 December			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Margin loans	968,661	75.1	1,106,342	85.3
Term loans	107,035	8.3	72,993	5.6
Securities borrowings and lendings	21,545	1.7	19,316	1.5
IPO loans	12,314	1.0	199	0.0
Repurchase agreements	5,344	0.4	461	0.0
Banks and others	173,878	13.5	97,967	7.6
	<b>1,288,777</b>	<b>100.0</b>	1,297,278	100.0

In early 2017, the Group started to adjust its margin loan structure by reducing the proportion of collateral with lower liquidity and smaller market capitalization to strengthen the loan portfolio and to enhance its overall net asset quality. The management holds that such strategic adjustment of margin loan was effective and the annual interest income was slightly adjusted as expected. Since August, the Company implemented the graded risk pricing strategy for the margin financing business, the optimal financing rate was as low as 2%. At the same time, applications for margin loans below HK\$20 million could be handled through the online trading system, in which funds expect to arrive at client's account within minutes. The Group's margin loan balance as at 31 December 2017 amounted to approximately HK\$12.6 billion, up 7% as compared to the middle of the year. As more blue chips will be included and the Company's net assets will be further optimized, the Group is confident about the stability and the potential of sustainable growth of the margin financing business in the future.

In 2017, the interest income of IPO loans substantially increased by over 61-fold year-on-year to approximately HK\$12.31 million. This was because the Group made use of its advantageous cost of capital, the Group's pricing and financing conditions were more favourable than the market level, and in second half of 2017, such loans were received well by the market.

Other than the margin loan business, the Group engaged in term loan business, the income from which increased by 47% to HK\$107 million (2016: HK\$73 million).

# Management Discussion and Analysis

## Financial Products: Customised to cater for strong demand

During the period under review, the income from the Group's financial product increased significantly by 162% to approximately HK\$304 million (2016: approximately HK\$116 million). After the substantial market fluctuation in the middle of 2015, investors' risk appetite evolved and tend to look for low-risk investment products with an acceptable level of leverage. In 2017, under the constantly optimized risk management system, the Company carried on providing customized products for clients, including the provision of derivatives such as return swap and leveraged notes, to cater their various investment needs in the markets of stocks and bonds. Clients' demand continued to thrive. Meanwhile, thanks to our leading international credit ratings and risk management systems, we further consolidated the business cooperation with international major financial institutions with a view to actively exploring and developing the diversified financing channels and lowering the funding cost, thus successfully increasing the competitiveness of our financial products. In May last year, the Group was awarded "Outstanding Award" in "Derivatives Provider of the Year" by Bloomberg Businessweek. A breakdown of the business revenue is set out below:

	For the twelve months ended 31 December			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Financial products	304,104	49.6	116,087	33.8
Market making	164,873	26.9	131,117	38.1
Investments	144,203	23.5	96,569	28.1
	613,180	100.0	343,773	100.0

## Asset Management: A rising trend at a steady pace with sustainable development

We provided a series of asset management services including portfolio management, investment advisory service and transaction execution to individual clients, private and public funds. During the period under review, the income from the Group's asset management business increased by 5% to HK\$29.79 million (2016: approximately HK\$28.49 million). In 2017, the funds under the management of the Group has achieved satisfactory performance, and the Company has also set up three new private funds throughout the year to further enrich the product offer. As of the end of 2017, the number of funds the Group managed or served as the fund investment advisor totaled 23.

## Financial Position

The Group's total assets increased by 64% to HK\$73,960 million as at 31 December 2017 (31 December 2016: HK\$45,001 million). The Group's total liabilities increased by 83% to HK\$62,969 million as at 31 December 2017 (31 December 2016: HK\$34,467 million).

The equity attributable to holders of ordinary shares increased by 5% to HK\$8,608 million (31 December 2016: HK\$8,175 million) as at 31 December 2017. The leverage ratio (defined as total assets less accounts payable to clients divided by total equity) was 5.5 times as at 31 December 2017 (31 December 2016: 3.1 times).

## Liquidity, Financial Resources and Capital Structure

In 2017, the international credit rating agencies Moody's and Standard & Poor's raised the Company's credit ratings. As of the end of this year, the Group's international credit ratings had been upgraded to the highest level among its Mainland China industrial competitors in Hong Kong, and the Company's financial cost structure and level were expected to be further optimized in the future. In February 2017, Moody's Investors Service raised the Group's individual rating to "Ba1", maintained the long-term and short-term (local/foreign currency) issuer rating at Baa2/P-2, and changed the long-term issuer rating outlook from "negative" to "stable". In June, the S&P Global Ratings raised the Group's long-term issuer rating to "BBB+" with "stable" outlook.

As at the end of 2017, the current assets of the Group increased by 66% to HK\$73,384 million (as at the end of 2016: HK\$44,188 million). The Group's current ratio was 1.17 times as at the end of 2017 (as at the end of 2016: 1.37 times).

The Group had a net cash inflow of HK\$248 million (2016: net cash outflow of HK\$444 million) as at the end of 2017 and the Group's bank balance was HK\$2,213 million as at the end of 2017 (31 December 2016: HK\$1,964 million). As at the end of 2017, the Group had outstanding bank borrowings of HK\$13,782 million (31 December 2016: HK\$8,911 million), which were obtained through facilities with a number of banks.

To provide resources for the expansion of fast-growing financial product business, in February 2017, the Company through its subsidiary managed to launch a US\$5 billion Guaranteed Structured Note Programme under which unlisted notes denominated in a currency determined by the issuer may be issued from time to time. On 3 July 2017, the Company also successfully renewed the Medium Term Note Programme up to HK\$15 billion (or the equivalent in other currencies at the date of issue) pursuant to which both listed and unlisted notes may be issued. The structured notes issued as at the end of 2017 in relation to financial products amounted to HK\$10.48 billion (31 December 2016: HK\$5.65 billion) and the notes outstanding as at 31 December 2017 were HK\$5.89 billion (31 December 2016: HK\$0.18 billion).

Taking into account the un-utilized facilities from various financial institutions and a significant un-issued portion of the abovementioned note programmes, the Group's operating cash flow is adequate to finance our recurring working capital requirements and to meet any investment opportunities that may arise in the near future.

On 24 January 2018, the Company, Guotai Junan Holdings Limited (the "Vendor" and a substantial shareholder of the Company) and Guotai Junan Securities (Hong Kong) Limited (the "Sole Placing Agent" and a wholly-owned subsidiary of the Company) entered into a placing and subscription agreement. Pursuant to the agreement (i) the Vendor conditionally agreed to place, through the Sole Placing Agent on a best effort basis, a maximum of 700,000,000 existing shares held by the Vendor at the placing price of HK\$2.85 per placing share; and (ii) the Vendor conditionally agreed to subscribe for such number of the shares equal to the number of the shares which were placed by the Sole Placing Agent at the subscription price of HK\$2.85 per subscription share. A total of 700,000,000 placing shares beneficially owned by the Vendor were placed to not less than 6 places at HK\$2.85 per placing share. On 6 February 2018, 700,000,000 subscription shares were issued and allotted to the Vendor at HK\$2.85 per subscription share. The net proceeds of HK\$1,987 million have been applied towards the general working capital of the Group.

# Management Discussion and Analysis

The Group monitors its capital structure in order to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N) for its licensed subsidiaries and to support the development of new business.

All licensed corporations within the Group complied with their respective liquid capital requirements during the year and up to the date of this report.

Other than the information disclosed above, there were no other equity or debt instruments issued by the Group during the year and at the end of the year.

## Outlook and Future Plans

Despite the enormous recovery momentum of the global economy in 2017, the emerging markets are expected to be subject to potential fluctuation due to the future US interest rate hikes and Europe's withdrawal from quantitative easing. To prevent systemic financial risks remains an important strategy for the financial enterprises in Hong Kong. As to geopolitics, the global market will be prone to uncertainties in respect of the North Korea issue and the complex and volatile Middle East situation in 2018. Therefore, we expect the global market on the ascending progress will be accompanied with volatilities in 2018.

The "Stock Connect" policy between markets in Hong Kong and the Mainland China has brought positive impacts on the transaction volume of Hong Kong stock market. Meanwhile, the inclusion of China A-shares in the MSCI index improves the market sentiment in Hong Kong. The "Belt and Road Initiative" is expected to inject a fresh surge of energy to the economy of the Mainland China and Hong Kong and bring new growth opportunities for the Group. The demand of high net worth clients in the Mainland China for overseas asset allocation grows, the demand of the Mainland China financial institutions for overseas investment keeps rising, this will continue to serve as the pivot of the Group's provision of investment and financing services. The Group was assigned leading global credit ratings in the past two years, executed an adjustment to its margin loan structural strategy and introduced a series of wealth management service and customized financial products, attracting substantial quality high net worth clients and institutions. Looking forward, the Group will fully seize the opportunities arising from the "Belt and Road Initiative" and the building of Guangdong-Hong Kong-Macao Greater Bay Area, reinforce the service range and intensity for institutional clients and high net worth clients and solidify the sustainability of the return towards the shareholders, thus sharing the fruitful result with shareholders and clients in the course of RMB internationalization.

## Material Acquisitions, Disposals and Significant Investments

For the year ended 31 December 2017, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 December 2017, the Group did not hold any significant investments.

## Charges on the Group's Assets

No asset of the Group was subject to any charge as at 31 December 2017 and 2016.

## Operating Lease Commitments, Capital Commitments and Other Commitments

Details of operating lease commitments, capital commitments and other commitments of the Group are set out in note 36 to the financial information.

## Employees and Remuneration Policies

Staff is an integral part of the success of the Company. Competitive remuneration packages are offered to employees by reference to prevailing market rate and individual merits. As at 31 December 2017, we had 416 employees in total (excluding our self-employed account executives). Salaries are reviewed on an annual basis and discretionary bonus is paid on an annual basis with reference to the Group's performance and individual performance. Share options and share award have been granted to the directors (the "Directors") and employees in recognition and acknowledgement of their contribution made or to be made to the Group. Other benefits offered by the Group include mandatory provident fund scheme and medical and dental insurance.

## Risk Management

The Group has classified different risks into the following categories: strategic, credit, liquidity, market, operational, legal and compliance, reputational, concentration and unknown risks.

### Strategic Risks

Strategic risk is embedded in every front line unit and other major risk types can impact strategic risk.

We manage strategic risk through the following principles:

- We proactively consider strategic risk throughout the strategic planning process.
- We set strategies within the context of our overall risk appetite.
- We track the performance of the strategic plan and analyze progress throughout the year.

The strategic plan is reviewed and approved annually by the Board of Directors alongside the capital plan, financial operating plan and risk appetite.

Significant strategic actions, such as capital actions, material acquisitions and divestitures are reviewed and approved by the Executive Committee (consists of executive Director of the Company) and Board of Directors.

### Credit Risk

Credit risk is created when the Group commits to, or enters into, an agreement with a borrower or counterparty.

The Group manages credit risk arising from a borrower or counterparty based on their risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected impact of the current and forward-looking economic impacts on the borrower or counterparties.

The Group has established Asset Liability and Investment Committee (ALCO), which sets the total loan and credit limits, and Credit Committee, which oversees equity margin financing business, and Risk Committee, which provides independent supervision of all credit risk metrics and limits. Risk Management Department is responsible for providing key inputs to margin financing policies, designing risk metrics, setting key risk thresholds, jointly approving material credit transactions and performs an independent risk monitoring and limit overage escalation.

# Management Discussion and Analysis

Credit Risk Management includes the following processes:

## Credit origination

Various front line units engage in credit origination in different products with a wide range of clients.

- The main business unit is Equity Financing Department which extends temporary or term loans to margin financing clients.
- Some prime brokerage clients may also borrow from the Group based on a portfolio of collaterals.
- In brokerage business like stock trading, futures and leveraged FX trading, the Group may extend short term credit to clients in various circumstances, if margin calls are waived on exception basis.
- The Group is exposed to counterparty credit risk in derivatives and securities financing transactions. In particular, to mitigate counterparty credit risk, the Group has signed ISDA and CSA agreements. Rating-based counterparty limits are also an effective control.

## Portfolio management

The Group has processes in place to monitor the credit risk exposure at both individual and portfolio levels. The Group assesses the key credit risk exposure under both normal and stress scenarios and manages the credit risk primarily through establishing and monitoring limits.

## Loss mitigation activities

At times, the borrowers and counterparties fail to fulfill their obligations and the Group takes actions to mitigate and manage the losses. The detailed procedures for recovery of loss are documented in each business unit's operational manuals. If a loss is deemed to be unable to be recovered, credit provisions or write off will be made and that loss will be recorded as based on accounting principles.

## Impairment

According to HKFRS 9, impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under HKAS 39. Details of key changes and the impact of HKFRS 9 on the Group are set out in note 2 of the financial statements.

## Liquidity Risk

Liquidity risk is the potential inability to meet contractual or contingent financial obligations, either on or off balance sheet, as they come due. All of the operations and activities impact the liquidity risk profile. ALCO is the primary body to supervise the liquidity risk while Finance and Treasury Departments perform daily monitoring and controlling of liquidity risk.

The primary objective of risk management is to ensure the Group can meet all contractual and contingent financial obligations at all times, including during periods of stress. The Group manages our liquidity position through lines of businesses and asset liability management activities, as well as through our legal entity funding strategy, on both a forward and current basis.

The Group diversifies our sources of funding, both short term and long term, through bank loans, perpetual bonds issuance, rights issue, placement, MTN program etc.

The Group's operating units are subject to various statutory liquidity requirements as prescribed by the regulators. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its financial obligations and to comply with the relevant Securities and Futures (Financial Resources) Rules (Cap.571N). As a safeguard, the Group has maintained stand-by banking facilities to meet any contingency in its operations.

## Market Risk

Market risk is composed of price risk, interest rate risk and foreign exchange risk.

Price risk is the risk to current or anticipated earnings or capital arising from changes in value of either portfolios of trading positions or obligations that entered into as part of distributing risks. This risk occurs most significantly from market making, dealing, and position taking in interest rate, foreign exchange, equity, commodities and credit markets.

In addition, the Group also faces potential credit loss due to market risk in margin financing business, futures and leveraged brokerage businesses when the market comes down drastically. The Group's exposure to underwriting commitments will also be affected at times of market volatility.

The Risk Committee and ALCO jointly set risk appetites and limits, and provide oversight of balance sheet management and investments. Risk Management Department performs day-to-day identification, measurement, monitoring and controlling of aggregated market risks and reports back to Risk Committee on a regular basis. The Group has established policies and procedures for monitoring and controlling the price risk arising in the ordinary and usual course of business. Stress tests will be performed on regular basis and when necessary.

Risk Management Department regularly reports to Risk Committee on aggregated risks across all business lines, limit utilization and overage summary, and material concentrated risks.

## Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Since operational risk is inherent in every activity across the Group, the Group relies on all employees to contribute to an effective internal control environment and manage operational risk within their roles. Operational risk must be managed by all employees as part of our day-to-day activities.

Management level Risk Committee is the primary body to supervise enterprise operational risk. In addition, a centralized Operational Risk Working Group (OPWG), with members from front line units, Risk, Audit, Compliance, IT, Settlement, Finance, Legal and Human Resources, is set up as the primary contact for all operational risk issues. Certain control departments are assigned as primary coordinator for specific categories of operational risk. At enterprise level, OPWG serves as a cross departmental body for identification, assessment, monitoring, controlling and reporting of operational risk.

Operational risk is reported to Risk Committee. This report includes key findings from OPWG and all control departments. It provides a panoramic view of the company's assessment of operational risk and actionable items.

# Management Discussion and Analysis

## Legal and Compliance Risks

Legal risk mainly includes the financial risk and reputational risk resulting from (i) defective contracts, documentation or transactional structures which may lead to contractual or legal claims against the Group; (ii) the inability or failure to effectively manage litigation or other dispute resolution proceedings; and (iii) legal consequences of the Compliance Risk. These risks can also be caused by change of law.

Compliance Risk is the risk of impairment of our integrity. It is a failure (or perceived failure) to comply with our values and the compliance risk-related laws, regulations and standards that are relevant to the specific financial services offered by a business unit, which could damage the reputation and lead to legal or regulatory sanctions and/or financial loss.

The Group manages legal and compliance risks through an integrated set of controls and processes that are responsive to external and internal risks. Business and support units are responsible for proactive identification, management and escalation of legal and compliance risks across the Group. Legal and Compliance Departments are responsible for setting companywide policies and procedures and provides an independent challenge and oversight to the business and support units.

Risk Committee is the primary body to provide oversight of legal and compliance risks while Legal and Compliance functions perform identification, assessment, mitigation and control of legal and compliance risks. Transparency of legal and compliance risk is critical to effective risk management. Legal and Compliance functions produce regular report on key risks which are reviewed by Risk Committee and Board of Directors.

## Reputational Risk

Reputational risk is the potential risk that negative perceptions of the Group's conduct of business practices may adversely impact its profitability or operations through an inability to establish new or maintain existing customer/client relationships.

Reputational risk is evaluated along with all of the risk categories and throughout the risk management process. The Group manages reputational risk through established policies and controls in our businesses and risk management processes. In each front line unit, reputational risk is mitigated through key activities such as:

- New product review and approval process to identify potential reputational risks.
- Client selection and due diligence process to ensure all key risks are assessed before client is on boarding.

Executive Committee and Risk Committee provide primary oversight of reputational risk.

Ultimately, to protect the Group's reputation, monitoring and oversight of reputational risk is integrated into the overall governance process, as well as the roles and accountabilities of all our employees. Transparency around reputational risk is critical to effective risk management. The Group reports reputational risks and key risk indicators to Risk Committee regularly through the monthly risk report.

## Concentration Risk

Concentrations can arise with respect to individual exposures, industries, countries, geographic regions, products, asset classes, and any other category that fits the Group's definition of concentration risk (e.g., tenor, currency, funding source, market infrastructure/vendors). The Group has multiple business lines including brokerage, margin financing, corporate finance, asset management, and sales and trading. Typical concentrations arise from stocks or clients with margin financing, financial product and corporate finance businesses, and issuer/industry concentration across sales and trading and asset management.

Risk Management Department regularly monitors the key and relevant concentration risks and report to Risk committee for review. We have risk appetite and limits related to relevant and material concentrations to ensure appropriate visibility into risks that manifest themselves across businesses or risk types as part of our ongoing effort to ensure concentrations are effectively identified, measured, monitored and controlled.

## Unknown Risk

Unknown risk refers to a situation where we are unable to identify, or not even being aware of, that we are actually taking some risks. This is often referred to as "unknown unknowns" and requires the Company to continuously review and challenge its own identification and assessment of risks, and build up a strong risk culture which encourages open debate and proper escalation process.

This risk is primarily mitigated through building up strong risk culture which stipulates that managing risk is everyone's job and a strong sense of ownership. The Group encourages open debate of all risks and effective challenge of different teams and functions.

In addition, the management committees (consists of Risk Committee and ALCO), which assumes primary responsibility for managing strategic risk, is responsible for regularly reviewing key assumptions in identifying risks. Furthermore, internal audit function provides an independent assessment of hidden risks across all business in auditing exercises.

# Corporate Governance Report

The board of directors of the Company (the "Board") is committed to maintain a high standard of corporate governance practices within the Group and has adopted various measures to ensure the maintenance of a high standard. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance during the year ended 31 December 2017. For the year ended 31 December 2017, except for the deviations as disclosed in this report, the Company has complied with all the code provisions as set out in the CG Code.

The directors of the Company (the "Directors") are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximize the interests of the shareholders of the Company.

This report sets out a detailed discussion of the corporate governance practices adopted and observed by the Company during the year ended 31 December 2017.

## Board of Directors

The Board believes that a well-balanced corporate governance structure will enable the Company to better manage its business risks and thereby ensure the Company is run in the best interests of its shareholders and other stakeholders. The Board is primarily responsible for formulating overall strategic plans and key policies of the Group, monitoring its financial performance, maintaining effective oversight over the management, risks management and assessment, controls over business operations and ensuring good corporate governance and compliance with legal and regulatory requirements. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run.

### Board Composition

The Board currently comprises a total of nine Directors:

Executive Directors:	Dr. YIM Fung ( <i>Chairman</i> ) Mr. WONG Tung Ching Ms. QI Haiying Mr. LI Guangjie
Non-executive Directors:	Mr. XIE Lebin (appointed on 19 June 2017) Mr. LIU Yiyong (appointed on 19 June 2017)
Independent Non-executive Directors:	Dr. FU Tingmei Dr. SONG Ming Mr. TSANG Yiu Keung

Biographies of Directors, which include relationships with the members of the Board, senior management and substantial shareholders (as defined in the Listing Rules) of the Company are set out in the "Biographies of the Directors" on pages 100 to 102 of this Annual Report. The list of Directors of the Company and their roles and functions is posted on the websites of the Company ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange.

## Independent Non-executive Directors

The Independent Non-executive Directors are all with well recognised experience and expertise in accounting or other fields and can provide valuable advice to the Board. They were appointed for an initial term of three years commencing from 19 June 2010 and renewed for a further term of three years in 2013 and 2016 respectively.

There is no relationship between members of the Board. Pursuant to the requirement of the Listing Rules, the Company has received a written confirmation from each of the Independent Non-executive Directors of his independence to the Company. The Company considers that all the Independent Non-executive Directors were independent in accordance with the Listing Rules throughout the year ended 31 December 2017.

## Chairman and Chief Executive Officer

Dr. YIM Fung has been performing both the roles of Chairman and Chief Executive Officer since 24 August 2012. Dr. YIM joined the Group in 2000 and has been responsible for the overall business management of the Group, he has over 26 years' experience in the securities industry. Although this arrangement constitutes a deviation from code provision A.2.1 of the CG Code, the Directors consider that the vesting of two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. While the responsibilities of Chairman and Chief Executive Officer are vested in one person, all major decisions are either made by the Board or in consultation with the Board members and the senior management of the Company. As there are three Independent Non-executive Directors in the Board, the Directors consider that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

## Board Process

Board meetings shall be held at least four times a year and no less than once every quarter. Additional Board meetings will be held as and when necessary.

Notice of at least 14 days is given for a regular Board meeting so as to give all Directors an opportunity to attend. Agenda accompanying Board papers for each meeting are circulated in full to all Directors before the meeting. Senior management members may, from time to time, be invited to attend the Board meetings for making presentation and/or answering any queries raised by the Board.

# Corporate Governance Report

The Company Secretary will assist the Board in setting agenda for meetings, and each Director of the Company is given an opportunity to include any matters to be transacted in the agenda. Where any Director is considered to be having a conflict of interest in any transactions, the Director concerned will not be counted in the quorum of the relevant meeting. Minutes of meetings of the Board and the respective Board committees are recorded in details. All draft minutes are circulated to all those present at the meetings for comments before submission to the Chairman of the meetings for approval.

For the year ended 31 December 2017, four board meetings were held and the individual attendance of each Director is set out below:

Name of Director	Number of meetings attended	Attendance rate
Dr. YIM Fung	4/4	100%
Mr. WONG Tung Ching	4/4	100%
Ms. QI Haiying	4/4	100%
Mr. LI Guangjie	4/4	100%
Mr. XIE Lebin	3/3	100%
Mr. LIU Yiyong	3/3	100%
Dr. FU Tingmei	4/4	100%
Dr. SONG Ming	3/4	75%
Mr. TSANG Yiu Keung	4/4	100%

Board meetings were held to discuss the business strategies of the Group, review financial and operational performance, approve the annual and interim results of the Group, discuss the corporate governance and risk management matters, review the Group's policies and practices in compliance with legal and regulatory requirements, and review the codes applicable to directors and employees.

During the year, a meeting of the Chairman and the Independent Non-executive Directors without the presence of the Executive Directors and the management was held to discuss and review the performance of the Executive Directors and the management, and the adequacy of systems and controls in place to safeguard the interests of the Group and shareholders.

All Directors are entitled to have access to board papers and related materials. Where Directors hold different views in respect of any matter discussed at a Board meeting, the minutes will record the discussions clearly. Full minutes are being kept by the Company Secretary and such minutes are open for inspection at any time during office hours on reasonable notice by any Director.

All Directors are entitled to seek independent professional advice regarding their duties at the Company's expense.

## Appointment and Re-election of Directors

Each of the Directors has entered into a service agreement or a letter of appointment with the Company for a specific term. Such term is subject to re-election by the Company at annual general meeting ("AGM") upon retirement. In accordance with the Articles of Association of the Company, one-third of the Directors or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third, will retire from office by rotation and every Director shall be subject to retirement at annual general meeting at least once every three years. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment.

## Board Diversity

The Board has a board diversity policy, which is available on the Company's website.

In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## Induction and Ongoing Development

The Company provides each Director with personalized induction, training and development. On appointment, each new Director receives a comprehensive and tailored induction covering, among others, information about the Group's operations and business, the roles and responsibilities of the Board and its key Committees, the Company's governance structure and practices, and relevant rules and regulations. On an ongoing basis, all Directors attended trainings to keep themselves updated on the Group's business and the latest developments to the Listing Rules and other applicable laws, rules and regulations and to ensure the continued enhancement of their knowledge and skills. Such trainings are provided at the Company's expense.

## Directors' Training and Professional Development

The individual training record of each Director received for the year ended 31 December 2017 is set out below:

Name of Director	Type of continuous professional development programs
<i>Executive Directors</i>	
Dr. YIM Fung	A
Mr. WONG Tung Ching	A
Ms. QI Haiying	A
Mr. LI Guangjie	A
<i>Non-executive Directors</i>	
Mr. XIE Lebin	A
Mr. LIU Yiyong	A
<i>Independent Non-executive Directors</i>	
Dr. FU Tingmei	A
Dr. SONG Ming	A
Mr. TSANG Yiu Keung	A

Notes: A = attending seminar

## Corporate Governance Functions

The Board is responsible for performing the corporate governance duties, including:

- (a) to develop and review the Company's policies and practice on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practice on compliance with legal and regulatory requirements; and
- (d) to review the Company's compliance with the CG Code.

During the year, the Board has reviewed and performed the above corporate governance functions.

# Corporate Governance Report

## Board Committees

Under the Board, there are four board committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Risk Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

### Audit Committee

The Audit Committee of the Board was established on 19 June 2010. The Committee comprises only Independent Non-executive Directors:

Independent Non-executive Directors:	Mr. TSANG Yiu Keung ( <i>Chairman</i> ) Dr. FU Tingmei Dr. SONG Ming
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The Chairman of the Committee has professional accounting qualification. The Committee reviews financial information of the Group, monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditor, as well as their independence. The Committee will meet regularly to review financial reporting process, certain business affairs managed by the Executive Directors in particular on connected transactions and continuing connected transactions, if any, to review the interim and final financial statements before their submission to the Board and the annual general meeting for approval and to review the effectiveness of the internal control of the Group, including the internal audit function and performance. A copy of the terms of reference of the Committee has been posted on the Company's website ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange's website.

For the year ended 31 December 2017, the Committee met on three occasions and the individual attendance of the Committee members is set out below:

Name of Director	Number of meetings attended	Attendance rate
Mr. TSANG Yiu Keung	3/3	100%
Dr. FU Tingmei	3/3	100%
Dr. SONG Ming	3/3	100%

The major work performed by the Audit Committee during the year included:

- (a) reviewed the financial results and reports of the Group for the year ended 31 December 2017 and for the six months ended 30 June 2017;
- (b) reviewed and discussed with the external auditor to ensure that the Group's financial statements had been prepared in accordance with the accounting principles generally accepted in Hong Kong;
- (c) reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval;
- (d) met and discussed with the external auditor on the audit strategy and assessment of the sufficiency of the internal control of the Group;

- (e) reviewed the external auditor's statutory audit plan and engagement letter;
- (f) reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the 2018 annual general meeting;
- (g) reviewed and discussed with senior management about the internal control and the function and performance of internal audit of the Group, including the annual audit plan, the staffing and resources of Internal Audit Department, the audit findings and recommendations raised in the internal audit reports, and the implementation status of related audit recommendations;
- (h) reviewed the Group's continuing connected transactions and external auditor's report;
- (i) the connected transactions undertaken by the Group; and
- (j) the adequacy of the provision for bad debts.

## Remuneration Committee

The Remuneration Committee was established on 19 June 2010. The Committee currently comprises four Directors:

Independent Non-executive Directors:	Dr. FU Tingmei ( <i>Chairman</i> ) Dr. SONG Ming Mr. TSANG Yiu Keung
Non-executive Director:	Mr. XIE Lebin (appointed on 19 June 2017)

The responsibilities of the Committee include setting remuneration policy of the Group and fixing remuneration packages of Directors and senior management in accordance with the Listing Rules and the Articles of Association of the Company. No Directors can determine their own remuneration packages. The Committee will meet at least once a year to discharge its responsibilities in accordance with its terms of reference. The Committee is provided with sufficient resources to discharge its duties. The Chairman of the Committee will report their findings and recommendations to the Board for consideration and approval. The full terms of reference of the Committee are available on the Company's website ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange's website.

For the year ended 31 December 2017, the Committee held one meeting to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of Director	Number of meetings attended	Attendance rate
Dr. FU Tingmei	1/1	100%
Dr. SONG Ming	1/1	100%
Mr. TSANG Yiu Keung	1/1	100%
Mr. XIE Lebin	N/A	N/A

# Corporate Governance Report

The major work performed by the Remuneration Committee during the year included:

- (a) reviewed and approved the proposal for 2017 remuneration of Executive Directors and senior management;
- (b) reviewed and approved the proposal for 2017 remuneration of general staff; and
- (c) reviewed and approved the proposal of granting share options.

## Nomination Committee

The Nomination Committee was established on 19 June 2010. The Committee currently comprises three Directors:

Independent Non-executive Directors:	Dr. SONG Ming ( <i>Chairman</i> ) Mr. TSANG Yiu Keung
Executive Director:	Dr. YIM Fung

The primary responsibilities of the Committee are, amongst other things, to make recommendations to the Board on appointment of Directors and succession planning for the Directors. When making recommendations, the Committee will consider a number of factors of the Directors, including but not limited to gender, age, cultural and educational background or professional experience. The full terms of reference of the Committee are available on the Company's website ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange's website.

For the year ended 31 December 2017, the Committee held one meeting to review and discuss appointment and succession planning of Directors. The individual attendance of the Committee members is set out below:

Name of Director	Number of meetings attended	Attendance rate
Dr. SONG Ming	1/1	100%
Mr. TSANG Yiu Keung	1/1	100%
Dr. YIM Fung	1/1	100%

The major work performed by the Nomination Committee during the year included:

- (a) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- (b) identified individuals suitably qualified to become Board members; and
- (c) made recommendations to the Board on the appointment of non-executive directors.

### Risk Committee

The Risk Committee was established on 17 June 2016. The Committee currently comprises six Directors:

Executive Director:	Dr. YIM Fung ( <i>Chairman</i> ) Ms. QI Haiying
Non-executive Directors:	Mr. LIU Yiyong (appointed on 19 June 2017)
Independent Non-executive Directors:	Dr. FU Tingmei Dr. SONG Ming Mr. TSANG Yiu Keung

The primary responsibilities of the Risk Committee are, among other things, to advise the Board on the Group's overall risk appetite and tolerance, risk management framework and system and other high level risk-related issues including policies, process and controls. Prior to establishment of the Risk Committee, the Audit Committee was responsible for reviewing the Group's overall risks. The full terms of reference of the Committee are available on the Company's website ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange's website.

For the year ended 31 December 2017, the Committee met on two occasions and the individual attendance of the Committee members is set out below:

Name of Director	Number of meetings attended	Attendance rate
Dr. YIM Fung	2/2	100%
Ms. QI Haiying	2/2	100%
Mr. LIU Yiyong	1/1	100%
Dr. FU Tingmei	2/2	100%
Dr. SONG Ming	2/2	100%
Mr. TSANG Yiu Keung	2/2	100%

The major duties performed by the Risk Committee during the year included:

- (a) reviewed and recommended to the Board for approval on the overall risk framework and appetite of the Group;
- (b) reviewed and approved Risk Framework of the Group;
- (c) reviewed reports from Risk Management Department on enterprise risks;
- (d) reviewed high level risk related issues of the Group; and
- (e) reviewed and assessed adequacy and effectiveness of the Group's risk management framework and risk management policies and procedures.

# Corporate Governance Report

## Delegation to the Management

The management team of the Company (the "Management") is led by the Executive Directors of the Board and has been delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies, make decision on key business issues and exercise other powers and authorities delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

The Company has clear direction on the Board's delegation of powers to the Management. Some powers are reserved to the Board, including but not limited to:

- Publication of final and interim results of the Company;
- Proposing dividend distribution to the shareholders' meeting;
- Major issues of treasury policy, accounting policy and remuneration policy;
- Review on internal control system and risk management framework;
- Changes to major group structure or Board composition;
- Proposed transaction requiring shareholders' approval (e.g. connected transaction, notifiable transaction, etc.); and
- Capital restructuring and issue of new securities of the Company.

## Accountability and Audit

### Financial Reporting

The Board acknowledges its responsibility to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group. In preparing these financial statements for the year ended 31 December 2017, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose the financial position of the Group with reasonable accuracy. Prior to the adoption of the financial statements and the related accounting policies, the relevant financial information is discussed between the external auditor and the Management, and then submitted to the Audit Committee for review.

## External Auditor

During the year ended 31 December 2017, Ernst & Young was appointed as the external auditor of the Group. The remuneration paid/payable to the external auditor is set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Audit services	2,292
Interim review	707
Tax and other consultancy services	3,308
	6,307

## Internal Control

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewed their effectiveness periodically through the Audit Committee and the Risk Committee. To facilitate the effectiveness and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Group is committed to the identification, monitoring and management of risks associated with business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound risk management system and periodic review of the Group's performance by the Audit Committee and the Risk Committee of the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 December 2017 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets.

## Internal Audit

The Company has an independent internal audit team, which plays an important role in monitoring the corporate governance of the Group and providing objective assurance to the Board that a sound internal control system is maintained and operated by the Management. The head of the internal audit team directly reports to the Audit Committee on audit matters. By adopting a risk-based approach to evaluate risk level on control environment, the internal audit team makes their audit schedules annually in consultation with, but independent of, the Management, and the audit plan is submitted to the Audit Committee for approval. The head of the internal audit team will periodically present a report and express an opinion to the Audit Committee on the internal control environment of the Group. The annual audit work plan covers major activities and processes of the Group's operating business. Moreover, ad hoc reviews will be performed on specific areas of concern identified by the Audit Committee and the Management. The Audit Committee has reviewed the adequacy of resources, qualifications and experience of staff of the internal audit functions, and their training programmes and budget, and considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities, and the performance of the internal audit function for the year under review was satisfactory.

# Corporate Governance Report

## Risk Management

The Board has overall responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives, maintaining a sound system of risk management and also reviewing their effectiveness on regular basis.

The Company has established an organizational structure with defined levels of responsibility and reporting procedures to identify, control and report on the major risk issues. Several committees consisting of senior management members have been set up at management level to oversee risk issues and internal controls of the Group's daily operations. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to such committee(s), where applicable, on a regular basis. The Board has established the Risk Committee on 17 June 2016 and has adopted its terms of reference, delegating the Risk Committee to oversee the overall risk framework and appetite of the Group and the high level risk issues, considering the Group's risk management strategies and gives directions and recommendations where appropriate. All significant risks identified by the above-mentioned committees at management level, material changes and the associated mitigating actions to enhance the accountability and quality of the risk management process, etc. will be reported to the Risk Committee. The Board through this system is kept regularly apprised of significant risks that may impact on the Group's performance. The possible risk exposure of the Group is set out on pages 81 to 85 of this Annual Report.

The Risk Committee has approved the Risk Framework of the Group, setting out the risk culture and governance, risk appetite and limits, key risk types and risk management process for each type, etc.. The Risk Framework serves as an outline of the Group's overall risk management system and process, which facilitates the Board to identify and assess the nature and extent of significant risks, the Group's ability to respond to changes in its business and the external environment, as well as the scope and quality of Management's ongoing risk monitoring and related mitigating internal control measures.

## Review of Risk Management and Internal Control Effectiveness

For the year ended 31 December 2017, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems through the Risk Committee and the Audit Committee, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate. The Audit Committee has also annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

The Board is of the view that the risk management system and the system of internal controls in place for the year under review and up to the date of issuance of this annual report is sound and effective and is sufficient to safeguard the interests of shareholders, customers and employees and the Group's assets, and the Group has complied with the relevant code provisions in the CG Code on internal control.

## Handling and dissemination of inside information

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has a policy on disclosure of inside information with various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

## Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors. The Company had made specific enquiry of all Directors regarding any non-compliance with the Model Code. All Directors confirmed that they have complied with the required standards as set out in the Model Code for the year ended 31 December 2017.

## Company Secretary

The Company Secretary, Ms. FENG Zheng Yao Helen ("Ms. FENG") is an employee of the Company and is appointed by the Board. Ms. Feng is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with Management. She undertakes at least 15 hours of relevant professional training annually to update her skills and knowledge.

## Communication with Shareholders

The Board recognizes the importance of good communications with all shareholders. The Company encourages two-way communications with both its institutional and individual investors. Extensive information about the Company's activities is provided on its website ([www.gtjai.com](http://www.gtjai.com)) and in its interim report and this annual report which are provided to shareholders of the Company in either electronic version or printed version.

### Electronic Communications

Shareholders are encouraged to elect to receive shareholder documents electronically. Any shareholder may at any time send written notice to the Company c/o the Company's Hong Kong Share Registrar or via email at [guotaijunan.ecom@computershare.com.hk](mailto:guotaijunan.ecom@computershare.com.hk) specifying his/her name, address and request to change his/her choice of language or means of receipt of all shareholder documents. This will create environmental benefits.

### Annual Report

This Annual Report is printed in English and Chinese and is available at the website of the Company. If any shareholder would like to have a printed version of this Annual Report, please contact the Company's Hong Kong Share Registrar at the contact given below:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong  
Email: [guotaijunan.ecom@computershare.com.hk](mailto:guotaijunan.ecom@computershare.com.hk)

If there is a dispute between the Chinese and English version of this Annual Report, the English text shall prevail.

### Annual General Meeting

The annual general meeting provides a valuable forum for direct communication between the Board and the Company's shareholders. The Chairman of the Board as well as Chairmen of the Audit, Nomination, Remuneration and Risk Committee together with the external auditor are present to answer shareholders' questions. The annual general meeting circulars are distributed to all shareholders at least 20 clear business days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which is taken by poll pursuant to the Listing Rules. Any results of the poll are published on the Company's website and the Stock Exchange's website. All corporate communication with shareholders will be posted on the Company's website ([www.gtjai.com](http://www.gtjai.com)) for shareholders' information.

# Corporate Governance Report

The 2017 annual general meeting was held on 26 May 2017. The attendance record of the Directors at the meeting is set out below:

Name of Director	Attendance/ Number of general meetings
Dr. YIM Fung	1/1
Mr. WONG Tung Ching	0/1
Ms. QI Haiying	1/1
Mr. LI Guangjie	1/1
Mr. XIE Lebin	N/A
Mr. LIU Yiyong	N/A
Dr. FU Tingmei	1/1
Dr. SONG Ming	1/1
Mr. TSANG Yiu Keung	1/1

## Extraordinary General Meeting

The extraordinary general meeting provides another forum for direct communication between the Board and the Company's shareholders. The Chairman of the Board as well as Independent Board Committee are present to answer shareholders' questions. The extraordinary general meeting circulars are distributed to all shareholders at least 10 clear business days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which is taken by poll pursuant to the Listing Rules. Any results of the poll are published on the Company's website and the Stock Exchange's website. All corporate communication with shareholders will be posted on the Company's website ([www.gtjai.com](http://www.gtjai.com)) for shareholders' information.

An extraordinary general meeting was held on 31 March 2017. The attendance record of the Directors at the meeting is set out below:

Name of Director	Attendance/ Number of general meetings
Dr. YIM Fung	1/1
Mr. WONG Tung Ching	0/1
Ms. QI Haiying	1/1
Mr. LI Guangjie	1/1
Mr. XIE Lebin	N/A
Mr. LIU Yiyong	N/A
Dr. FU Tingmei	1/1
Dr. SONG Ming	1/1
Mr. TSANG Yiu Keung	1/1

## Constitutional Documents

There was no change to the Company's Articles of Association during the year 2017. A copy of the latest version of the Articles of Association is posted on the websites of the Company ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange.

## Shareholders' Rights

### Convening an Extraordinary General Meeting by Shareholders

In accordance with sections 566 to 568 of the Companies Ordinance, shareholder(s) representing at least 5% of the total voting rights of all the members having a right to vote at general meeting may require the directors of the Company to convene an extraordinary general meeting ("EGM"). The shareholder shall make a written requisition authenticated by him/her to the Board or the Company Secretary of the Company at the registered address of the Company at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong, specifying the objects of the meeting, the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

If the Directors of the Company do not within 21 days from the date of the deposit of the requisition proceed duly to call an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the said date.

The EGM convened by shareholders shall be convened in the same manner, as close as possible, as that in which general meetings are to be convened by the Directors of the Company.

### Procedures for Putting Forward Proposals at General Meetings by Shareholders

Shareholders are requested to follow sections 580 and 615 of the Companies Ordinance for putting forward proposals at general meetings. Any shareholder(s) representing at least 2.5% of the total voting rights of all shareholders having a right to vote at the general meeting, or at least 50 shareholders of the Company having a right to vote at the general meeting, may request in writing the Company to circulate resolutions which may properly be moved and are intended to be moved at an annual general meeting; and to circulate statements regarding resolutions proposed at general meetings. The requisition must be authenticated by the person(s) making it and should be deposited at the registered office of the Company at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong for the attention of the Company Secretary where, (i) in the case of requisition for the circulation of resolutions to be moved at annual general meetings, the requisition must be received by the Company not later than 6 weeks before an annual general meeting; or (ii) in the case of requisition for the circulation of statements regarding resolutions proposed at general meetings, such requisition must be received by the Company not later than 7 days before the general meetings.

The procedures for nomination of Directors by the shareholders of the Company are available on the Company's website at [www.gtjai.com](http://www.gtjai.com).

### Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board of the Company in writing through the Company Secretary at the registered address of the Company at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company Secretary shall forward the shareholders' enquiries and concerns to the Board and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions.

# Biographies of the Directors

## Executive Directors

YIM Fung (閻峰), aged 55, is the Chairman and the Chief Executive Officer of our Group, as well as the Chairman of the Risk Committee and a member of the Nomination Committee of Board of Directors. In addition, Dr. Yim is a director of various subsidiaries of the Company and a director of Guotai Junan Holdings Limited and Guotai Junan Financial Holdings Limited which are the controlling shareholders of the Company. Dr. Yim joined Guotai Junan in 1993 and joined our Group in 2000, and is currently responsible for the overall management of our Group. Dr. Yim has over 26 years' experience in the securities industry. He holds a Ph.D degree in Economics from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) and a bachelor degree in Environmental Engineering from the Tsinghua University (清華大學), and has been awarded a credential of Senior Economist. Dr. Yim is currently also an independent non-executive director of Beijing Urban Construction Design & Development Group Co., Limited (stock code: 1599.HK) and Shenzhen International Holdings Limited (stock code: 152.HK), both of which are listed on the Stock Exchange. Dr. Yim is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. Currently he is also acting as the Vice Chairman of The Hong Kong Chinese Enterprises Association, the Honorary Life Chairman of the Chinese Securities Association of Hong Kong and a Director of The Chinese General Chamber of Commerce. Dr. Yim was appointed Justice of the Peace in July 2013.

WONG Tung Ching (王冬青), aged 46, is an executive director and the Deputy Chief Executive Officer of our Group. In addition, Mr. Wong is a director of various subsidiaries of the Company. Mr. Wong joined our Group in October 2000 and is responsible for the overall business and marketing matters of corporate finance, equity capital markets and institutional business of our Group. Mr. Wong obtained a master degree in Business Administration from the University of Lincolnshire & Humberside (now known as the University of Lincoln) in 2001 and a higher diploma in International Trading from the Shenzhen University (深圳大學) in 1992.

QI Haiying (祁海英), aged 36, is an executive director and the Deputy Chief Executive Officer of our Group. Ms. Qi is also a member of the Risk Committee. In addition, Ms. Qi is a director of various subsidiaries of the Company. Ms. Qi is a director and Vice President of Chinese Securities Association of Hong Kong. Between 2004 and 2012, Ms. Qi worked in Shenzhen Supervision Bureau of the China Securities Regulatory Commission on regulatory supervision of securities companies and listed companies. Ms. Qi joined Guotai Junan Securities Co., Ltd. (stock code: 2611.HK/601211.SS), a company listed on both the Stock Exchange and the Shanghai Stock Exchange in April 2012, holding a post of Deputy General Manager in the Compliance Department and the Strategic Management Department respectively. Ms. Qi joined our Group in March 2015. Ms. Qi holds a master degree of Financial Economics from London School of Economics and Political Science (LSE) and a bachelor degree of International Economy and Trade from the University of International Business and Economics (UIBE) in China.

LI Guangjie (李光杰), aged 49, is an executive director and the Chief Financial Officer of our Group. In addition, Mr. Li is a director of various subsidiaries of the Company. Mr. Li joined our Group in November 2001. Mr. Li started his career at Shenzhen Jinpeng Certified Public Accountants as the deputy head of appraisal department and has over 26 years' experience in accounting, audit, taxation and asset appraisal. Mr. Li holds a bachelor degree in Economics from the Shenzhen University and a master degree in Economics from the Central University of Finance and Economics. He is also an economist and a member of the Chinese Institute of Certified Public Accountants and a member of the Chinese Certified Tax Agents Association.



## Non-executive Directors

Xie Lebin (謝樂斌), aged 50, is a non-executive director of our Group. Mr. Xie is also a member of Remuneration Committee of the Company. Mr. Xie is the Chief Financial Officer and concurrently the General Manager of the Planning and Finance Department of Guotai Junan Securities Co., Ltd. ("Guotai Junan") (stock code: 2611.HK/601211.SS), a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Mr. Xie worked at the Investment Banking Department of Wanguo Securities Co., Ltd. from July 1993 to March 1995. Mr. Xie subsequently served as an executive director of the Investment Banking Department of J&A Securities Co., Ltd. from March 1995 to August 1999; a Deputy General Manager of the Shanghai Investigation and Auditing Department of Guotai Junan from August 1999 to September 2000; a Deputy General Manager of the investigation and auditing headquarters of Guotai Junan from September 2000 to January 2006; the executive Deputy General Manager of the investigation and auditing headquarters of Guotai Junan from January 2006 to October 2008; the General Manager of the investigation and auditing headquarters of Guotai Junan from October 2008 to February 2012; the General Manager of the Planning and Finance Department of Guotai Junan from February 2012 to November 2015; and the Deputy Chief Financial Officer and the General Manager of the Planning and Finance Department of Guotai Junan from November 2015 to November 2016. Mr. Xie was appointed as the Chief Financial Officer and concurrently as General Manager of the Planning and Finance Department of Guotai Junan since January 2017. Mr. Xie was also appointed as the director of Guotai Junan Innovation Investment Co., Ltd since July 2012.

Mr. Xie obtained a bachelor's degree in economics from the Shanghai Fisheries University (currently known as the Shanghai Ocean University) in Shanghai in July 1990, and a master's degree and a doctorate degree in economics from East China Normal University in Shanghai in July 1993 and June 2010, respectively. Mr. Xie was awarded the International Certified Internal Auditors' Certificate by the International Institute of Internal Auditors in November 2009.

LIU Yiyong (劉益勇), aged 54, is a non-executive director of our Group. Mr. Liu is also a member of Risk Committee of the Company. Mr. Liu is the General Manager of the Compliance Department of Guotai Junan Securities Co., Ltd. ("Guotai Junan") (stock code: 2611.HK/601211.SS), a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Mr. Liu served as a senior staff member of the Securities Supervisory Division of Shenzhen Branch of the People's Bank of China from March 1994 to March 1997. From March 1997 to October 1998, he served as a principal staff member of the Non-bank Financial Institutions Department of Shenzhen Branch of the People's Bank of China. Mr. Liu was a principal staff member of the Institutions Inspection Office of Shenzhen Supervision Bureau of China Securities Regulatory Commission from October 1998 to July 2002. From April 2006 to July 2009, Mr. Liu was a staff member of the Market Division II of China Foreign Exchange Trade System. Mr. Liu was a Deputy General Manager of the Compliance Department of Guotai Junan from July 2009 to June 2014 and was an executive Deputy General Manager of the Compliance Department from June 2014 to June 2015. Mr. Liu was appointed as the General Manager of the Compliance Department of Guotai Junan in June 2015.

Mr. Liu studied in Graduate School of the People's Bank of China from September 1991 to March 1994 and obtained a master's degree in economics. Mr. Liu obtained Master of Public Administration in the School of International and Public Affairs in the Columbia University in August 2003.

# Biographies of the Directors

## Independent Non-executive Directors

FU Tingmei (傅廷美), aged 51, is an independent non-executive director of our Group. Dr. Fu is also the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Risk Committee of the Company. Dr. Fu has extensive experiences in investment, finance, law and business management. Between 1992 and 2003, he conducted many corporate finance transactions in several investment banking firms based in Hong Kong, including serving as a director of Peregrine Capital Limited, and a deputy managing director and subsequently a managing director of BNP Paribas Peregrine Capital Limited. Dr. Fu is currently engaged in private investment business. He is currently also an independent non-executive director of CPMC Holdings Limited (stock code: 906.HK), Postal Savings Bank of China Co., Ltd (stock code: 1658.HK), China Resources Pharmaceutical Group Limited (stock code: 3320.HK) and COFCO Meat Holdings Limited (stock code: 1610.HK), all of which are companies listed on the Stock Exchange. He was an independent non-executive director of Beijing Enterprises Holdings Limited (stock code: 392.HK), a company listed on the Stock Exchange. Dr. Fu graduated from the University of London with a master's degree and a doctorate degree in Law in 1989 and 1993, respectively.

SONG Ming (宋敏), aged 56, is an independent non-executive director of our Group. Dr. Song is also the Chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Risk Committee. Dr. Song has over 24 years' experience in research of bank regulation and management, financial market, and macroeconomics. Dr. Song is the director of Centre for China Financial Research (CCFR) and a professor in Faculty of Business and Economics at the University of Hong Kong. Dr. Song holds a doctorate degree in Economics from Ohio State University, a master degree of Science in Mathematics from Huazhong University of Science and Technology (華中科技大學) and a bachelor degree of Science in Mathematics from Zhejiang University (浙江大學). Dr. Song is an independent non-executive director of United Laboratories International Holdings Limited (Stock code: 3933.HK) and Wuzhou International Holdings Limited (stock code: 1369.HK) and Great Wall Pan Asia Holdings Limited (formerly known as Armada Holdings Limited) (stock code: 583.HK), all of which are companies listed on the Stock Exchange. In addition, Dr. Song is an Independent Director of Tande Co., Ltd, a company listed on the Shanghai Stock Exchange.

TSANG Yiu Keung (曾耀強), aged 64, has been an independent non-executive director of our Group since 2010. Mr. Tsang is also the Chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and the Risk Committee of the Company. Mr. Tsang holds a higher diploma in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and The Institute of Chartered Secretaries and Administrators. Mr. Tsang joined KPMG in 1975 and retired as a senior banking partner in 2003. Mr. Tsang is an independent non-executive director of L. K. Technology Holdings Limited, a company listed on the Stock Exchange of Hong Kong. Mr. Tsang was an independent non-executive director of China CITIC Bank International Limited, a licensed bank in Hong Kong, and CITIC International Financial Holdings Limited, from 2004 to 2017.

# Report of the Board of Directors

The Board is pleased to present its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2017.

## Principal Activities and Business Review

The Company is an investment holding company and its subsidiaries are principally engaged in securities, futures, options and leveraged foreign exchange dealing and broking, corporate finance, asset management, loans and financing, financial products, market making and investments. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of the business review as required by Schedule 5 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 74 to 85 of this annual report. The discussion forms part of this directors' report.

## Results and Dividends

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 129 of this annual report.

The Directors declared an interim dividend of HK\$0.045 per share and proposed the payment of a final dividend of HK\$0.045 per share to the shareholders whose names appear on the register of members of the company on 1 June 2018. The dividend will be payable on or about 15 June 2018.

## Segment Information

Detailed segment information in respect of the Group's revenue and segment results is shown in note 4 to the financial statements on pages 181 to 184.

## Financial Summary

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years ended 31 December 2017 is set out on pages 67 and 69 of this annual report.



# Report of the Board of Directors

## Particular of Subsidiaries

Details of the Company's subsidiaries are set out in the note 1 to the financial statements which is set out on pages 137 to 139 of this annual report.

## Share Capital and Equity-Linked Agreements

Details of movements in the share capital of the Company during the year are set out in note 31 to the financial statements which is set out on page 218 of this annual report.

Details of equity-linked agreements are included in the section "Shared-based Compensation Scheme" below.

## Distributable Reserve

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Hong Kong Companies Ordinance, amounted to HK\$426,200,000 of which HK\$315,256,000 has been proposed as final dividend for the year.

## Donations

During the year, the Group made charitable donations amounting to HK\$1,287,500.

## Major Customers and Suppliers

For the year ended 31 December 2017, the revenue attributable to the five largest customers of the Group accounted for less than 20% of the Group's total revenue. The Group is a provider of financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

None of the Directors or any of their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the issuer's share capital) had any beneficial interest in the Group's 5 largest customers.

## Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2017 other than as an agent for the trustee of Guotai Junan Share Award Scheme (the "Share Award Scheme").

## Directors

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

### Executive Directors

Dr. YIM Fung  
Mr. WONG Tung Ching  
Ms. QI Haiying  
Mr. LI Guangjie

### Non-executive Directors

Mr. XIE Lebin  
Mr. LIU Yiyong

### Independent Non-executive Directors

Dr. FU Tingmei  
Dr. SONG Ming  
Mr. TSANG Yiu Keung

## Change of Information of Directors

Mr. LI Guangjie was appointed as the Chief Financial Officer of the Group on 8 December 2017.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Report of the Board of Directors

## Directors' Service Contracts

No Director has a service contract with the Company which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payments equivalent to more than 1 year's emolument.

Details of Directors' emoluments are set out in note 37 to the consolidated financial statements which is set out on pages 226 to 231 of this annual report.

In accordance with Article 90 of the Articles of Association of the Company, Mr. XIE Lebin and Mr. LIU Yiyong were appointed as a Director on 19 June 2017 and shall hold office until the next annual general meeting, and being eligible and would offer themselves for re-election.

In accordance with Article 99 of the Articles of Association of the Company, every Director shall be subject to retirement by rotation at least once every three years. At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office and be eligible for re-selection. Accordingly, Dr. YIM Fung, Ms. QI Haiying and Mr. LI Guangjie shall retire by rotation. They will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung and as at the date of this annual report, still considers them to be independent. Generally, the term of office for each Independent Non-executive Director is for a period of 3 years, and all of the 3 Independent Non-executive Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

## Directors' Interests in Contracts

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2017.

## Management Contracts

Save as the contracts disclosed in this report, no contracts concerning the management and administration of the whole or any substantial part of business of the Company or its subsidiaries were entered into or existed during the year.

## Directors of Subsidiaries

For the year ended 31 December 2017 and up to the date of this annual report, directors of the subsidiaries of the Company were as follows:

Name of Subsidiaries	Name of Directors
Guotai Junan (Hong Kong) Limited	YIM Fung, LI Guangjie, WONG Tin Lai (resigned on 21 June 2017), WONG Tung Ching
Guotai Junan Assets (Asia) Limited	YIM Fung, YUAN Junping (resigned on 4 September 2017), CHIU Simon Siu Hung (appointed on 12 June 2017), QI Haiying (appointed on 3 July 2017)
Guotai Junan Capital Limited	WONG Tung Ching, YAU Deirdre, WONG Anthony, LO Kwong Shun, Wilson
Guotai Junan Finance (Hong Kong) Limited	LI Guangjie, WONG Tin Lai (resigned on 21 June 2017), WANG Junhong, WONG Tung Ching (appointed on 3 July 2017)
Guotai Junan Financial Products Limited	QI Haiying, WONG Tin Lai (resigned on 21 June 2017), DUANMU Zhenyu (appointed on 18 January 2017), WONG George Ka Kui (appointed on 3 July 2017)
Guotai Junan Fund Management Limited	YIM Fung, QI Haiying, ZHANG Gaobo, CHAN Lap Tak Jeffrey, YUAN Junping (resigned on 4 September 2017), TAN Koon Seng
Guotai Junan Futures (Hong Kong) Limited	CHAN Ka Wah, LAI Kai Hung
Guotai Junan FX Limited	CHAN Ka Wah, YEUNG Tze Fung
Guotai Junan Securities (Hong Kong) Limited	WONG Tung Ching, QI Haiying, LI Guangjie, LEE Ming Chuan Eric, ZHANG Jinhui
Guotai Junan International (Singapore) Holdings Pte. Limited	YIM Fung, QI Haiying, TAN Koon Seng
Guotai Junan International Asset Management (Singapore) Pte. Limited	YIM Fung, QI Haiying, TAN Koon Seng
Guotai Junan International Securities (Singapore) Pte. Limited	QI Haiying, TAN Koon Seng (resigned on 18 January 2018), LEE Oon Har (resigned on 5 January 2017), OEI Su Chi lan (appointed on 18 January 2017), DAI Bo (appointed on 3 March 2017), TAY Shu Wei Yvonne (appointed on 18 January 2018)

# Report of the Board of Directors

## Directors' and Chief Executives' Interest in the Shares and Underlying Shares of the Company or Any Associated Corporation

As at 31 December 2017, the interests and short positions of the Directors or their associates in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long Position in the Ordinary Shares and Underlying Shares of the Company

Name of director	Long/short positions	Number of Shares held	Number of awarded shares held	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the Company's total number of shares in issue
YIM Fung	Long	64,979,955	2,005,000	800,000	67,784,955	0.97%
WONG Tung Ching	Long	8,598,564	2,162,000	800,000	11,560,564	0.17%
QI Haiying	Long	1,612,000	1,484,000	9,800,000	12,896,000	0.18%
LI Guangjie	Long	7,351,970	1,056,000	800,000	9,207,970	0.13%
FU Tingmei	Long	1,512,096	-	-	1,512,096	0.02%
SONG Ming	Long	1,512,096	-	-	1,512,096	0.02%
TSANG Yiu Keung	Long	1,512,096	-	-	1,512,096	0.02%

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Shared-Based Compensation Scheme

The Company operates two equity-settled share-based compensation schemes including a share option scheme (the "Share Option Scheme") and the Share Award Scheme for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Company's directors (including Independent Non-executive Directors) and other employees of the Group.

### Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of assisting in recruiting, retaining and motivating key staff members. The Board of Directors has the discretion to grant share options to employees and directors of any members of the Group, including independent non-executive directors. The Share Option Scheme became effective on 19 June 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date (i.e., 18 June 2020).

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or chief executive of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant.

40,379,343 share options were exercised for the year ended 31 December 2017 and the weighted average share price immediately preceding the exercise date during the year was HK\$2.51.

# Report of the Board of Directors

Movements of the share options under the Share Option Scheme for the year ended 31 December 2017 are as follows:

Name of participants	Date of grant	Options granted	Exercise price of share options at date of grant (HK\$)	Share price immediately preceding the grant date (HK\$)	Options held at 1 January 2017	Options granted during the year	Exercised during the year	Options held at 31 December 2017	Weighted average share price immediately preceding the exercise date (HK\$)	Exercise price of share options (HK\$)
<i>Directors</i>										
YIM Fung	24/04/2012	6,000,000	2.50	2.51	-	-	-	-	N/A	0.827
	10/01/2014	4,750,000	3.82	3.72	4,787,598	-	(4,787,598)	-	2.44	1.264
	13/07/2017	800,000	2.44	2.38	-	800,000	-	800,000	N/A	2.440
WONG Tung Ching	24/04/2012	3,000,000	2.50	2.51	-	-	-	-	N/A	0.827
	10/01/2014	2,500,000	3.82	3.72	2,521,182	-	(2,521,182)	-	2.42	1.264
	13/07/2017	800,000	2.44	2.38	-	800,000	-	800,000	N/A	2.440
Qi Haiying	11/06/2015	3,000,000	14.56	13.62	9,000,000	-	-	9,000,000	N/A	4.854
	13/07/2017	800,000	2.44	2.38	-	800,000	-	800,000	N/A	2.440
LI Guangjie	24/04/2012	1,500,000	2.50	2.51	-	-	-	-	N/A	0.827
	10/01/2014	1,250,000	3.82	3.72	1,259,894	-	(1,259,894)	-	2.47	1.264
	13/07/2017	800,000	2.44	2.38	-	800,000	-	800,000	N/A	2.440
FU Tingmei	24/04/2012	500,000	2.50	2.51	-	-	-	-	N/A	0.827
SONG Ming	24/04/2012	500,000	2.50	2.51	-	-	-	-	N/A	0.827
TSANG Yiu Keung	24/04/2012	500,000	2.50	2.51	-	-	-	-	N/A	0.827
Employees	24/04/2012	26,500,000	2.50	2.51	11,757,248	-	(4,836,288)	6,920,960	2.58	0.827
	10/01/2014	40,250,000	3.82	3.72	67,440,329	-	(26,974,381)	40,465,948	2.54	1.264
	11/06/2015	1,500,000	14.56	13.62	4,500,000	-	-	4,500,000	N/A	4.854
	13/07/2017	6,800,000	2.44	2.38	-	6,800,000	-	6,800,000	N/A	2.440
Others (Former Executive Director)	24/04/2012	1,500,000	2.50	2.51	-	-	-	-	N/A	0.827
	10/01/2014	1,250,000	3.82	3.72	-	-	-	-	N/A	1.264
In aggregate	24/04/2012	40,000,000	2.50	2.51	11,757,248	-	(4,836,288)	6,920,960	2.58	0.827
	10/01/2014	50,000,000	3.82	3.72	76,009,003	-	(35,543,055)	40,465,948	2.52	1.264
	11/06/2015	4,500,000	14.56	13.62	13,500,000	-	-	13,500,000	N/A	4.854
	13/07/2017	10,000,000	2.44	2.38	-	10,000,000	-	10,000,000	N/A	2.440

## Share Award Scheme

On 27 October 2011, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including directors) of any members of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the share award scheme. The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 26 October 2021.

The aggregate number of the Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date (i.e. 164,000,000 shares). The maximum number of the Awarded Shares which may be awarded to a Selected Employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date (i.e. 16,400,000 shares).

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board of Directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no cost.

No payment to purchase shares shall be made to the trustee of the Share Award Scheme and no instructions to acquire shares shall be given to the trustee under the scheme where any Director of the Company is in possession of unpublished price sensitive information in relation to the Company or where dealings by Directors are prohibited under any code or rules and all applicable laws from time to time.

The voting rights and powers of any shares held under the Share Award Scheme shall be exercised by the independent trustee who shall abstain from voting.

As of 31 December 2017, the Company has granted in aggregate of 91,815,000 Awarded Shares which represents 55.98% of the limit of the Share Award Scheme.

The remaining number of the Awarded Shares can be awarded under the Share Award Scheme is 72,185,000, representing 1.03% of the total number of issued shares, 7,005,680,485 shares, of the Company as of 31 December 2017.

Details of the Awarded Shares granted and unvested as at 31 December 2017 are set out below:

Date of Awarded Shares granted	Average fair value per share (HK\$)	Number of Awarded Shares granted	Number of Awarded Shares vested	Number of Awarded Shares lapsed	Number of Awarded Shares unvested	Vesting date
18/04/2016	2.79	27,987,000	(18,894,000)	(1,007,000)	208,000	31/03/2018
					58,000	04/10/2018
					7,612,000	30/11/2018
					208,000	31/03/2019
13/04/2017	2.44	26,628,000	(9,781,000)	(840,000)	8,016,000	30/11/2018
					7,991,000	30/11/2019

1,309,000 Awarded Shares have lapsed prior to its vesting date as a result of staff resignation for the year ended 31 December 2017.

## Report of the Board of Directors

Movements of Awarded Shares under the Share Award Scheme for the year ended 31 December 2017 are as follows:

Name of participants	Awarded Shares at 1 January 2017	Granted during the year	Lapsed during the year	Vested during the year	Awarded Shares at 31 December 2017	Vesting date
<i>Directors</i>						
Yim Fung	4,568,000	1,837,000	-	(4,400,000)	1,393,000 612,000	30/11/2018 30/11/2019
Wong Tung Ching	3,487,000	1,854,000	-	(3,179,000)	1,544,000 618,000	30/11/2018 30/11/2019
Qi Haiying	1,157,000	1,360,000	-	(1,033,000)	1,031,000 453,000	30/11/2018 30/11/2019
Li Guangjie	1,391,000	890,000	-	(1,225,000)	760,000 296,000	30/11/2018 30/11/2019
Employees	18,715,000	20,687,000	(1,309,000)	(20,707,000)	208,000 58,000 10,900,000 208,000 6,012,000	31/03/2018 04/10/2018 30/11/2018 31/03/2019 30/11/2019
Total	29,318,000	26,628,000	(1,309,000)	(30,544,000)	208,000 58,000 15,628,000 208,000 7,991,000	31/03/2018 04/10/2018 30/11/2018 31/03/2019 30/11/2019

Details of the Share Award Scheme are set out in note 33 to the financial statements.

### Directors' Rights to Acquire Shares or Debenture

Save as the Share Option Scheme and the Share Award Scheme disclosed above, for the year ended 31 December 2017, the Company or any of its subsidiaries has not signed any agreements to enable the Directors to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of the Company or any other body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

## Substantial Shareholders' and Other Person's Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2017, the following persons (not being a Director of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Ordinary shares of the Company

Name of shareholders	Number of shares		Approximate percentage of the Company's total number of shares in issue	
	Long positions	Short positions	Long positions	Short positions
Guotai Junan Securities Co., Ltd (Note)	4,527,057,800	Nil	64.62%	Nil
Guotai Junan Financial Holdings Limited (Note)	4,527,057,800	Nil	64.62%	Nil
Guotai Junan Holdings Limited	4,527,057,800	Nil	64.62%	Nil

Note Guotai Junan Holdings Limited is wholly owned by Guotai Junan Financial Holdings Limited which in turn is a wholly-owned subsidiary of Guotai Junan Securities Co., Ltd. Accordingly, Guotai Junan Financial Holdings Limited and Guotai Junan Securities Co., Ltd are deemed to have the same interest in the shares of the Company as Guotai Junan Holdings Limited.

Save as disclosed above, as at 31 December 2017, the Company has not been notified by any persons (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

# Report of the Board of Directors

## Connected Transactions

On 24 February 2017, Guotai Junan Securities (Hong Kong) Limited ("GTJA Securities HK", an indirect wholly-owned subsidiary of the Company) and Guotai Junan Securities Co., Ltd. ("Guotai Junan", a controlling shareholder of the Company) entered into an Appointment Memorandum pursuant to which Guotai Junan conditionally agreed to engage GTJA Securities HK, and GTJA Securities HK and/or its affiliated companies conditionally agreed to act, as one of the underwriters for the proposed public offering and listing of the H shares of Guotai Junan on the Stock Exchange. This transaction was approved by independent shareholders of the Company at the extraordinary general meeting held on 31 March 2017 as required under the Listing Rules. The total underwriting commission payable by Guotai Junan to GTJA Securities HK did not exceed HK\$633 million.

## Continuing Connected Transactions

On 6 April 2016, the Company has entered into a master services agreement ("Master Services Agreement") with Guotai Junan pursuant to which the Company and Guotai Junan agreed that each of them will and will procure its member(s) to, provide various services to the other in accordance to the terms set out in the Master Services Agreement, which will be effective for a term of 3 years from 1 January 2016 to 31 December 2018. The services will cover the services which are to arise from the following categories of transactions:

- (a) brokerage transactions;
- (b) investment management and advisory services transactions;
- (c) consulting services transactions; and
- (d) corporate finance transactions.

Pursuant to the Master Services Agreement, member(s) of the Group and member(s) of the Guotai Junan Group shall, from time to time during the term of the Master Services Agreement, enter into separate supplemental agreements in respect of the provision of services. The terms of the supplemental agreements with respect to the services and prices shall be determined on normal commercial terms in the ordinary course of business after arm's length negotiations and no less favourable than those obtained from or offered by independent third parties.

The annual caps in respect of the continuing connected transactions contemplated under the Master Services Agreement for the 3 financial years ending 31 December 2016, 2017 and 2018 and respective actual amount received/paid in 2017 are shown below:

	Annual caps			2017 Actual Amount (HK\$ million)
	For the financial year ending 31 December 2016 (HK\$ million)	For the financial year ending 31 December 2017 (HK\$ million)	For the financial year ending 31 December 2018 (HK\$ million)	
<b>Annual caps and 2017 actual amount in respect of the income attributable to the Group arising from:</b>				
(1) Brokerage services provided to the member(s) of the Guotai Junan Group	50	50	50	3.7
(2) Investment management and advisory services provided to member(s) of the Guotai Junan Group	10	10	10	-
(3) Consulting services provided to member(s) of the Guotai Junan Group	10	10	10	-
(4) Corporate finance services provided to member(s) of the Guotai Junan Group	10	10	10	-
<b>Total:</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>3.7</b>
<b>Annual caps and 2017 actual amount in respect of the expenses incurred by the Group arising from:</b>				
(1) Brokerage services from the member(s) of the Guotai Junan Group	30	30	30	2.3
(2) Investment management and advisory services provided by member(s) of the Guotai Junan Group	10	10	10	-
(3) Consulting services from member(s) of the Guotai Junan Group	30	30	30	28.2
(4) Corporate finance services provided by member(s) of the Guotai Junan Group	10	10	10	9.1
<b>Total:</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>39.6</b>

On 1 January 2017, pursuant to the Master Services Agreement, Guotai Junan (Hong Kong) Limited (a wholly owned subsidiary of the Company) signed a supplemental agreement with Guotai Junan Consultancy Services (Shenzhen) Co., Limited whereby the latter would provide consultancy services relating to macroeconomic information, market information and listed company development etc. to Guotai Junan (Hong Kong) Limited. Pursuant to the supplemental agreement, the proposed annual consultancy fee for the year ended 31 December 2017 and 2018 payable by Guotai Junan (Hong Kong) Limited would be no more than HK\$24 million and HK\$28 million respectively. The total consultancy fee paid to Guotai Junan Consultancy Services (Shenzhen) Co., Limited for the year ended 31 December 2017 was approximately HK\$22 million which is also set out in Note 41 to the financial statements on pages 237 to 242 of this annual report.

The continuing connected transactions undertaken by the Group are included in the transactions set out in note 41 to the financial statements.

# Report of the Board of Directors

The Independent Non-executive Directors of the Company have reviewed and confirmed that the continuing connected transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favorable to the Group than terms available to/from independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in interests of the shareholders of the Company as a whole.

In accordance with paragraph 14A.56 of the Listing Rules, the Directors engaged the auditor of the Company to report on the above mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("HKSAE 3000") and with reference to Practice Note 740 "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("PN740") issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has reported to the Directors in accordance with HKSAE 3000 and with reference to PN740 that the transactions:

- (i) have been approved by the Board of the Company;
- (ii) are in accordance with the pricing policies of the Company;
- (iii) have been entered into in accordance with the relevant agreements governing such transactions; and
- (iv) have not exceeded the relevant CAPs disclosed in the announcements dated 6 April 2016.

## Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 21 August 2017, the Company (as guarantor) and its wholly owned subsidiary, Guotai Junan (Hong Kong) Limited (as borrower), entered into a facility agreement (the "Facility Agreement B") with a group of financial institutions (as lenders) in respect of a HK\$/US\$ dual currency revolving loan facility in an aggregate amount equal to HK\$8,000 million for a term of 3 years. Under the Facility Agreement B, it will be an event of default if Guotai Junan Securities Co., Ltd., the controlling shareholder of the Company, is not, or ceases (directly or indirectly) to be the single largest legal and beneficial holder of shares in the Company or does not, or cease to, control the Company. In case of an event of default, the Lenders may, by notice to borrower: (i) cancel all or part of the Loan; and/or (ii) declare all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement B be immediately due and payable; and/or (iii) declare that all or part of the Loan become payable on demand.

## Directors' Interest in Competing Businesses

As at 31 December 2017, none of the Board members of the Company and their associates had any interests in an entity whose business competes or is likely to compete, either directly or indirectly, with the Company's business.

## Permitted Indemnity

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

## 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 number of issued shares was held by the public throughout the year ended 31 December 2017 and up to the date of this report.

## Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 86 to 99 of this report.

## Compliance with Relevant Laws and Regulations

During the year under review, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

## Environmental, Social and Corporate Responsibility

The Company is committed to improve the standard of corporate governance to its daily operation and management. The management has been putting effort in maintaining the Company's sense of responsibility towards the community and environment, to improving general awareness of social and environmental responsibilities among employees and to encouraging its employees to actively participate in environmental and social activities as contributions towards the building of a more socially responsible and environmental friendly society. The Environmental, Social and Governance Report will be available at the Company's website ([www.gtjai.com](http://www.gtjai.com)) and the Stock Exchange's website in or around Mid-May 2018.

## Auditors

The financial statements have been audited by Ernst & Young who will retire and being eligible and offer themselves for re-appointment at the forthcoming annual general meeting of the Company to be held on 24 May 2018.

# Report of the Board of Directors

## Ratings

In 2017, the international credit rating agencies Moody's and Standard & Poor's raised the Company's credit ratings. In February 2017, Moody's Investors Service raised the Group's individual rating to "Ba1", maintained the long-term and short-term (local/foreign currency) issuer rating at Baa2/P-2, and changed the long-term issuer rating outlook from "negative" to "stable". In June, the S&P Global Ratings raised the Group's long-term issuer rating to "BBB+" with "stable" outlook. As of the end of this year, the Group's international credit ratings had been upgraded to the highest level among its Mainland China industrial competitors in Hong Kong.

By order of the Board

**Dr. Yim Fung, JP**

*Chairman*

Hong Kong, 16 March 2018

# Corporate Information

## Board of Directors

### Executive Directors

Dr. YIM Fung (*Chairman*)

Mr. WONG Tung Ching

Ms. QI Haiying

Mr. LI Guangjie

### Non-executive Directors

Mr. XIE Lebin

Mr. LIU Yiyong

### Independent Non-executive Directors

Dr. FU Tingmei

Dr. SONG Ming

Mr. TSANG Yiu Keung

### Members of the Audit Committee

Mr. TSANG Yiu Keung (*Chairman*)

Dr. FU Tingmei

Dr. SONG Ming

### Members of Remuneration Committee

Dr. FU Tingmei (*Chairman*)

Dr. SONG Ming

Mr. TSANG Yiu Keung

Mr. XIE Lebin

### Members of Nomination Committee

Dr. SONG Ming (*Chairman*)

Dr. YIM Fung

Mr. TSANG Yiu Keung

### Members of Risk Committee

Dr. YIM Fung (*Chairman*)

Ms. QI Haiying

Mr. LIU Yiyong

Dr. FU Tingmei

Dr. SONG Ming

Mr. TSANG Yiu Keung

## Company Secretary

Ms. FENG Zheng Yao Helen

## Registered Office

27/F, Low Block

Grand Millennium Plaza

No. 181 Queen's Road Central

Hong Kong

## Auditors

Ernst & Young

Certified Public Accountants

## Solicitors

Li & Partners, Solicitors

## Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

No. 183 Queen's Road East

Wanchai, Hong Kong

## Principal Bankers

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

## Stock Code

The Stock Exchange of Hong Kong 01788

Bloomberg 1788 HK

Reuters 1788.HK

Ticker Symbol for ADR Code GTIJY

ISIN HK0000065869

SEDOL B3W1335 HK

## Company's Website

[www.gtjai.com](http://www.gtjai.com)

## Investor Relations Contact

[enquiry@gtjas.com.hk](mailto:enquiry@gtjas.com.hk)

# Financial Statements

財務報告



# Independent Auditor's Report

## 獨立核數師報告



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Central, Hong Kong

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TO THE MEMBERS OF  
GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED  
(Incorporated in Hong Kong with limited liability)

致國泰君安國際控股有限公司成員：

(於香港註冊成立的有限公司)

### Opinion

We have audited the consolidated financial statements of Guotai Junan International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 272, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other 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 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.

### 意見

我們已審計列載於第129至272頁的國泰君安國際控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表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損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一七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》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》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《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

## 獨立核數師報告

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下來進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 關鍵審計事項在審計中是如何應對的
<i>Impairment assessment on loan and advances to customers</i> 給予客戶的貸款及墊款的減值評估	
<p>The Group has early adopted HKFRS 9 on 1 January 2017, ahead of its mandatory effective date of 1 January 2018. 貴集團已於二零一七年一月一日提早採納香港財務報告準則第9號，先於強制生效日期(二零一八年一月一日)。</p> <p>The key changes arising from the adoption of HKFRS 9 are that the Group's credit losses are now estimated based on an expected loss model rather than an incurred loss model. 採納香港財務報告準則第9號的關鍵變動為，貴集團的信用損失現時依據預期損失模型估計，而非已產生損失模型。</p>	<p>We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's impairment provisioning policy in accordance with the requirements of HKFRS 9, including an evaluation of management judgement on i) the level of disaggregation of portfolios for impairment assessment; ii) the use of reasonable and supportable credit risk information that is available without undue cost or effort; and iii) the staging criteria for determining if a significant increase in credit risk has occurred. 我們已了解貴集團的信貸風險管理及慣例，並根據香港財務報告準則第9號的規定評估貴集團的減值撥備政策，包括評估以下方面的管理層判斷：i) 用於兼職評估的投資組合的分列水平；ii) 於不造成不必要成本或負擔的前提下使用合理及支持性信貸風險資料；及iii) 釐定信貸風險是否大幅增加的階段劃分標準。</p>

# Independent Auditor's Report

## 獨立核數師報告

### Key audit matters (continued)

### 關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 關鍵審計事項在審計中是如何應對的
<i>Impairment assessment on loan and advances to customers (continued)</i> 給予客戶的貸款及墊款的減值評估(續)	
<p>In respect of impairment allowance on loans and advances, the difference between the previously reported carrying amounts and the new carrying amounts of impairment allowance as of 31 December 2016 and 1 January 2017 was HK\$197 million (net of deferred tax) and has been recognised in the opening retained profits.</p> <p>就貸款及墊款的減值撥備而言，二零一六年十二月三十一日及二零一七年一月一日的減值撥備的先前呈報賬面值與新賬面值之間的差額為197百萬港元(扣除遞延稅項)並已於年初保留溢利確認。</p> <p>As at 31 December 2017, gross loan and advances to customers and its related impairment allowance amounted to HK\$15,988 million and HK\$405 million respectively. Impairment allowance for credit exposures at stage 3 amounted to HK\$397 million.</p> <p>於二零一七年十二月三十一日，給予客戶的貸款及墊款總額及相關減值撥備分別為15,988百萬港元及405百萬港元。第3階段信貸風險減值撥備為397百萬港元。</p> <p>The assessment of impairment for loans and advances to customers involves significant management judgements and estimates on the amount of expected credit loss at the reporting date.</p> <p>給予客戶的貸款及墊款的減值評估涉及管理層對報告日期已產生的虧損金額作出重大判斷及估計。</p>	<p>For assessment of impairment allowance as of 1 January 2017 and 31 December 2017:</p> <p>就二零一七年一月一日及二零一七年十二月三十一日的減值撥備評估而言：</p> <ul style="list-style-type: none"> <li>• We tested the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into the 3 stages. Our testing included the checking to loan overdue information, loan-to-value percentage or other related information, and considering the stage classification determined by the Group;</li> <li>• 我們已測試 貴集團釐定信貸風險大幅增加及將敞口劃分為第3階段的基準的適當性。我們的測試包括核對貸款逾期資料、貸款與價值百分比或其他相關資料，以及考慮 貴集團釐定的階段分類；</li> <li>• For loans and advances to customers classified at stage 1, we evaluated the Group's estimation methodology of expected credit losses, and checked the parameters to external data sources where available, including the price volatility of selected underlying collateral used in multiple scenario analysis;</li> <li>• 就分類為第1階段的給予客戶的貸款及墊款而言，我們已評估 貴集團的預期信用損失估計方法，並將相關參數與可得的外部數據來源進行核對，包括多重情境分析所使用的選定相關抵押品的價格波幅；</li> </ul>

# Independent Auditor's Report

## 獨立核數師報告

### Key audit matters (continued)

### 關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 關鍵審計事項在審計中是如何應對的
<p><i>Impairment assessment on loan and advances to customers (continued)</i> 給予客戶的貸款及墊款的減值評估(續)</p>	
<p>At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. 於報告日期，貴集團比較報告日期與初始確認日期的預計年內違約風險，以此評估敞口的信貸風險是否自初始確認以來已大幅增加。為此目的，貴集團於不造成不必要成本或負擔的前提下，考慮相關並可得的合理及支持性資料，括定量及定性資料，以及前瞻性分析。</p>	<ul style="list-style-type: none"> <li>• For loans and advances to customers classified at stage 3, in assessing the impairment allowance made by the Group, we checked the valuation of the collateral and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment.</li> <li>• 就分類為第3階段的給予客戶的貸款及墊款而言，於評估貴集團作出的減值撥備時，我們已核對抵押品的估值及現金流量的其他來源，並得出預期現金缺額的合理範圍，以與貴集團的評估進行比較。</li> </ul> <p>We also evaluated the Group's disclosures in relation to credit risk and transitional arrangement of HKFRS 9 in Note 2.2(a), Note 16 and Note 42 to the consolidated financial statements. 我們亦已評估綜合財務報表附註2.2(a)、附註16及附註42所載貴集團有關信貸風險及香港財務報告準則第9號的過度安排的披露資料。</p>
<p><i>Valuation of financial instruments</i> 金融工具的估值</p>	
<p>The Group has applied valuation techniques to determine the fair value of financial instruments that are not quoted in active markets. These valuation techniques, in particular those that include significant unobservable inputs, involve significant management judgements and assumptions. 貴集團運用估值方法釐定並無活躍市場報價的金融工具的公平值。該等估值方法(尤其是包含重大無法觀察參數者)涉及重大管理層判斷及假設。</p> <p>As at 31 December 2017, the Group's financial assets and liabilities measured at fair value and categorised within Level 3 amounted to HK\$1,619 million and HK\$2,211 million respectively, representing 4% and 11% of the Group's financial assets and liabilities measured at fair value. 於二零一七年十二月三十一日，貴集團按公平值計量並分類為第3級的金融資產及負債分別達1,619百萬港元及2,211百萬港元，分別佔貴集團按公平值計量金融資產及負債的4%及11%。</p>	<p>We obtained an understanding of the Group's policy on the valuation of financial instruments, including independent price verification, independent model validation and approval. 我們已了解貴集團有關金融工具估值的政策，包括獨立價格核實、獨立模型驗證及審批。</p> <p>We focused on the valuation methodologies and assumptions of financial instruments that were classified as Level 3 in the fair value hierarchy. We involved our valuation specialists in evaluating the valuation techniques, inputs and assumptions through comparison with the valuation techniques that are commonly used in the market, the validation of observable inputs using external market data, and comparison with valuation outcomes obtained from a number of pricing sources. 我們主要關注分類為第3級公平值等級的金融工具的估值方法及假設。我們委派估值專家，透過對比市場常用的估值方法、利用外部市場數據驗證可觀察參數及對比從多個定價來源獲得的估值結果，評估估值方法、參數及假設。</p> <p>We have also assessed the adequacy of the Group's disclosure on the fair value hierarchy and related disclosures in Note 42 to the consolidated financial statements. 我們亦已評估貴集團有關公平值等級的披露及綜合財務報表附註42的相關披露是否充分。</p>

# Independent Auditor's Report

## 獨立核數師報告

### Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

### Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### 刊載於年度報告內其他信息

董事需對其他信息負責。其他信息包括刊載於年度報告內的信息，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所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，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

### 董事就綜合財務報表須承擔的責任

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

在擬備綜合財務報表時，貴公司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，除非貴公司董事有意將貴公司清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

# Independent Auditor's Report

## 獨立核數師報告

### 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們遵照香港《公司條例》第405條僅對全體成員作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

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

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計於有關情況下適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價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

## 獨立核數師報告

### 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。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

# Independent Auditor's Report

## 獨立核數師報告

### Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Tso Miu Yue, Agnes.

*Certified Public Accountants*  
Hong Kong  
16 March 2018

### 核數師就審計綜合財務報表承擔的責任(續)

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

出具本獨立核數師報告的審計項目合夥人是曹妙如。

執業會計師  
香港  
二零一八年三月十六日

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## 綜合損益及其他全面收益表

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 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
Revenue	收益	5	3,132,393	2,519,187
Other income	其他收入		2,399	2,608
Revenue and other income	收益及其他收入		3,134,792	2,521,795
Staff costs	員工成本	6	(676,031)	(526,657)
Commission to account executives	客戶主任佣金		(61,947)	(55,117)
Depreciation	折舊		(38,736)	(34,695)
Other operating expenses	其他經營開支		(405,196)	(379,923)
Operating profit	經營溢利		1,952,882	1,525,403
Finance costs	融資成本	7	(393,770)	(336,796)
Profit before tax	除稅前溢利	8	1,559,112	1,188,607
Income tax expense	所得稅開支	9	(223,073)	(162,520)
<b>Profit for the year</b>	<b>年內溢利</b>		<b>1,336,039</b>	<b>1,026,087</b>
Other comprehensive income for the year, net of tax	年內其他全面收益，扣除稅項			
– Exchange difference on translation of foreign exchange	– 外匯匯兌差額		(1,548)	724
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>		<b>1,334,491</b>	<b>1,026,811</b>
<b>Profit for the year attributable to:</b>	<b>應佔年內溢利：</b>			
Owners of the parent:	母公司擁有人		1,333,336	1,025,879
– Holders of ordinary shares	– 普通股持有人		1,228,174	969,139
– Holders of other equity instrument	– 其他權益工具持有人		105,162	56,740
Non-controlling interests	非控股權益		2,703	208
			1,336,039	1,026,087
<b>Total comprehensive income for the year attributable to:</b>	<b>應佔年內全面收益總額：</b>			
Owners of the parent	母公司擁有人		1,331,788	1,026,603
– Holders of ordinary shares	– 普通股持有人		1,226,626	969,863
– Holders of other equity instrument	– 其他權益工具持有人		105,162	56,740
Non-controlling interests	非控股權益		2,703	208
			1,334,491	1,026,811
<b>Earnings per share attributable to ordinary equity holders of the parent</b>	<b>母公司普通股股東應佔每股盈利</b>			
– Basic (in HK cents)	– 基本(以港仙計)	11(a)	17.7	14.1
– Diluted (in HK cents)	– 攤薄(以港仙計)	11(b)	17.6	13.9

# 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 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	12	480,006	493,559
Intangible assets	無形資產	13	2,823	2,823
Deferred tax assets	遞延稅項資產	15	50,745	3,162
Other assets	其他資產	14	13,174	10,168
Loans and advances to customers	給予客戶的貸款及墊款	16	29,918	251,478
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	20	–	51,701
<b>Total non-current assets</b>	<b>非流動資產總額</b>		<b>576,666</b>	<b>812,891</b>
<b>Current assets</b>	<b>流動資產</b>			
Loans and advances to customers	給予客戶的貸款及墊款	16	15,553,655	14,286,666
Receivable from reverse repurchase agreements	反向回購協議應收款項	22	1,513,177	480,782
Accounts receivable	應收款項	18	4,347,402	1,495,924
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	19	120,252	151,470
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	20	37,170,762	13,261,624
Derivative financial instruments	衍生金融工具	21	110,461	122,001
Tax recoverable	可收回稅項		7,495	24,072
Client trust bank balances	客戶信託銀行結餘	23	12,348,012	12,400,917
Cash and cash equivalents	現金及現金等價物	23	2,212,502	1,964,398
<b>Total current assets</b>	<b>流動資產總額</b>		<b>73,383,718</b>	<b>44,187,854</b>

# 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 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
<b>Current liabilities</b>	<b>流動負債</b>			
Accounts payable	應付款項	24	(16,952,250)	(14,871,038)
Other payables and accrued liabilities	其他應付款項及應計負債	25	(473,094)	(271,681)
Derivative financial instruments	衍生金融工具	21	(27,722)	(130,083)
Bank borrowings	銀行借款	26	(13,781,721)	(6,811,433)
Debt securities in issue	已發行債務證券	27	(16,363,891)	(5,823,241)
– At amortised cost	– 按攤銷成本		(5,885,015)	(175,710)
– Designated as at fair value through profit or loss	– 指定按公平值計入損益		(10,478,876)	(5,647,531)
Financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債	28	(9,008,776)	(3,485,520)
Obligations under repurchase agreements	回購協議債項	29	(6,244,957)	(930,958)
Tax payable	應付稅項		(94,899)	(9,695)
<b>Total current liabilities</b>	<b>流動負債總額</b>		<b>(62,947,310)</b>	<b>(32,333,649)</b>
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>10,436,408</b>	<b>11,854,205</b>
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>11,013,074</b>	<b>12,667,096</b>
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bank borrowings	銀行借款	26	–	(2,100,000)
Deferred tax liabilities	遞延稅項負債	15	(21,648)	(33,262)
			(21,648)	(2,133,262)
<b>Net assets</b>	<b>資產淨值</b>		<b>10,991,426</b>	<b>10,533,834</b>

# 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 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
<b>Equity</b>	<b>資產淨值</b>			
Share capital	股本	31	6,118,060	6,054,025
Other reserve	其他儲備	35	(1,236,460)	(1,236,460)
Currency translation reserve	貨幣換算儲備		(949)	599
Share-based compensation reserve	以股份為基礎的補償儲備		64,973	88,902
– Share option reserve	– 購股權儲備	32	40,769	48,266
– Share award reserve	– 股份獎勵儲備	33	24,204	40,636
Shares held under the share award scheme	股份獎勵計劃項下持有的股份	34	(181,281)	(214,323)
Retained profits	保留溢利		3,843,743	3,482,455
Equity attributable to holders of the ordinary shares	普通股持有人應佔權益		8,608,086	8,175,198
Equity attributable to holders of other equity instrument	其他權益工具持有人應佔權益	30	2,346,794	2,346,685
Equity attributable to owners of the parent	母公司擁有人應佔權益		10,954,880	10,521,883
Non-controlling interests	非控股權益		36,546	11,951
<b>Total equity</b>	<b>權益總額</b>		<b>10,991,426</b>	<b>10,533,834</b>

Dr. YIM Fung  
閻峰博士  
Director  
董事

Ms. QI Haiying  
祁海英女士  
Director  
董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

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 parent 母公司擁有人應佔權益										
		Share capital	Other reserve	Currency translation reserve	Share option reserve	Share award reserve	Shares held under the share award scheme	Retained profits	Other equity instrument	Total	Non-controlling interests	Total equity
		股本	其他儲備	貨幣換算儲備	購股權儲備	股份獎勵儲備	項下持有的股份獎勵計劃	保留溢利	其他權益工具	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2016	於二零一六年一月一日的結餘	6,004,362	(1,236,460)	(125)	44,469	50,948	(199,643)	2,960,013	-	7,623,564	11,693	7,635,257
Total comprehensive income for the year	年內全面收益總額	-	-	724	-	-	-	969,139	56,740	1,026,603	208	1,026,811
Capital contribution from minority interests	少數股東權益注資	-	-	-	-	-	-	-	-	-	1,550	1,550
Recognition of equity-settled share-based payments (Notes 32 and 33)	確認以權益計算以股份為基礎的付款(附註32及33)	-	-	-	14,885	81,272	-	-	-	96,157	-	96,157
Purchase of shares held under the share award scheme (Notes 33 and 34)	購買股份獎勵計劃項下持有的股份(附註33及34)	-	-	-	-	-	(68,971)	-	-	(68,971)	-	(68,971)
Vesting of shares for the share award scheme (Notes 33 and 34)	股份獎勵計劃歸屬股份(附註33及34)	-	-	-	-	(91,584)	54,291	34,983	-	(2,310)	-	(2,310)
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使購股權而發行的股份(附註32)	49,663	-	-	(11,088)	-	-	-	-	38,575	-	38,575
Issuance of perpetual securities	發行永續證券	-	-	-	-	-	-	-	2,329,235	2,329,235	-	2,329,235
Perpetual securities distribution	永續證券分派	-	-	-	-	-	-	-	(39,290)	(39,290)	-	(39,290)
Final dividend for 2015 (Note 10)	支付二零一五年末期股息(附註10)	-	-	-	-	-	-	(275,321)	-	(275,321)	-	(275,321)
Interim dividend for 2016 (Note 10)	支付二零一六年中期股息(附註10)	-	-	-	-	-	-	(206,359)	-	(206,359)	-	(206,359)
Interim dividend for 2016 paid to minority interests	支付少數股東權益的二零一六年中期股息	-	-	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	6,054,025	(1,236,460)	599	48,266	40,636	(214,323)	3,482,455	2,346,685	10,521,883	11,951	10,533,834

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

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 parent 母公司擁有人應佔權益										
		Share capital	Other reserve	Currency translation reserve	Share option reserve	Share award reserve	Shares held under the share award scheme	Retained profits	Other equity instrument	Total	Non-controlling interests	Total equity
		股本	其他儲備	貨幣換算儲備	購股權儲備	股份獎勵儲備	股份獎勵計劃項下持有的股份	保留溢利	其他權益工具	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2017	於二零一七年一月一日的結餘	6,054,025	(1,236,460)	599	48,266	40,636	(214,323)	3,482,455	2,346,685	10,521,883	11,951	10,533,834
HKFRS 9 adjustment on retained profits	根據香港財務報告準則第9號對保留溢利的調整	-	-	-	-	-	-	(220,273)	-	(220,273)	-	(220,273)
Total comprehensive income for the year	年內全面收益總額	-	-	(1,548)	-	-	-	1,228,174	105,162	1,331,788	2,703	1,334,491
Capital contribution from minority interests	少數股東權益注資	-	-	-	-	-	-	-	-	-	21,892	21,892
Recognition of equity-settled share-based payments (Notes 32 and 33)	確認為權益計算以股份為基礎的付款(附註32及33)	-	-	-	7,611	70,801	-	-	-	78,412	-	78,412
Purchase of shares held under the share award scheme (Notes 33 and 34)	購買股份獎勵計劃項下持有的股份(附註33及34)	-	-	-	-	-	(72,786)	-	-	(72,786)	-	(72,786)
Vesting of shares for the share award scheme (Notes 33 and 34)	股份獎勵計劃歸屬股份(附註33及34)	-	-	-	-	(87,233)	105,828	(23,430)	-	(4,835)	-	(4,835)
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使購股權而發行的股份(附註32)	64,035	-	-	(15,108)	-	-	-	-	48,927	-	48,927
Perpetual securities distribution	永續證券分派	-	-	-	-	-	-	-	(105,053)	(105,053)	-	(105,053)
Final dividend for 2016 (Note 10)	支付二零一六年末期股息(附註10)	-	-	-	-	-	-	(311,380)	-	(311,380)	-	(311,380)
Interim dividend for 2017 (Note 10)	支付二零一七年中期股息(附註10)	-	-	-	-	-	-	(311,803)	-	(311,803)	-	(311,803)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	6,118,060	(1,236,460)	(949)	40,769	24,204	(181,281)	3,843,743	2,346,794	10,954,880	36,546	10,991,426

# Consolidated Statement of Cash Flows

## 綜合現金流量表

Year ended 31 December 2017

截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Net cash flows used in operating activities	經營活動所用現金流量淨額	38	(14,495,045)	(6,733,478)
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>			
Purchases of property, plant and equipment	購買物業、廠房及設備	12	(25,135)	(16,090)
Net cash flows used in investing activities	投資活動所用現金流量淨額		(25,135)	(16,090)
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>			
Net proceeds from bank borrowings	銀行借款所得款項淨額		4,870,288	1,055,771
Proceeds from issuance of debt securities	發行債務證券所得款項		19,256,195	7,799,962
Repayment of debt securities	償還債務證券		(8,715,545)	(4,334,809)
Net proceeds from issuance of other equity instrument	發行其他權益工具所得款項淨額		-	2,329,235
Net proceeds from issuance of shares upon exercise of share options	因購股權行使而發行股份所得款項淨額	32	48,927	38,575
Distribution on other equity instrument	其他權益工具分派		(105,053)	(39,290)
Dividend paid to shareholders	支付股東股息		(628,018)	(485,947)
Dividend paid to minority interest shareholders	支付少數股東權益持有人股息		-	(1,500)
Capital contribution from minority interest shareholders	少數股東權益注資		21,892	1,550
Purchase of shares held under the share award scheme	購買股份獎勵計劃項下持有的股份	34	(72,786)	(68,971)
Net cash flows (used in)/from financing activities	融資活動(所用)/所得現金流量淨額		(14,675,900)	6,294,576
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>現金及現金等價物增加/(減少)淨額</b>		<b>155,720</b>	<b>(454,992)</b>
Cash and cash equivalents at beginning of year	年初現金及現金等價物		1,954,398	2,408,666
Effect of foreign exchange rate changes, net	匯率變動的影響淨額		(1,596)	724
Effect of impairment allowance on cash and cash equivalents, net	減值撥備對現金及現金等價物的影響淨額		(10)	-
<b>Cash and cash equivalents at end of year</b>	<b>年末現金及現金等價物</b>		<b>2,108,512</b>	<b>1,954,398</b>

# Consolidated Statement of Cash Flows

## 綜合現金流量表

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 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
<b>Analysis of balances of cash and cash equivalents</b>	<b>現金及現金等價物的結餘分析</b>			
Cash and bank balances	現金及銀行結餘	23	<b>2,108,512</b>	1,257,571
Non-pledged time deposits with original maturity of less than three months when acquired	回收時原到期日不足三個月之未抵押定期存款	23	-	696,827
Cash and cash equivalents as stated in the statement of cash flow	現金流量表所列之現金及現金等價物		<b>2,108,512</b>	1,954,398
Non-pledged time deposits with original maturity more than three months when acquired	回收時原到期日超過三個月之未抵押定期存款	23	<b>103,990</b>	10,000
Cash and cash equivalents as stated in the statement of financial position	財務狀況表所列之現金及現金等價值物		<b>2,212,502</b>	1,964,398

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 1. Corporate and group information

Guotai Junan International Holdings Limited (the "Company") was incorporated on 8 March 2010 in Hong Kong with limited liability under the Hong Kong Companies Ordinance and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2010. The registered office address of the Company is 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments.

The Company's immediate holding company and ultimate holding company are Guotai Junan Holdings Limited ("GJHL") incorporated in the British Virgin Islands and Guotai Junan Securities Company Limited ("Guotai Junan") incorporated in the People's Republic of China, respectively.

Particulars of the principal subsidiaries as at 31 December 2017 are as follows:

Company name 公司名稱	Place of incorporation and business 註冊成立及經營地點	Share capital 股本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guotai Junan (Hong Kong) Limited ("GJHK") 國泰君安(香港)有限公司 (「國泰君安香港」)	Samoa/Hong Kong 薩摩亞/香港	HK\$6,330,989,070	100%	-	Investment holding and provision of general administration and support services to its subsidiaries 投資控股及向其附屬公司提供一般管理及支援服務
Guotai Junan International (Singapore) Holdings Pte Limited	Singapore 新加坡	SG\$300,000 300,000 新加坡元	100%	-	Investment holding and provision of general administration and support services to its subsidiaries 投資控股及向其附屬公司提供一般管理及支援服務
Guotai Junan International Asset Management (Singapore) Pte Limited	Singapore 新加坡	SG\$1,000,000 1,000,000 新加坡元	-	100%	Asset management 資產管理
Guotai Junan International Securities (Singapore) Pte Limited	Singapore 新加坡	SG\$500,000 500,000 新加坡元	-	100%	Distribution of research reports 發行研究報告

### 1. 公司及集團資料

國泰君安國際控股有限公司(「本公司」)為於二零一零年三月八日根據香港公司條例在香港註冊成立的有限公司，本公司的股份於二零一零年七月八日在香港聯合交易所有限公司(「聯交所」)主板上市。本公司註冊辦事處的地址為香港皇后大道中181號新紀元廣場低座27樓。本公司為投資控股公司，其附屬公司主要從事經紀、企業融資、資產管理、貸款及融資、金融產品，做市業務及投資。

本公司的直接控股公司及最終控股公司分別為於英屬處女群島註冊成立的國泰君安控股有限公司(「國泰君安控股」)及於中華人民共和國註冊成立的國泰君安證券股份有限公司(「國泰君安」)。

於二零一七年十二月三十一日，主要附屬公司的詳情如下：

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 1. Corporate and group information (continued)

Particulars of the principal subsidiaries as at 31 December 2017 are as follows: (continued)

### 1. 公司及集團資料(續)

於二零一七年十二月三十一日，主要附屬公司的詳情如下：(續)

Company name 公司名稱	Place of incorporation and business 註冊成立及經營地點	Share capital 股本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guotai Junan Securities (Hong Kong) Limited 國泰君安證券(香港)有限公司	Hong Kong 香港	HK\$7,500,000,000 7,500,000,000 港元	-	100%	Securities dealing and broking and provision of wealth management services 證券買賣及經紀以及提供財富管理服務
Guotai Junan Futures (Hong Kong) Limited 國泰君安期貨(香港)有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000 港元	-	100%	Futures dealing and broking 期貨買賣及經紀
Guotai Junan Finance (Hong Kong) Limited 國泰君安財務(香港)有限公司	Hong Kong 香港	HK\$300,000,000 300,000,000 港元	-	100%	Money lending and trading in securities 借貸及證券買賣
Guotai Junan Capital Limited 國泰君安融資有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000 港元	-	100%	Provision of consultancy and financial services 提供諮詢及財務服務
Guotai Junan Assets (Asia) Limited 國泰君安資產管理(亞洲)有限公司	Hong Kong 香港	HK\$50,000,000 50,000,000 港元	-	100%	Asset management 資產管理
Guotai Junan Fund Management Limited <sup>1</sup> 國泰君安基金管理有限公司 <sup>1</sup>	Hong Kong 香港	HK\$10,000,000 10,000,000 港元	-	50%	Asset management and trading in securities 資產管理及證券買賣
Guotai Junan Financial Products Limited 國泰君安金融產品有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000 港元	-	100%	Trading in securities 證券買賣
Guotai Junan FX Limited 國泰君安外匯有限公司	Hong Kong 香港	HK\$30,000,000 30,000,000 港元	-	100%	Leveraged foreign exchange dealing and broking 槓桿式外匯交易及經紀

Note 1: The Group considers that it has the ability to govern the financial and operating policies of the entity as the Group has the power to appoint or remove the majority of the members of its board of directors.

附註1：由於本集團有權力委任或罷免董事會大多數成員，故本集團認為其有能力監管該實體的財務及營運政策。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 1. Corporate and group information *(continued)*

Particulars of the principal subsidiaries as at 31 December 2017 are as follows: *(continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

These financial statements were approved and authorised for issue by the Board of Directors on 16 March 2018.

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss, debt securities in issue designated as at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise stated.

##### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

### 1. 公司及集團資料(續)

於二零一七年十二月三十一日，主要附屬公司的詳情如下：(續)

上表載列董事認為對本年度業績產生主要影響或構成本集團資產淨值主要部分之本公司附屬公司。董事認為，列出其他附屬公司之資料會導致篇幅過於冗長。

該等財務報表已於二零一八年三月十六日獲董事會批准及授權刊發。

#### 2.1 編製基準

該等財務報表乃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」，其包括所有適用香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例編製。除按公平值計入損益的金融資產及金融負債、指定按公平值計入損益的已發行債務證券及衍生金融工具以公平值計量外，該等財務報表已根據歷史成本慣例編製。

除另有註明，否則該等財務報表乃以港元呈列且所有數值已四捨五入折算至最接近的千位數。

##### 綜合基準

綜合財務報表載有截至二零一七年十二月三十一日止年度的本公司及其附屬公司(下文統稱「本集團」)財務報表。附屬公司為本公司直接或間接控制的實體(包括結構性實體)。當本集團承受或享有參與被投資公司業務的可變回報以及能透過對被投資公司的權力(即本集團獲賦予現有能以主導被投資公司相關活動的既存權利)影響該等回報時，即取得控制權。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 2.1 Basis of preparation (continued)

#### Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### 2.1 編製基準(續)

#### 綜合基準(續)

倘本公司直接或間接擁有被投資公司不足構成大多數的投票權或類似權利，則本集團於評估其是否擁有對被投資公司的權力時會考慮一切相關事實及情況，包括：

- (a) 與被投資公司其他投票權持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃與本公司於相同申報期間採納一致的會計政策編製。附屬公司業績自本集團取得控制權當日起綜合入賬，並將一直綜合入賬直至該控制權終止當日。

損益及其他全面收益的各組成部分乃屬本集團母公司擁有人及非控股權益所有，即使此舉將導致非控股權益產生虧絀餘額。有關本集團成員公司間交易之全部集團內公司間資產及負債、權益、收入、開支及現金流量將於綜合入賬時悉數抵銷。

本集團將於有事實及情況顯示上述三個控制要素中的一個或多個出現變動時重估是否控制被投資公司。附屬公司之擁有權變動(並無失去控制權)將計入股權交易。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 2.2 Changes in accounting policies and disclosures

#### (a) Early adoption of HKFRS 9

The Group has elected to early adopt HKFRS 9, from 1 January 2017. As permitted by the transitional provisions of HKFRS 9, the Group has elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained profits of the current year.

The adoption of HKFRS 9 has resulted in changes in the accounting policies for classification and measurement of financial assets and financial liabilities and impairment of financial assets (refer to Note 2.4 Summary of significant accounting policies). The details of the significant accounting policies adopted for financial assets and liabilities for the year ended 31 December 2016 is presented in the Group's Annual Report 2016.

The Group has adopted HKFRS 7 Financial Instruments: Disclosures together with HKFRS 9. Changes include transition disclosures as shown in Note 2.2(a)(i), detailed qualitative and quantitative information about the expected credit loss ("ECL") calculations such as the assumptions and inputs used are set out in Note 2.4.

Set out below are disclosures relating to the impact of the adoption of HKFRS 9 on the Group.

- (i) Classification and measurement of financial instruments  
The measurement category and the carrying amount of financial assets and liabilities in accordance with HKAS 39 and HKFRS 9 at 1 January 2017 are compared as follows:

Financial assets/liabilities 金融資產／負債	Original measurement category under HKAS 39 香港會計準則第39號下的原計量類別	New measurement category under HKFRS 9 香港財務報告準則第9號下的新計量類別	Original carrying amount under HKAS 39 香港會計準則第39號下的原賬面值 HK\$'000 千港元	New carrying amount under HKFRS 9 香港財務報告準則第9號下的新賬面值 HK\$'000 千港元
Loans and advances to customers 給予客戶的貸款及墊款	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	14,538,144	14,301,798

### 2.2 會計政策變動及披露

#### (a) 提早採納香港財務報告準則第9號

本集團已選擇自二零一七年一月一日起提早採納香港財務報告準則第9號。據香港財務報告準則第9號之過渡條文所准許，本集團選擇不會重列比較數字。於過渡日期任何對金融資產及負債賬面值作出之調整已於本年度之年初保留溢利內確認。

採納香港財務報告準則第9號已導致有關金融資產及金融負債分類及計量以及金融資產減值的會計政策變動(請參考附註2.4主要會計政策概要)。於截至二零一六年十二月三十一日止年度就金融資產及負債所採納的主要會計政策詳情載於本集團二零一六年年報。

本集團已連同香港財務報告準則第9號一併採納香港財務報告準則第7號。有關變動包括附註2.2(a)(i)所示的過渡披露。有關預期信用損失(「預期信用損失」)計算的詳細定性和定量資料(如所用的假設和參數)載於附註2.4。

下文披露採納香港財務報告準則第9號對本集團的影響。

- (i) 金融工具的分類及計量  
於二零一七年一月一日根據香港會計準則第39號及香港財務報告準則第9號的金融資產及負債計量類別及賬面金額比較如下：

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 2.2 Changes in accounting policies and disclosures 2.2 會計政策變動及披露(續)

(continued)

(a) Early adoption of HKFRS9 (continued)

(i) (continued)

(a) 提早採納香港財務報告準則第9號(續)

(i) (續)

Financial assets/liabilities 金融資產/負債	Original measurement category under HKAS 39 香港會計準則第39號下的原計量類別	New measurement category under HKFRS 9 香港財務報告準則第9號下的新計量類別	Original carrying amount under HKAS 39 香港會計準則第39號下的原賬面值 HK\$'000 千港元	New carrying amount under HKFRS 9 香港財務報告準則第9號下的新賬面值 HK\$'000 千港元
Client trust bank balances 客戶信託銀行結餘	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	12,400,917	12,378,334
Financial assets at FVTPL 按公平值計入損益的 金融資產	FVTPL (Held for trading) 按公平值計入損益(持作買賣) FVTPL (Designated) 按公平值計入損益(指定)	FVTPL 按公平值計入損益 FVTPL 按公平值計入損益	5,366,188 7,947,137	5,366,188 7,947,137
Cash and cash equivalents 現金及現金等價物	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	1,964,398	1,964,301
Accounts receivable 應收款項	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	1,495,924	1,491,409
Receivable from reverse repurchase agreements 反向回購協議應收款項	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	480,782	480,782
Prepayments, deposits and other receivables 預付款項、按金及其他應收款項	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	151,470	151,360
Derivative financial instruments 衍生金融工具	FVTPL 按公平值計入損益	FVTPL 按公平值計入損益	122,001	122,001
Other assets 其他資產	Amortised cost (Loans and receivables) 攤銷成本(貸款及應收款項)	Amortised cost 攤銷成本	10,168	10,168
Financial liabilities at fair value through profit or loss 按公平值計入損益的 金融負債	FVTPL (Designated) 按公平值計入損益(指定) FVTPL (Held for trading) 按公平值計入損益(持作買賣)	FVTPL 按公平值計入損益 FVTPL 按公平值計入損益	2,349,358 1,136,162	2,349,358 1,136,162

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## 財務報表附註

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### 2.2 Changes in accounting policies and disclosures (continued)

#### (a) Early adoption of HKFRS9 (continued)

- (ii) Reconciliation of statement of financial position balances from HKAS 39 to HKFRS 9

For financial assets subject to ECL impairment, the carrying amounts in accordance with HKAS 39 has been remeasured upon transition to HKFRS 9 on 1 January 2017. The reconciliation of carrying amount in accordance with HKAS 39 and HKFRS 9 is as follows:

	HKAS 39 carrying amount as at 31 December 2016  按照香港會計 準則第39號計算 的於二零一六年 十二月三十一日 的賬面值 HK\$'000 千港元	Remeasurement (ECL allowance)  重新計量 (預期信用 損失撥備) HK\$'000 千港元	HKFRS 9 carrying amount as at 1 January 2017  按照香港財務 報告準則 第9號計算的 於二零一七年 一月一日的 賬面值 HK\$'000 千港元
Loans and advances to customers	14,538,144	(236,346)	14,301,798
Accounts receivable	1,495,924	(4,515)	1,491,409
Prepayments, deposits and other receivables	151,470	(110)	151,360
Client trust bank balances	12,400,917	(22,583)	12,378,334
Cash and cash equivalents	1,964,398	(97)	1,964,301

Deferred tax assets arose from ECL allowance on the financial assets amounted to HK\$43,527,000 as at 1 January 2017.

於二零一七年一月一日，有關金融資產的預期信用損失撥備所產生的遞延稅項資產為43,527,000港元。

#### (a) 提早採納香港財務報告準則第9號(續)

- (ii) 由香港會計準則第39號過渡至香港財務報告準則第9號的財務狀況表對賬

就面對預期信用損失減值的金融資產而言，按照香港會計準則第39號計算的賬面值已於二零一七年一月一日過渡至香港財務報告準則第9號後至重新計量。根據香港會計準則第39號及香港財務報告準則第9號計算的賬面值對賬如下：

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 2.2 Changes in accounting policies and disclosures

(continued)

#### (a) Early adoption of HKFRS9 (continued)

- (iii) Reconciliation of impairment allowance balance from HKAS 39 to HKFRS 9

The following table reconciles the prior year's closing impairment allowance measured in accordance with the HKAS 39 incurred loss model to the new impairment allowance measured in accordance with the HKFRS 9 expected loss model at 1 January 2017:

		Impairment allowance under HKAS 39 按照香港會計準則第39號 計算的減值撥備 HK\$'000 千港元	Remeasurement 重新計量 HK\$'000 千港元	Impairment allowance under HKFRS 9 按照香港財務報告準則第9號 計算的減值撥備 HK\$'000 千港元
Loans and advances to customers	給予客戶的貸款及墊款	93,828	236,346	330,174
Accounts receivable	應收款項	16,960	4,515	21,475
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	-	110	110
Client trust bank balances	客戶信託銀行結餘	-	22,583	22,583
Cash and cash equivalents	現金及現金等價物	-	97	97
Loan commitments	貸款承擔	-	149	149
<b>Total</b>	<b>總計</b>	<b>110,788</b>	<b>263,800</b>	<b>374,588</b>

The adjustment on the opening retained profits as at 1 January 2017 amounted to HK\$220,273,000, net of deferred tax of HK\$43,527,000.

對於二零一七年一月一日期初保留溢利作出扣除遞延稅項43,527,000港元的調整為220,273,000港元。

### 2.2 會計政策變動及披露(續)

#### (a) 提早採納香港財務報告準則第9號(續)

- (iii) 由香港會計準則第39號過渡至香港財務報告準則第9號的減值撥備對賬

下表載列過往年度按照香港會計準則第39號的已產生虧損模式計量的期末減值撥備，與於二零一七年一月一日按照香港財務報告準則第9號的預期虧損模式計量的新減值撥備的對賬：

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 2.2 Changes in accounting policies and disclosures

(continued)

- (b) The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 38(b) to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The nature and the impact of each amendment are described below:

- (i) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 38(b) to the financial statements.

### 2.2 會計政策變動及披露(續)

- (b) 本集團亦已就本年度財務資料首次採納以下經修訂香港財務報告準則：

香港會計準則第7號(修訂本)	<i>披露計劃</i>
香港會計準則第12號(修訂本)	<i>就未確認虧損確認遞延稅項資產</i>
香港財務報告準則第12號(修訂本)	<i>其他實體權益披露：香港財務報告準則第12的澄清及適用範圍</i>

上述香港財務報告準則的修訂對該等財務報表並無重大財務影響。財務報表附註38(b)作出於採納香港會計準則第7號(修訂本)後的披露，該修訂本要求實體提供披露以令財務報表使用者得以評估融資活動產生的負債變動，包括現金流量產生的變動及非現金變動。

各修訂本的性質及影響說明如下：

- (i) 香港會計準則第7號(修訂本)要求實體提供披露以令財務報表使用者得以評估融資活動產生的負債變動，包括現金流量產生的變動及非現金變動。融資活動產生的負債變動的披露資料載於財務報表附註38(b)。

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## 財務報表附註

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### 2.2 Changes in accounting policies and disclosures

(continued)

(b) (continued)

(ii) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(iii) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as there was no subsidiary classified as a disposal group held for sale as at 31 December 2017 and so no additional information is required to be disclosed.

### 2.2 會計政策變動及披露(續)

(b) (續)

(ii) 香港會計準則第12號(修訂本)清楚說明實體於評估是否有應課稅溢利可用作抵扣可扣減暫時差異時，需要考慮稅務法例是否對於可扣減暫時差異轉回時可用作抵扣的應課稅溢利的來源有所限制。此外，該等修訂就實體應如何釐定未來應課稅溢利提供指引，並解釋應課稅溢利可包括收回超過賬面值的部分資產的情況。由於本集團並無任何可扣減暫時差額或該等修訂範圍內的資產，故應用該等修訂對本集團的財務狀況及表現並無任何影響。

(iii) 香港財務報告準則第12號(修訂本)釐清香港財務報告準則第12號之披露規定(香港財務報告準則第12號第B10至B16段之披露規定除外)適用於實體於附屬公司、合營企業或聯營公司的權益，或其於分類為持作出售或列於分類為持作出售的出售組別的合營公司或聯營公司的權益。由於本集團於二零一七年十二月三十一日並無分類為持作出售的出售組別的附屬公司，因此，該等修訂對本集團的財務報表並無影響，故無須披露更多資料。

# Notes to Financial Statements

## 財務報表附註

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> <sup>1</sup>
HKFRS 16	<i>Leases</i> <sup>2</sup>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>1</sup>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> <sup>2</sup>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

### 2.3 已頒佈但尚未生效的香港財務報告準則

本集團尚未於該等財務報表中採用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第2號(修訂本)	以股份為基礎付款的交易的分類及計量 <sup>1</sup>
香港財務報告準則第10號及香港會計準則第28號(二零一一年)修訂本	投資者與其聯營公司或合營企業之間之資產出售或出資 <sup>3</sup>
香港財務報告準則第15號	客戶合約收益 <sup>1</sup>
香港財務報告準則第15號(修訂本)	香港財務報告準則第15號客戶合約收益的澄清 <sup>1</sup>
香港財務報告準則第16號	租賃 <sup>2</sup>
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 <sup>1</sup>
香港(國際財務報告詮釋委員會)-詮釋第23號	所得稅處理之不確定性因素 <sup>2</sup>
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1號及香港會計準則第28號的修訂 <sup>1</sup>

<sup>1</sup> 於二零一八年一月一日或之後開始的年度期間生效

<sup>2</sup> 於二零一九年一月一日或之後開始的年度期間生效

<sup>3</sup> 尚未釐定強制生效日期，惟可供採納

預期將適用於本集團之有關香港財務報告準則之進一步資料如下。採納後的實際影響可能有別於下文所述者，視乎應用該等準則時，本集團可獲得的其他合理資料佐證。

# Notes to Financial Statements

## 財務報表附註

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

香港會計師公會於二零一六年八月頒佈之香港財務報告準則第2號修訂本闡述三大範疇：歸屬條件對計量以現金結算以股份為基礎之付款交易之影響；為僱員履行與以股份為基礎付款相關之稅務責任而預扣若干金額以股份為基礎之付款交易(附有股份淨額結算特質)之分類；以及修改以股份為基礎之付款交易之條款及條件令其分類由現金結算改為權益結算時之會計處理方法。該等修訂本釐清計量以權益結算以股份為基礎付款時歸屬條件之入賬方法亦適用於以現金結算以股份為基礎之付款。該等修訂本引入一個例外情況，致使當符合若干條件時，為僱員履行稅務責任而預扣若干金額以股份為基礎之付款交易(附有股份淨額結算特質)，將整項分類為以權益結算以股份為基礎之付款交易。再者，該等修訂本釐清，倘以現金結算以股份為基礎之付款交易之條款及條件有所修改，令其成為以權益結算以股份為基礎之付款交易，則該交易自修改日期起作為以權益結算之交易入賬。於採納後，實體須應用該等修訂本而無須重列過往期間，惟倘若實體選擇採納所有三項修訂本且達成其他條件，則允許追溯應用。本集團將自二零一八年一月一日起採納該等修訂本。該等修訂本預期不會對本集團的財務報表產生任何重大影響。

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

香港財務報告準則第10號及香港會計準則第28號(二零一一年)修訂本解決香港財務報告準則第10號及香港會計準則第28號(二零一一年)有關處理投資者與其聯營公司或合營企業進行資產出售或注資之規定時的不一致問題。該等修訂本規定當投資者與其聯營公司或合營企業進行之資產出售或注資構成一項業務時，需全數確認收益或虧損。就涉及不構成一項業務之資產交易而言，交易產生之收益或虧損於投資者之損益確認，並僅以無關聯投資者於該聯營公司或合營企業之權益為限。該等修訂本將提前應用。香港會計師公會已於二零一六年一月廢除香港財務報告準則第10號及香港會計準則第28號(二零一一年)修訂本之前的強制生效日期，而新強制生效日期將於完成對聯營公司及合營企業會計處理作更廣泛檢討後釐定。然而，該等修訂本現時可供應用。

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## 財務報表附註

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 from 1 January 2018 and plans to adopt the modified retrospective approach. The Group has performed a detailed assessment on the impact of the adoption of HKFRS 15 and expects that the standard will not have significant impact, when applied, on the financial statements of the Group.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

於二零一七年四月頒佈的香港財務報告準則第15號建立一個新的五步模式，用於自客戶合約產生的收益。根據香港財務報告準則第15號，收益按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時收益確認的規定。於從首次採納該準則時，須全面追溯應用或經修訂追溯採納。二零一六年六月，香港會計師公會頒佈對香港財務報告準則第15號的修訂，以處理識別履約責任、主事人與代理人之應用指引及知識產權許可以及過渡之實施問題。該等修訂本亦擬協助確保實體於採納香港財務報告準則第15號時能更一致地應用及降低應用有關準則之成本及複雜程度。本集團將自二零一八年一月一日起採納香港財務報告準則第15號並計劃採納經修訂追溯法。本集團已詳細評估採納香港財務報告準則第15號的影響，並預期應用該準則將不會對本集團財務報表產生重大影響。

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

HKFRS 16, issued in May 2016 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 36 to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK\$3,397,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limit to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

於二零一六年五月頒佈的香港財務報告準則第16號取代香港會計準則第17號「租賃」、香港(國際財務報告詮釋委員會)一詮釋第4號「釐定安排是否包括租賃」、香港(準則詮釋委員會)一詮釋第15號「經營租賃 – 優惠」及香港(準則詮釋委員會)一詮釋第27號「評估涉及租賃法律形式交易之內容」。該準則載列確認、計量、呈列及披露租賃之原則，並要求承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免 – 低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期內支付租賃款項之負債(即租賃負債)及代表相關資產使用權之資產(即使用權資產)。除非使用權資產符合香港會計準則第40號內投資物業之定義，或與者重估模型適用的一類物業、廠房及設備有關，否則使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會就反映租賃負債利息而增加及因支付租賃款項而減少。承租人將須分別確認租賃負債之利息開支及使用權資產之折舊開支。承租人亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定未來租賃款項之一項指數或比率變更而引致該等款項變更。承租人普遍將重新計量租賃負債之金額確認為對使用權資產之調整。香港財務報告準則第16號下之出租人會計法與香港會計準則第17號下之會計法相比並無重大變動。出租人將繼續利用香港會計準則第17號內之同一分類原則將所有租賃分類，並會區分經營租賃及融資租賃。香港財務報告準則第16號要求承租人及出租人作出較香港會計準則第17號所規定者更為全面的披露。承租人可選擇運用全面追溯或經修訂追溯法應用該準則。本集團預期將自二零一九年一月一日起採納香港財務報告準則第16號。本集團目前正評估採納香港財務報告準則第16號的影響，並正在考慮是否利用實際可行的權宜之計以及採納何種過度方法及過渡期。誠如財務報表附註36所披露，於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃的未來應付的最低租賃款項總額約為3,397,000港元。於採納香港財務報告準則第16號後，計入當中的若干筆金額可能須確認為新的使用權資產及租賃負債。然而，需要進行一部分分析以釐定將確認的新使用權資產及租賃負債的金額，包括但不限於與租賃低價值資產及短期租賃相關的任何金額、所選擇的其他實際可行權宜之計及寬免，以及採納日期之前訂立的新租約。

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is that date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The Group is currently assessing the impact of HK(IFRIC)-Int 23 upon adoption.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

香港(國際財務報告詮釋委員會)－詮釋第22號於二零一七年六月頒佈，在應用香港會計準則第21號時為在實體以外幣收取或支付預付代價及確認非貨幣性資產或負債的情況下如何釐定交易日期提供指引。該詮釋澄清，就釐定於初步確認有關資產、開支或收入(或其中部分)所用的匯率時，交易日期為實體初步確認因支付或收取預付代價而產生的非貨幣性資產(如付款)或非貨幣性負債(如遞延收入)之日。倘確認有關項目前存在多筆預付款或預收款，實體應就每筆付款或預收代價釐定交易日期。實體可全面追溯或按預期基準應用該等詮釋，時間為實體首次應用詮釋之報告期初或於實體首次應用該詮釋之報告期列作財務報表內之比較資料之先前報告期初。本集團預期自二零一八年一月一日起按預期基準採納該等修訂。該詮釋預期將不會對本集團之財務報表造成任何重大影響。

香港(國際財務報告詮釋委員會)－詮釋第23號於二零一七年七月頒佈，處理倘稅項處理涉及影響香港會計準則第12號的應用的不確定性(通常指「不確定的稅務狀況」)時的所得稅會計處理方法。該詮釋不適用於香港會計準則第12號範圍外的稅項或徵稅，及尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。詮釋具體處理(i)實體是否考慮不確定稅項進行單獨處理；(ii)實體對稅務機關的稅項處理檢查所作的假設；(iii)實體如何釐定應課稅利潤(或稅項虧損)、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv)實體如何考慮事實及情況變動。該詮釋可毋須採用事後確認全面追溯應用或未經重述比較資料，基於應用之累計效應追溯應用，作為對初次應用日期初期權益之調整。本集團預期自二零一九年一月一日起採納該詮釋。本集團現正評估採納香港(國際財務報告詮釋委員會)－詮釋第23號的影響。

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### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

*Annual Improvements to HKFRSs 2014–2016 Cycle*, issued in March 2017, sets out amendments to HKFRS 1, HKFRS 12 and HKAS 28. Except for amendments to HKFRS 12 which have been adopted by the Group for the current year's financial statements, the Group expects to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments to HKFRS 1 and HKAS 28 are as follows:

- HKFRS 1 *First time Adoption of Hong Kong Financial Reporting Standards*: Deletes the short-term exemptions for first-time adopters because the reliefs provided in the exemption are no longer applicable.
- HKAS 28 *Investments in Associates and Joint Ventures*: Clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.

### 2.3 已頒佈但尚未生效的香港財務報告準則(續)

「香港財務報告準則二零一四年至二零一六年週期之年度改進」於二零一七年三月頒佈，載列香港財務報告準則第1號、香港財務報告準則第12號及香港會計準則第28號的修訂。除本集團於本年度財務報表中採納香港財務報告準則第12號(修訂本)以外，本集團預期將自二零一八年一月一日起採納該等修訂本。該等修訂本預期概不會對本集團產生重大財務影響。香港財務報告準則第1號及香港會計準則第28號的修訂詳情如下：

- 香港財務報告準則第1號「首次採納香港財務報告準則」：刪除了首次採用者的短期豁免，因為豁免中規定的過渡期已不再適用。
- 香港會計準則第28號「在聯營公司和合資企業中的投資」：澄清了作為風險資本組織或其他合格實體的實體，可以在初始確認時，選擇按公平值計入損益的方式計量其對聯營公司和合營企業的投資，而該選擇以逐項投資為基礎作出。如果實體自身不是投資性主體，但在屬於投資性主體的聯營企業和合營企業中持有權益，該實體可以在採用權益法時，選擇保留屬於投資性主體的聯營企業或合營企業對其子公司的權益所採用的公允價值計量。對屬於投資性主體的聯營或合營企業，在如下日期中的孰晚者單獨做出選擇：(i)對屬於投資性主體的聯營或合營企業的初始確認日；(ii)聯營或合營企業成為投資性主體；及(iii)屬於投資性主體的聯營或合營企業首次成為母公司。這些修訂應追溯適用。

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### 2.4 Summary of significant accounting policies

#### Fair value measurement

The Group measures its financial assets and financial liabilities at fair value through profit or loss, debt securities in issue designated as at fair value through profit or loss and derivative financial instruments, fund investments, debt investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 2.4 主要會計政策概要

#### 公平值計量

本集團於各報告期末按公平值計量其按公平值計入損益的金融資產及金融負債、指定為按公平值計入損益之已發行債務證券、衍生金融工具、基金投資、債務投資及股本投資。公平值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公平值計量乃基於出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行的假設而作出。主要或最具優勢市場須為本集團可進入之市場。資產或負債的公平值乃採用市場參與者於資產或負債定價時會採用的假設計量，並假定市場參與者以其最佳經濟利益行事。

非金融資產的公平值計量須計及市場參與者透過最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者，以產生經濟效益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公平值的估值方法，以盡量使用相關可觀察參數及盡量減少使用無法觀察參數。

所有於財務報表計量或披露公平值的資產及負債乃基於對公平值計量整體而言屬重大的最低層參數按以下公平值等級分類：

- 第1級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第2級 – 基於對公平值計量而言屬重大的最低層參數可觀察(直接或間接)的估值方法
- 第3級 – 基於對公平值計量而言屬重大的最低層參數無法觀察的估值方法

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

### 2.4 主要會計政策概要(續)

#### 公平值計量(續)

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平值計量整體而言屬重大的最低層參數)確定是否發生不同等級轉移。

#### 非金融資產減值

倘有跡象顯示資產出現減值，或須對資產(金融資產除外)進行年度減值測試，則會估計該項資產的可收回金額。資產的可收回金額為該資產或現金產生單位的使用價值與其公平值減出售成本中的較高者，並就個別資產予以釐定，除非該資產並不產生很大程度上獨立於其他資產或資產組別的現金流入，在此情況下，可收回金額乃就該資產所屬現金產生單位予以釐定。

減值虧損僅於資產的賬面值超過其可收回金額時確認。評估使用價值時，估計未來現金流量會以反映現時市場對該資產的貨幣時間價值及特定風險評估的稅前折現率，折現至其現值。減值虧損於產生期間內在損益賬中與已減值資產功能一致的支出類別內扣除。

於各報告期結束時須評估是否有跡象顯示過往確認減值虧損不再存在或已減少。如存在該跡象，則會估計可收回金額。過往確認的資產減值虧損僅會於用以釐定該資產可收回金額的估計改變時撥回，惟撥回後的金額不得高於假設過往年度並無就資產確認減值虧損而應已釐定的賬面值(扣除任何折舊)。撥回的減值虧損於所產生期間計入損益賬。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases	Shorter of the remaining lease term and the useful life of the buildings
Buildings	25–40 years
Leasehold improvements	3 years
Office equipment	3 years
Furniture and fixtures	3 years
Motor vehicles	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### 2.4 主要會計政策概要(續)

#### 物業、廠房及設備與折舊

物業、廠房及設備乃以成本減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目成本包括其購買價及使該項資產處於現行運作狀況及運送至其預期使用位置的直接應佔成本。

物業、廠房及設備項目投入運作後產生的支出，如維修及保養費用，一般於產生期間自損益賬扣除。在符合確認標準的情況下，用於重大檢測的開支將作為重置該資產，並撥作資本性費用列入該資產的賬面值中。倘物業、廠房及設備的重要部分需不時更換，本集團會將該等部分確認為具特定可使用年期的個別資產，並相應計算折舊。

物業、廠房及設備項目乃按直線法，就其估計可使用年期，撇銷成本至其剩餘價值計算折舊。就此而採用的主要年率如下：

融資租約下的租賃土地	樓宇的剩餘租賃年期及可使用年期(以較短者為準)
樓宇	二十五至四十年
租賃物業裝修	三年
辦公室設備	三年
傢俬及裝置	三年
汽車	三年

當物業、廠房及設備項目的部分各有不同可使用年期，該項目的成本按合理基準在各部分中分配，而各部分作個別折舊。剩餘價值、可使用年期及折舊方法至少於每個財政年度結束時進行檢討並作出適當調整。

物業、廠房及設備項目以及初始確認的任何重大部分於出售或預期使用或出售不再帶來未來經濟效益時終止確認。在終止確認資產年度內於損益賬所確認的出售或報銷盈虧，為有關資產的銷售所得款項淨額與賬面值的差額。

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Intangible assets

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets, representing club membership and eligibility rights to trade on or through The Hong Kong Stock Exchange Limited (the "Stock Exchange") and The Hong Kong Futures Exchange Limited, with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

#### Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of these leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

### 2.4 主要會計政策概要(續)

#### 無形資產

無形資產初始確認時按成本計量。無形資產可分為有特定可使用年期或無特定可使用年期。有特定可使用年期的無形資產其後於可使用經濟年期內攤銷，並在有跡象顯示無形資產可能出現減值時進行減值評估。有特定可使用年期的無形資產的攤銷年期及攤銷方法最少於各財政年度末檢討一次。

無特定可使用年期的無形資產包括會所會籍及符合資格於香港聯合交易所有限公司(「聯交所」)及香港期貨交易所有限公司或透過其進行買賣的合資格權利，乃個別或按現金產生單位組別按年進行減值測試。該等無形資產無須攤銷。無特定可使用年期的無形資產的可使用年期會每年檢討，以釐定無特定使用年期評估是否仍然適合。如不適用，資產由無特定可使用年期轉至有特定可使用年期作出評估的改變，乃按未來使用基準入賬。

#### 租賃

資產所有權(法定業權除外)的絕大部分報酬與風險轉移至本集團的租賃入賬列為融資租賃。自融資租賃開始時，租賃資產的成本按最低租賃費用的現值撥充資本，並連同債務(不計利息)列賬，以反映購入及融資情況。以撥作資本的融資租賃持有的資產(包括融資租賃下預付土地租賃付款)列為物業、廠房及設備，並按資產的租期與估計可使用年期兩者之中較短者折舊。該等租賃的融資成本於損益賬內扣除，以按租期計算固定扣除率。

資產所有權的絕大部分回報及風險仍歸於出租人的租賃入賬列作經營租賃。倘本集團為出租人，本集團按經營租賃出租的資產列為非流動資產，而按經營租賃應收的租金會按租期以直線法計入損益賬。倘本集團為承租人，經營租賃項下應付租金在扣除自出租人收取的任何獎勵金後，按租賃年期以直線法自損益賬中扣除。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債

##### 初始確認及計量

當實體成為工具合約條文的訂約方時，確認金融資產及金融負債。常規金融資產買賣於交易日(即本集團承諾購買或出售資產之日)確認。

於初始確認時，如屬並非按公平值計入損益的金融資產或金融負債，本集團按公平值加或減收購或發行金融資產或金融負債附帶或直接應佔的交易成本，如費用及佣金。按公平值計入損益的金融資產及金融負債的交易成本於損益列支。當新產生一項資產時，緊隨初始確認後，就按攤銷成本計量的金融資產及按公平值計入其他全面收益的債務工具投資確認預期信貸損失撥備，這導致於損益確認會計損失。

當金融資產及負債的公平值有別於初始確認時的交易價格，實體按如下方式確認有關差額：

- (i) 當可識別資產或負債的公平值有活躍市場的報價為依據(即第一級數據)或基於僅採用可觀察市場數據的估值技術時，相關差額確認為收益或虧損。
- (ii) 在其他所有情況下，差額予以遞延，確認首日損益的時間逐項釐定。其可於工具的年期內攤銷，或遞延直至工具的公平值可使用市場可觀察數據釐定，或透過結算變現。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets

###### (i) Classification and subsequent measurement

The Group's financial assets include accounts receivable, deposit and other receivables, loans and advances to customers, client trust bank balances, financial assets at fair value through profit or loss, receivable from reverse repurchase agreement, derivative financial instruments, other assets and cash and cash equivalent.

From 1 January 2017, the Group has applied HKFRS 9 and classifies its financial assets in the following measurement categories:

- (i) Fair value through profit or loss (FVTPL);
- (ii) Fair value through other comprehensive income (FVOCI);  
or
- (iii) Amortised cost.

The classification requirements for debt and equity instruments are described below:

##### Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Group's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產

###### (i) 分類及隨後計量

本集團的金融資產包括應收款項、按金及其他應收款項、給予客戶的貸款及墊款、客戶信託銀行結餘、按公平值計入損益的金融資產、反向回購協議應收款項、衍生金融工具、其他資產以及現金及現金等價物。

自二零一七年一月一日起，本集團已應用香港財務報告準則第9號並按下列計量類別劃分其金融資產：

- (i) 按公平值計入損益；
- (ii) 按公平值計入其他全面收益；或
- (iii) 攤銷成本

債務及權益工具的分類規定說明如下：

##### 債務工具

債務工具指從發行人的角度符合金融負債的工具，如貸款、政府及公司債券及於無追索權保理安排中向客戶購買的貿易應收款項。

債務工具的分類及隨後計量視乎以下而定：

- (i) 本集團管理資產的業務模式；及
- (ii) 資產的現金流量特征。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

###### (i) Classification and subsequent measurement (continued)

###### Debt instruments (continued)

###### Business model assessment:

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

###### SPPI test:

The Group assesses the contractual terms of instruments to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' ("SPPI"). Financial assets that are consistent with a basic lending arrangement are considered to meet the SPPI criterion. In a 'basic lending arrangement', consideration for the time value of money and credit risk are typically the most significant elements of interest. It may also include consideration for other basic lending risks such as liquidity risks, costs associated with holding the financial assets for a period of time (e.g., servicing or administrative costs) and a profit margin.

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

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

###### (i) 分類及隨後計量(續)

###### 債務工具(續)

###### 業務模式：

業務模式反映本集團如何管理資產以產生現金流量。亦即，本集團的目標是否僅為自資產收取現金流量或同時收取合約現金流量及出售資產產生的現金流量。如果以上均不適用(例如金融資產持作買賣)，則金融資產劃分為「其他」業務模式的一部分並按公平值計入損益計量。本集團於釐定一組資產的業務模式時考慮的因素包括如何收取該等資產的現金流量、資產表現如何評估及如何向主要管理人員呈報、風險如何評估及管理者薪酬等方面的過往經驗。

###### 僅為本金及利息付款：

本集團評估工具的合約條款以識別合約現金流量是否「僅為未償還本金的本金及利息付款」。與基本借貸安排相符的金融資產被視為予符合僅為本金及利息付款標準。在「基本借貸安排」中，貨幣的時間價值及信貸風險通常為利息的最重要的考慮因素。其所考慮的因素亦可能包括其他基本借貸風險，如流動性風險、持有金融資產一段期間的相關成本(例如服務或行政成本)及利潤率。

附帶嵌入式衍生金融工具的金融資產於釐定其現金流量是否僅為本金及利息付款時整體予以考慮。

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

###### (i) Classification and subsequent measurement (continued)

###### Debt instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured 'Interest and similar income' using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

###### (i) 分類及隨後計量(續)

###### 債務工具(續)

基於該等因素，本集團將其債務工具劃分為下列三個計量類別：

**攤銷成本：**持作收取合約現金流量的資產，倘該等現金流量僅為本金及利息付款，且未指定為按公平值計入損益，則按攤銷成本計量。該等資產的賬面值就確認及計量的預期信貸損失撥備予以調整。該等金融資產的利息收入採用實際利率法計入「利息及類似收入」。

**按公平值計入其他全面收益：**持作收取合約現金流量及出售的金融資產，倘該等資產的現金流量僅為本金及利息付款，且未指定為按公平值計入損益，則按公平值計入其他全面收益計量。賬面值的變動計入其他全面收益，惟工具攤銷成本的減值收益或虧損、利息收入及外匯收益及虧損除外，在此情況下於損益確認。當金融資產被終止確認時，先前於其他全面收益確認的累計收益或虧損由權益重新分類至損益並於「投資收入淨額」確認。該等金融資產的利息收入採用實際利率法計入「利息收入」。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

###### (i) Classification and subsequent measurement (continued)

###### Debt instruments (continued)

Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

###### (i) 分類及隨後計量(續)

###### 債務工具(續)

按公平值計入損益：

不符合攤銷成本或按公平值計入其他全面收益標準的資產按公平值計入損益計量。其後按公平值計入損益且並非對衝關係組成部分的債務投資收益或虧損於損益計量，並於其產生期間在損益及其他全面收益表的「交易收入淨額」內呈列，除非其由指定為按公平值計量或並非持作買賣的債務工具產生，在此情況下於「投資收入淨額」內分開呈列。該等金融資產的利息收入採用實際利率法計入「利息收入」。

當且僅當管理債務投資的業務模式發生變動時，本集團方將該等資產重新分類。重新分類於發生變動後的首個報告期間的期初進行。預期此類變動非常罕見，且期內並未發生。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

###### (i) Classification and subsequent measurement (continued)

###### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when represent a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss and other comprehensive income.

###### (ii) Impairment

The Group applies a simplified approach to measure ECL on accounts receivable; and a general approach to measure ECL on loans and advances to customers, time deposits and other financial assets accounted for at amortised cost as well as loan commitment.

Under the simplified approach, the Group measures the loss based on lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

###### (i) 分類及隨後計量(續)

###### 權益工具

權益工具為從發行人的角度符合權益定義的工具；亦即並不包含合約付款責任且為於發行人淨資產剩餘權益憑證的工具。權益工具的例子包括基本普通股。

本集團隨後將所有權益工具按公平值計入損益計量，惟倘本集團管理層於初始確認時不可撤回地選擇指定權益工具為按公平值計入其他全面收益除外。本集團的政策為，當權益投資持作產生投資回報以外的用途時，將該等投資指定為按公平值計入其他全面收益。當作出該選擇時，公平值收益及虧損於其他全面收益確認，並隨後重新分類至損益，包括於出售時。減值虧損(及減值虧損撥回)不與公平值的其他變動分開呈報。該等投資的回報產生的股息，當本集團收取相關款項的權利確立時繼續於損益內確認為其他收益。

按公平值計入損益的權益工具的盈利及虧損計入損益及其他全面收益表的「交易收益淨額」一項內。

###### (ii) 減值

本集團應用簡易方法計量應收款項的預期信用損失，並應用一般方法計量給予客戶的貸款及墊款、定期存款及其他按攤銷成本入賬的金融資產以及貸款承擔的預期信用損失。

根據簡易方法，本集團根據生命週期的預期信用損失計量虧損。按照一般方法，金融工具乃基於初步確認後的信貸風險變動，透過下列三個階段予以轉撥：

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

##### (ii) Impairment (continued)

##### Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

##### Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

##### Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. For certain portfolio of margin loans, the Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due as management considers the probability of default is highly correlated with the collateral value rather than the past due days.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

##### (ii) 減值(續)

##### 第1階段：十二個月的預期信用損失

就自初步確認後的信貸風險並無重大變動，且於產生時並無信貸減值的情況而言，乃將與未來十二個月出現違約事件的可能性有關的生命周期預期信用損失部分予以確認。

##### 第2階段：生命周期的預期信用損失 – 並無信貸減值

至於自初步確認後的信貸風險出現重大變動，惟並無信貸減值的情況，乃確認生命周期的預期信用損失，即金融工具剩餘生命周期。

##### 第3階段：生命周期的預期信用損失 – 信貸減值

當發生會對該金融工具估計未來現金流量造成不利影響的一項或多項事件，則有關情況會被評定為出現信貸減值。就已出現信貸減值的情況而言，會確認生命周期的預期信用損失，並透過於攤銷成本(扣除撥備，而非賬面總值)應用實際利率，以計算利息收入。

於各報告日期，本集團會將由報告日期至初步確認日期的預計生命周期內發生的違約風險比較，以評估自初步確認以來信貸風險是否顯著增加。本集團就此會考慮相關及毋須支付過多成本或努力而已可得的合理及具支持理據的資料，當中包括量化及質化資料以及前瞻性分析。關於若干孖展貸款組合，當金融資產逾期超過30日時，由於管理層認為違約機會與抵押價值(而非逾期天數)具密切關連，故本集團將自初步確認以來信貸風險顯著增加的假設推翻。

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

##### (ii) Impairment (continued)

##### Stage 3: Lifetime ECL – credit-impaired (continued)

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

##### (ii) 減值(續)

##### 第3階段：生命週期的預期信用損失 – 信貸減值(續)

本集團按個別或集體基準評估信貸風險是否顯著增加。為集體評估減值，本集團按共享信貸風險特徵之基準，並考慮到工具類別、距離到期之剩餘年期及其他相關因素，將金融工具分門別類。

預期信用損失的金額乃計量為按原實際利率貼現的金融工具預計年期內所有現金不足額的可能性加權現值。現金不足額為所有結欠本公司的合約現金流量與本公司預期將收取的現金流量兩者的差額。虧損金額採用呆賬撥備確認。

倘於往後期間，信貸質素改善及撥回早前所評估自產生以來信貸風險的顯著增長，則將呆賬減值由生命週期的預期信用損失恢復為十二個月的預期信用損失。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

##### (iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

##### (iii) 貸款的修訂

本集團有時會重新協定或以其他方式修訂給予客戶的貸款的合約現金流量。在此情況下，本集團會評估新條款是否與原條款存在較大差異。本集團在評估時考慮(其中包括)下列因素：

- 借款人是否面臨財務困境，修訂是否僅僅將合約現金流量減少至借款人預期能夠支付的金額。
- 是否引入任何實質性的新條款，如對貸款的風險狀況產生實質影響的利潤分成／以權益為基礎的回報。
- 當借款人未面臨財務困境時大幅延長貸款期限。
- 利率大幅變動。
- 貸款的計價貨幣變動。
- 插入對貸款相關的信貸風險產生重大影響的抵押、其他擔保或強化信貸條件。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

##### (iii) Modification of loans (continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

##### (iii) 貸款的修訂(續)

倘若條款存在較大差異，則本集團終止確認原金融資產並按公平值確認一項「新」資產，並重新計算該資產新的實際利率。重訂日期因而被視為就減值計算而言(包括就釐定信貸風險是否大幅增加而言)的初始確認日期。然而，本集團亦評估所確認的新金融資產於初始確認時是否出現信貸減值，特別是當重訂是在債務人無法作出原定付款而促成的情況下。賬面值差額亦於損益確認為終止確認盈利或虧損。

倘若條款並無較大差異，則重訂或修訂不會導致終止確認，而本集團會基於金融資產的經修訂現金流量重新計算賬面總值，並於損益確認修訂盈利或虧損。新的賬面總值透過按原實際利率(或購入或產生的信貸減值金融資產的信貸調整實際利率)貼現經修訂現金流量重新計算得出。

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (a) Financial assets (continued)

##### (iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- (i) has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) is prohibited from selling or pledging the assets; and
- (iii) has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (a) 金融資產(續)

##### (iv) 終止確認(修訂除外)

當收取現金資產現金流量的合約權利到期，或已被轉讓且(i)本集團已轉讓所有權的絕大部分風險及回報，或(ii)本集團既未轉讓亦未保留所有權的絕大部分風險及回報且本集團並無保留控制權時，則金融資產(或其中一部分)終止確認。

本集團訂立保留收取資產現金流量的合約權利但承擔向其他實體支付該等現金流量的合約責任並轉讓絕大部分風險及回報的交易。該等交易作為「轉嫁」轉讓入賬，於下列情況下終止確認：

- (i) 本集團除非在收取來自該等資產的同等金額的情況下，否則並無付款責任；
- (ii) 本集團被禁止出售或質押該等資產；及
- (iii) 本集團於收取來自該等資產的現金後有責任在不出現重大延誤的情況下將現金匯出。

本集團根據標準回購協議及證券借貸交易提供的抵押(股份及債權)不予終止確認，原因為本集團保留基於事先釐定的回購價格的絕大部分風險及回報，因此不符合終止確認標準。這亦適用於本集團保留後償剩餘權益的某些證券化交易。

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### 2.4 Summary of significant accounting policies (continued)

#### Financial assets and liabilities (continued)

##### (b) Financial liabilities

###### Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

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

##### Derivative financial instruments

The Group's derivative financial instruments are initially recognised at their fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to statement of profit or loss and other comprehensive income.

Whilst the Group enters into a derivative contract for trading purposes or to provide economic hedges under the Group's risk management framework, it does not apply hedge accounting.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.4 主要會計政策概要(續)

#### 金融資產及負債(續)

##### (b) 金融負債

###### 分類及隨後計量

於本期間及過往期間，金融負債分類為隨後按攤銷成本計量，惟以下除外：

按公平值計入損益的金融負債：此分類適用於衍生金融工具及持作買賣的金融負債。指定為按公平值計入損益的金融負債的盈利或虧損部分於其他全面收益呈列(金融負債信貸風險變動導致的公平值變動，其釐定為並非歸因於產生市場風險的市場狀況變動的金額)及部分於損益呈列(負債公平值的其餘變動金額)。但倘若該呈列方式會產生或擴大會計錯配，則負債信貸風險變動導致的盈利或虧損亦於損益確認。

倘合約中列明的責任被解除、取消或到期，則須終止確認金融負債。

##### 衍生金融工具

本集團衍生金融工具於衍生合約訂立日期初步按其公平值確認，其後按公平值再次計量。

倘公平值為正數，衍生工具以資產入賬，而公平值倘為負數，則以負債入賬。衍生工具的公平值變動產生的任何盈虧直接計入損益及其他全面收益表。

當本集團根據本集團風險管理框架為交易目的或提供經濟對沖而訂立衍生工具合約時，並不應用對沖會計。

##### 抵銷金融工具

倘存在現時可強制執行的法律權利可抵銷已確認金額，且有意以淨額基準結算或同時變現資產及清償負債，則可抵銷金融資產及金融負債，而淨額於財務狀況表呈報。

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### 2.4 Summary of significant accounting policies (continued)

#### Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

#### Client trust bank balances

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Hong Kong Insurance Companies Ordinance (Cap. 41), the Group is not allowed to use the clients' monies to settle its own obligation.

#### Fiduciary activities

Apart from the client trust bank balances as mentioned above, the Group provides brokerage and asset management services and the Group acts in a fiduciary capacity which results in the holding or placing of assets on behalf of its customers. These assets and any gains or losses arising thereon are not included in these financial statements as the Group has no contractual rights to these assets and its gains or losses under fiduciary activities.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

### 2.4 主要會計政策概要(續)

#### 股份獎勵計劃項下持有的股份

購回本身的權益工具(股份獎勵計劃項下持有的股份)按成本確認並於權益中扣除。本集團購買、出售、發行或註銷本身的權益工具所得收益或虧損將不計入損益賬。賬面值與代價之間的任何差額於權益確認。

#### 客戶信託銀行結餘

本集團於獲授權金融機構開設信託及獨立賬戶，以保管客戶來自一般業務交易的存款。本集團將客戶款項歸類為綜合財務狀況表流動資產項下的客戶信託銀行結餘，原因為本集團獲准保留客戶款項的部分或全部利息收入，並基於其對客戶款項的任何損失或挪用負責而確認應付流動負債賬戶內有關客戶的相應款項。根據香港證券及期貨條例(第571章)及香港保險公司條例(第41章)，本集團不得動用客戶款項清償其自身債務。

#### 受託活動

除上文所述的客戶信託銀行結餘外，本集團提供經紀服務及資產管理服務，本集團在當中以受託人身份行事，以致須代其客戶持有或配售資產。該等資產及其所產生的任何收益或虧損不會計入本財務報表，原因為本集團對該等資產及其根據受託活動的收益或虧損概無合約權利。

#### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，通常於收取時到期日為三個月以內，減須按要求償還的銀行透支，並構成本集團現金管理的一部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭及銀行現金(包括定期存款及與現金性質相似的資產)，其用途並無限制。

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### 2.4 Summary of significant accounting policies (continued)

#### Other assets

Other assets represent the deposits and admission fee paid to the Stock Exchange, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited and other regulators. They are intended to be held on a long-term basis and are stated at cost less impairment losses.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### 2.4 主要會計政策概要(續)

#### 其他資產

其他資產指支付予聯交所、香港期貨交易所有限公司、香港中央結算有限公司及其他監管機構的按金及准入費。其他資產擬作長期持有，並按成本減去減值虧損列賬。

#### 撥備

由於過往發生的事件引致目前出現法定或推定責任，而該等責任很可能導致日後資源流出以履行責任，並能夠可靠估計責任金額時，則確認撥備。

當有重大折現影響時，會就預期須用作支付責任的未來開支於報告期末的現值確認撥備。因時間流逝所導致折現現值的金額增加，會列入損益賬的融資成本。

#### 所得稅

所得稅包括即期及遞延稅項。於損益賬外確認的各項目，其有關所得稅於損益賬外的其他全面收益或直接於權益內確認。

本期及過往期間的即期稅項資產及負債乃經考慮本集團經營所在國家的現行詮釋及慣例，根據於報告期末的已制訂或實際已制定的稅率(及稅務法例)，按預期可自稅務機關收回或付予稅務機關的數額計量。

於報告期末，資產與負債的稅基與其作為財務申報用途的賬面值之間的所有暫時差額，須按負債法就遞延稅項撥備。

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

### 2.4 主要會計政策概要(續)

#### 所得稅(續)

所有應課稅暫時差額均會確認遞延稅項負債，惟以下情況例外：

- 非業務合併的交易中經初始確認商譽或資產或負債而產生的遞延稅項負債，而有關交易對會計溢利或應課稅損益概無構成影響；及
- 對於涉及於附屬公司的投資的應課稅暫時差額而言，撥回暫時差額的時間可以控制，而暫時差額很可能不會在可見將來撥回。

對於所有可予扣減的暫時差額、承前未動用稅項抵免及未動用稅項虧損，均確認遞延稅項資產。若很可能出現應課稅溢利用以抵銷該等可扣減暫時差額、承前未動用稅項抵免及未動用稅項虧損，則遞延稅項資產可確認入賬，惟以下情況例外：

- 非業務合併的交易中初始確認資產或負債而產生可扣減暫時差額的遞延稅項資產，而有關交易對會計溢利或應課稅損益概無構成影響；及
- 對於涉及於附屬公司的投資的可扣減暫時差額而言，只有在暫時差額很可能於可見將來撥回，且很可能出現應課稅溢利用以抵銷該等暫時差額時，方會確認遞延稅項資產。

遞延稅項資產的賬面值乃於各報告期末進行審閱，並予以相應扣減，直至不可能有足夠應課稅溢利用以抵銷全部或部分遞延稅項資產為止。未確認的遞延稅項資產乃按可能獲得足夠應課稅溢利以抵銷全部或部分遞延稅項資產的情況下於報告期末重新評估並予以確認。

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) commission income from securities, futures and options brokerage, on the transaction dates when the relevant contract notes are exchanged;
- (ii) net income from leveraged foreign exchange transactions, on the contract dates;
- (iii) commission income from the provision of insurance brokerage services, on an accrual basis in accordance with the terms of the underlying agreements;
- (iv) commission income from underwriting/placing/sub-underwriting in securities, on execution of each significant act based on the terms of underlying agreements and mandates;
- (v) management, consultancy, financial advisory fees and handling income, when the services have been rendered;
- (vi) interest income, 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, when appropriate, to the net carrying amount of the financial asset;
- (vii) dividend income, when the shareholders' right to receive payment has been established;
- (viii) performance fees, on the day of the investment funds and managed accounts when there is a positive performance for the relevant performance period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts;

### 2.4 主要會計政策概要(續)

#### 所得稅(續)

遞延稅項資產及負債乃根據於各報告期末已實施或實質上已實施的稅率(及稅務法例)，按變現資產或清償負債的期間預期適用的稅率予以計量。

#### 收入確認

收入乃於經濟利益很可能流入本集團及收入能可靠計量時確認，基準如下：

- (i) 證券、期貨及期權經紀的佣金收入，於交易日交換有關成交單據時確認；
- (ii) 槓桿外匯交易收入淨額於合約日期獲確認；
- (iii) 提供保險經紀服務的佣金收入，根據相關協議的條款按應計基準確認；
- (iv) 包銷／配售／分包銷證券的佣金收入，乃根據相關協議及授權的條款於執行每一個重大行動時確認；
- (v) 管理、諮詢、財務顧問費及手續費收入，於提供該等服務時確認；
- (vi) 利息收入按應計方式以實際利率法確認，方法是將金融工具在預計可用年期或較短期間估計未來現金收入以適用利率準確折現計算至金融資產賬面淨值；
- (vii) 股息收入，於股東收取該款項的權利獲確立時確認；
- (viii) 倘於有關表現期間表現良好，在計及投資基金及管理賬戶的相關計算基準下，則表現費會於投資基金及管理賬戶日期予以確認；

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## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

- (ix) information services income, when the services have been rendered;
- (x) rental income, on a time proportion basis over the lease term; and
- (xi) net gains/losses on financial assets at fair value through profit or loss and those held for trading, including realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged; and unrealised fair value gains/losses which are recognised in the period in which they arise.

#### Employee benefits

##### (a) Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

##### (b) Bonuses

The Group recognises a liability and an expense for bonuses, based on an approved formula that takes into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

##### (c) Share-based payments

The Group operates two equity-settled share-based compensation schemes including a share option scheme and a share award scheme for the purpose of assisting in recruiting, retaining and motivating key staff members. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

### 2.4 主要會計政策概要(續)

#### 收入確認(續)

- (ix) 信息服務費收入，於提供該等服務時確認；
- (x) 租金收入，根據租期按時間比例基準確認；及
- (xi) 按公平值計入損益及持作買賣的金融資產的收益／虧損淨額包括已變現收益／虧損，於交易日交換有關成交單據時確認；及未變現公平值收益／虧損於產生期間確認。

#### 僱員福利

##### (a) 退休福利計劃

本集團根據強制性公積金計劃條例，為所有僱員設立界定供款的強制性公積金退休福利計劃（「強積金計劃」）。根據強積金計劃的規則，供款額按僱員基本薪酬的一定百分比計算，並於產生時在損益賬中扣除。強積金計劃的資產乃以獨立管理基金方式與本集團的資產分開持有。本集團向強積金計劃繳納僱主供款後，該等供款即全數歸僱員所有。

##### (b) 花紅

本集團按照認可計算方法就花紅確認負債及開支，該計算方法已考慮本集團應佔溢利並作出若干調整。於出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

##### (c) 以股份為基礎付款

本集團採納兩項以股份為基礎權益結算薪酬計劃（包括一項購股權計劃及一項股份獎勵計劃），以協助招聘、挽留及激勵關鍵員工。本集團的僱員（包括董事）獲得以股份為基礎付款形式的薪酬，據此，僱員以提供服務作為權益工具的代價（「以權益結算交易」）。

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### 2.4 Summary of significant accounting policies (continued)

#### Employee benefits (continued)

##### (c) Share-based payments (continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in the "share award reserve" and "share option reserve" under equity, over the period in which the performance and/or service conditions are fulfilled in share-based compensation expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect (if any) of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### 2.4 主要會計政策概要(續)

#### 僱員福利(續)

##### (c) 以股份為基礎付款(續)

與僱員以權益結算交易的成本乃參考其於授出日期的公平值計量。以權益結算交易的成本於表現及／或服務條件達成期間與相應的權益下「股份獎勵儲備」及「購股權儲備」增加一併在以股份為基礎補償開支下確認。於各報告期末直至歸屬日期就以權益結算交易確認的累計開支，反映歸屬期間已屆滿及本集團將最終歸屬的權益工具數目的最佳估計。於某期間的損益賬內扣除或計入的金額指於該期間的期初及期末確認的累計開支變動。

最終並無歸屬的獎勵不會確認支銷，惟歸屬以市場或非歸屬條件為條件的以權益結算交易除外，無論市場或非歸屬條件是否達成，其均會被視為已歸屬，惟所有其他表現及／或服務條件須已達成。

倘以權益結算獎勵的條款獲修訂，開支會按最低金額予以確認，猶如條款並未修改。此外，倘任何修訂會增加以股份為基礎付款的公平值總額，或於修訂日期計量時有利於僱員，則會確認為開支。

倘以權益結算獎勵被註銷，則被視為於註銷當日已歸屬處理，而尚未就該獎勵確認的任何開支須即時予以確認，當中包括未達成本集團或僱員控制以內非歸屬條件的任何獎勵。然而，倘有一項新獎勵取代已經註銷獎勵，及於授出當日被指定為該獎勵的替代品，則該已註銷及新獎勵均被視為原有獎勵的修訂(見上段所述)處理。

尚未行使購股權的攤薄影響(如有)乃於計算每股盈利時反映為額外股份攤薄。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Securities borrowing and lending agreements

The Group has engaged in the securities borrowing and lending business with financial institutions and the Group's customers, under which all transactions are secured in the form of cash. The Group maintains no net position in such securities borrowing and lending transactions and is not subject to significant price risk. However, under the securities borrowing and lending arrangements, the cash collateral received and cash collateral placed is included in the accounts payable and accounts receivable from brokers and dealers respectively. Fees received or paid in connection with securities borrowing and lending is recorded as interest income or interest expense, respectively.

#### Assets sold under repurchase agreements (repos)

In addition, the Group may enter into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. The securities related to these agreements are not derecognised from the Group's financial statements, but are retained within the appropriate financial assets classification. The Group may be required to provide additional collateral based on the fair value of the underlying assets if necessary.

#### Assets purchased under agreements to resell (reverse repos)

The Group may enter into purchases of assets under agreements to resell. Reverse repos are initially recorded at the cost of the loan or collateral advanced in the consolidated statement of financial position. These securities are not recognised in the Group's consolidated statement of financial position as the counterparty retains substantially all risks and returns of the securities. In the event of failure by the counterparty to repay the loan, the Group has the right to the underlying assets.

### 2.4 主要會計政策概要(續)

#### 股息

末期股息將於股東大會上獲股東批准後確認為負債。

由於公司組織章程細則授予董事會權力宣派中期股息，擬派中期股息可即時宣派。因此，中期股息於建議派發及宣派時即時確認為負債。

#### 證券借貸協議

本集團從事與金融機構及本集團客戶的證券借貸業務，所有交易均以現金作為抵押品。本集團於該等證券借貸交易中並無維持任何淨倉，故並無面對重大價格風險。然而，根據證券借貸安排，所收取的現金抵押品以及所存放的現金抵押品分別計入應付款項以及應收經紀及交易商款項。與證券借貸有關的已收或已付費用分別記錄為利息收入或利息開支。

#### 根據回購協議出售的資產(回購協議)

此外，本集團可能訂立回購協議，據此向同時訂有於指定日期回購證券的協議的第三方出售證券。有關該等協議的證券不會在本集團的財務報表終止確認，而是保留於適當的金融資產分類內。於必要時，本集團可能須基於相關資產的公平值提供額外抵押品。

#### 根據重售協議(反向回購協議)購置的資產

本集團可能根據重售協議進行資產購買。反向回購協議初始按貸款或墊付抵押品的成本於綜合財務狀況表內入賬。該等證券未於本集團的綜合財務狀況表內確認，因為交易方保留相關證券的絕大部分風險及回報。倘交易方未能償還貸款，則本集團有權擁有相關資產。

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange prevailing at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

### 2.4 主要會計政策概要(續)

#### 外幣

該等財務報表乃以港元(即本公司的功能及呈列貨幣)呈列。本集團屬下各實體自行釐定其本身的功能貨幣,而各實體的財務報表項目均以功能貨幣計量。本集團屬下實體的外幣交易初始按交易當日適用的功能貨幣匯率入賬。以外幣列賬的貨幣資產及負債按於報告期末適用的功能貨幣匯率重新換算。貨幣項目結算或換算產生的所有差額於損益賬內確認。

若干海外附屬公司的功能貨幣並非港元。於報告期末,有關實體的資產與負債,按報告期末適用的匯率換算為港元,而其損益及其他全面收益表按本年度的加權平均匯率換算為港元。

因此而產生的匯兌差額於其他全面收益確認並於貨幣換算儲備累計。出售海外業務時,與該項特定海外業務有關的其他全面收益的組成部分在綜合損益及其他全面收益表中確認。

#### 關聯方

在下列情況下,一方將被視為與本集團有關聯:

- (a) 該方為以下人士或以下人士家族的近親屬:
  - (i) 控制或共同控制本集團;
  - (ii) 對本集團有重大影響力;或
  - (iii) 為本集團或本集團母公司的主要管理層成員;

或

# Notes to Financial Statements

## 財務報表附註

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### 2.4 Summary of significant accounting policies (continued)

#### Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### 2.4 主要會計政策概要(續)

#### 關聯方(續)

- (b) 該方為符合下列任何條件的實體：
- (i) 該實體與本集團屬同一集團的成員公司；
  - (ii) 一間實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯營公司或合資公司；
  - (iii) 該實體及本集團均為同一第三方的合資公司；
  - (iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司；
  - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關的實體的僱員；
  - (vi) 該實體由(a)項所述人士控制或共同控制；
  - (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理層成員；及
  - (viii) 向本集團或向本集團的母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

# Notes to Financial Statements

## 財務報表附註

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### 3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Taxes

Significant judgement is required in determining the provisions for income and other taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses as at 31 December 2017 was amounted to HK\$12.3 million (2016: HK\$16.4 million). The amount of unrecognised tax losses at 31 December 2017 was approximately HK\$8.5 million (2016: HK\$21.2 million). Further details are contained in note 15 to the financial statements.

### 3. 重大會計判斷及估計

於編製本集團的財務報表時，管理層須作出會影響收益、開支、資產及負債的已呈報金額、其隨附披露以及或然負債披露的判斷、估計及假設。該等假設及估計的不確定因素可能導致未來須對受到影響的資產或負債的賬面值作出重大調整。

#### 判斷

於應用本集團會計政策過程中，除涉及估計外，管理層已作出下列判斷，該等判斷對財務報表內確認的數額具重大影響：

#### 稅項

釐定所得稅及其他稅項撥備時需要作出重大判斷。於一般業務過程中，多項交易及計算的最終稅項結果不能確定。本集團就預期稅務審核事宜（基於是否需要額外稅項的估計）確認負債。倘若該等事宜的最終稅項結果與最初記錄的金額有差異，則有關差異將會影響於作出確定的期間內所得稅及遞延稅項撥備。

#### 估計不確定因素

有關未來的主要假設以及其他主要估計不確定因素於報告期末會為下個財政年度資產與負債賬面值帶來重大調整風險之來源如下。

#### 遞延稅項資產

僅在很可能取得未來應課稅盈利與可動用的所有未用稅項虧損抵免抵銷的該等遞延稅項資產，方能確認。在釐定可予確認的遞延稅項資產的數額時，管理層須根據可能的時間、未來應課稅溢利的水平連同未來稅務規劃策略作出重大判斷。於二零一七年十二月三十一日的已確認稅項虧損的遞延稅項資產賬面值為12.3百萬港元（二零一六年：16.4百萬港元）。於二零一七年十二月三十一日的未確認稅項虧損數額約為8.5百萬港元（二零一六年：21.2百萬港元）。進一步詳情載於財務報表附註15。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
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### 3. Significant accounting judgements and estimates (continued)

#### Estimation uncertainty (continued)

##### Impairment allowances on financial assets

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

##### Valuation of financial assets at fair value through profit or loss

The fair value of financial assets designated as at fair value through profit or loss that are not traded in an active market is determined by using external valuations or valuation techniques. The Group uses a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by other market participants. Changes in assumptions on the valuation techniques could affect the reported fair values of these financial assets. Further details are contained in notes 20 and 42 to the financial statements.

### 3. 重大會計判斷及估計(續)

#### 估計不確定因素(續)

##### 金融資產減值撥備

根據香港財務報告準則第9號對所有類別的金融資產進行減值虧損計量須作出判斷，特別是在釐定減值虧損及評估信貸風險的大幅增加時，對未來現金流量及抵押價值的金額及發生的時間的估計。此等估計受多項因素推動，當中有關的變動可能導致須作出不同程度的撥備。

於各報告日期，本公司會將通過對由報告日期至初步確認日期之間的預計年內發生的違約風險進行比較，以評估自初步確認以來信貸風險是否有顯著增加。本公司就此會考慮相關及毋須付出過度成本或努力而可用的合理及具支持理據的資料，當中包括量化及質化資料以及前瞻性分析。

##### 按公平值計入損益的金融資產估值

並非於活躍市場買賣的按公平值計入損益的金融資產的公平值採用外部估值或估值方法釐定。本集團採用多種方法及作出多項主要以各報告日期市況為基準的假設。所用估值方法包括使用可資比較近期公平磋商交易、貼現現金流量分析、期權定價模式及其他市場參與者普遍使用的其他估值方式。有關估值方法的假設變動可能影響該等金融資產的報告公平值。進一步詳情載於財務報表附註20及42。

# Notes to Financial Statements

## 財務報表附註

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### 4. Operating segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management and in accordance with HKFRSs. The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

Details of each of the operating segments are as follows:

- (a) the brokerage segment engages in the provision of securities, futures, options and leveraged foreign exchange dealing and broking as well as insurance brokerage services to customers;
- (b) the corporate finance segment engages in the provision of advisory services, placing and underwriting services of debt and equity securities;
- (c) the asset management segment engages in asset management, including fund management and the provision of investment advisory services;
- (d) the loans and financing segment engages in the provision of margin financing and securities borrowing and lending to margin customers, initial public offering ("IPO") loans, other loans to customers and bank deposits;
- (e) the financial products, market making and investments segment represents fund, debt and equity investment, structuring of financial products as well as trading and market making of debt securities, exchange traded funds ("ETF") and derivatives; and
- (f) the others' segment mainly represents rental income and the provision of information channel services.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

### 4. 經營分部資料

經營分部報告的方式按照香港財務報告準則與向本集團高級管理層提供的內部報告一致。本集團的經營業務乃按其營運性質及所提供服務分開組織及管理。本集團旗下各經營分部均為提供服務的策略業務單位，其服務所承受風險及回報有別於其他經營分部。

有關各經營分部的詳情概述如下：

- (a) 經紀分部從事向客戶提供證券、期貨、期權及槓桿外匯買賣及經紀以及保險經紀服務；
- (b) 企業融資分部從事提供諮詢服務、債務及股票證券的配售及承銷服務；
- (c) 資產管理分部從事資產管理，包括基金管理及提供投資諮詢服務；
- (d) 貸款及融資分部從事向孖展客戶提供孖展融資及證券借貸、向客戶提供首次公開發售（「首次公開發售」）貸款、其他貸款及銀行存款；
- (e) 金融產品、做市及投資分部指基金、債務及股本投資、結構性金融產品以及債務證券、交易所交易基金（「交易所交易基金」）及衍生工具買賣及做市業務；及
- (f) 「其他」分部主要指租金收入及提供資訊渠道服務。

分部之間的交易（如有）乃參照向第三方收取的價格而進行。

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### 4. Operating segment information (continued)

The segment results of the Group for the years ended 31 December 2017 and 2016 are as follows:

Year ended 31 December 2017

		Brokerage	Corporate finance	Asset management	Loans and financing	Financial products, market making and investments	Others	Total
		經紀 HK\$'000 千港元	企業融資 HK\$'000 千港元	資產管理 HK\$'000 千港元	貸款及融資 HK\$'000 千港元	金融產品、 做市及投資 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
Segment revenue and other income:	分部收益及其他收入：							
Sales to external customers	銷售予外部客戶	517,118	683,526	29,792	1,288,777	613,180	2,399	3,134,792
Inter-segment sales	分部之間銷售	-	-	-	-	-	-	-
<b>Total</b>	<b>總計</b>	<b>517,118</b>	<b>683,526</b>	<b>29,792</b>	<b>1,288,777</b>	<b>613,180</b>	<b>2,399</b>	<b>3,134,792</b>
Segment results	分部業績	248,736	342,112	9,080	688,573	270,611	-	1,559,112
Income tax expense	所得稅開支							(223,073)
<b>Profit for the year</b>	<b>年內溢利</b>							<b>1,336,039</b>
Other segment information:	其他分部資料：							
Net impairment charge on loans and advances to customers	給予客戶貸款及墊款減值淨額	-	-	-	74,679	-	-	74,679
Net impairment charge on accounts receivable	應收款項減值淨額	5,297	2,187	7	-	15,131	-	22,622
Net impairment charge/ (reversal) on other financial assets	其他金融資產減值支出/(撥回)淨額	(9,951)	-	(8)	-	72	-	(9,887)
Depreciation	折舊	8,088	14,826	2,139	13,683	-	-	38,736
Finance costs	融資成本	42	-	-	283,777	109,951	-	393,770

### 4. 經營分部資料(續)

截至二零一七年及二零一六年十二月三十一日止年度，本集團的分部業績如下：

截至二零一七年十二月三十一日止年度

# Notes to Financial Statements

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### 4. Operating segment information (continued)

Year ended 31 December 2016

### 4. 經營分部資料(續)

截至二零一六年十二月三十一日  
止年度

		Brokerage	Corporate finance	Asset management	Loans and financing	Financial products, market making and investments	Others	Total
		經紀 HK\$'000 千港元	企業融資 HK\$'000 千港元	資產管理 HK\$'000 千港元	貸款及融資 HK\$'000 千港元	金融產品、 做市及投資 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
Segment revenue and other income:	分部收益及 其他收入：							
Sales to external customers	銷售予外部客戶	393,000	456,649	28,487	1,297,278	343,773	2,608	2,521,795
Inter-segment sales	分部之間銷售	-	-	-	-	-	-	-
<b>Total</b>	<b>總計</b>	<b>393,000</b>	<b>456,649</b>	<b>28,487</b>	<b>1,297,278</b>	<b>343,773</b>	<b>2,608</b>	<b>2,521,795</b>
Segment results	分部業績	85,637	147,602	(3,912)	674,450	284,830	-	1,188,607
Income tax expense	所得稅開支							(162,520)
<b>Profit for the year</b>	<b>年內溢利</b>							<b>1,026,087</b>
Other segment information:	其他分部資料：							
Net impairment charge on loans and advances to customers	給予客戶貸款及墊款減值淨額	-	-	-	105,830	-	-	105,830
Net impairment charge on accounts receivable	應收款項減值淨額	42	-	-	-	-	-	42
Depreciation	折舊	6,958	10,447	1,695	15,595	-	-	34,695
Finance costs	融資成本	8,848	-	-	272,862	55,086	-	336,796

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## 財務報表附註

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### 4. Operating segment information *(continued)*

#### Geographical information

##### (a) Revenue and other income from external customers

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong	香港	3,015,012	2,380,423
Other countries	其他國家	119,780	141,372
		<b>3,134,792</b>	<b>2,521,795</b>

The information of revenue and other income above is based on the locations of the markets.

##### (b) Non-current assets

Majority of the non-current assets (excluding deferred tax assets) of the Group are located in Hong Kong.

### 4. 經營分部資料(續)

#### 地域資料

##### (a) 外來客戶收益及其他收入

上文的收益及其他收入資料乃按市場地點編製。

##### (b) 非流動資產

本集團大部分非流動資產(不包括遞延稅項資產)均位於香港。

# Notes to Financial Statements

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### 5. Revenue

An analysis of revenue is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Brokerage:	經紀業務：		
Securities	證券	430,129	301,318
Futures and options	期貨及期權	25,095	44,084
Handling income	手續費收入	47,966	36,396
Insurance	保險	11,185	9,134
Leveraged foreign exchange	槓桿外匯	2,743	2,068
		517,118	393,000
Corporate finance:	企業融資：		
Placing, underwriting and sub-underwriting commission	配售、承銷及分承銷的佣金		
– Debt securities	– 債務證券	350,269	250,249
– Equity securities	– 股票證券	244,920	113,180
Consultancy and financial advisory fee income	顧問及融資諮詢費收入	88,337	93,220
		683,526	456,649
Asset management:	資產管理：		
Management fee income	管理費收入	27,722	28,487
Performance fee income	表現費收入	2,070	--
		29,792	28,487
Loans and financing:	貸款及融資活動：		
Interest and handling income from margin loans	孖展貸款利息及手續費收入	968,661	1,106,342
Interest income from banks and others	銀行及其他利息收入	173,878	97,967
Interest and handling income from term loans	定期貸款利息及手續費收入	107,035	72,993
Interest income from securities borrowing and lending	證券借貸利息收入	21,545	19,316
Interest income from IPO loans	首次公開發售貸款利息收入	12,314	199
Interest income from reverse repurchase agreements	反向回購協議利息收入	5,344	461
		1,288,777	1,297,278

### 5. 收益

收益的分析如下：

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 5. Revenue (continued)

### 5. 收益(續)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial products, market making and investments:	金融產品、做市及投資：		
Interest income from debt securities	債務證券的利息收入		
– Listed securities	– 上市證券	200,927	134,066
– Unlisted securities	– 非上市證券	11,223	2,464
Trading gain on debt securities	債務證券交易收益		
– Listed securities	– 上市證券	30,477	65,855
– Unlisted securities	– 非上市證券	2,319	2,401
Net income on structured financial products	結構性金融產品收入淨額	304,104	116,087
Trading gain/(loss) on equity securities	股本證券交易收益/(虧損)	37,434	(22,305)
Trading gain on unconsolidated investment funds	非合併投資基金交易收益	22,292	74,012
Net gain on foreign exchange	外匯收益淨額	27,046	1,762
Dividend income	股息收入	15,352	8,212
Net loss on financial instruments designated as fair value through profit or loss	指定按公平值計入損益的金融工具的虧損淨額	(39,097)	(36,028)
Interest income from unlisted financial instruments designated as fair value through profit or loss	指定按公平值計入損益的非上市金融工具的利息收入	1,540	3,094
Trading loss on exchange traded funds	交易所交易基金交易虧損	(437)	(5,847)
		<b>613,180</b>	<b>343,773</b>
		<b>3,132,393</b>	<b>2,519,187</b>

# Notes to Financial Statements

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### 6. Staff costs

### 6. 員工成本

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Staff costs (including directors' remuneration): 員工成本(包括董事酬金):			
Salaries, bonuses and allowances	薪金、花紅及津貼	590,228	422,047
Share-based compensation expense	以股份為基礎補償開支		
– Share Option Scheme (Note 32)	– 購股權計劃(附註32)	7,611	14,885
– Share Award Scheme (Note 33)	– 股份獎勵計劃(附註33)	70,801	83,228
Pension scheme contributions	退休金計劃供款	7,391	6,497
		<b>676,031</b>	<b>526,657</b>

### 7. Finance costs

### 7. 融資成本

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank borrowings and overdrafts	銀行借款及透支	310,408	316,019
Debt securities in issue	已發行債務證券	25,054	6,582
Securities borrowing and lending	證券借貸	863	992
Repurchase agreements	回購協議	22,804	1,165
Financial instruments at fair value through profit or loss	按公平值計入損益的金融工具		
– Debt securities held for trading	– 持作買賣的債務證券	18,057	10,495
Others	其他	16,584	1,543
		<b>393,770</b>	<b>336,796</b>

# Notes to Financial Statements

## 財務報表附註

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### 8. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

### 8. 除稅前溢利

本集團的除稅前溢利乃經扣減/(計入)以下各項後得出：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Auditor's remuneration	審計師酬金		
(i) audit services	(i) 核數服務	2,292	2,046
(ii) interim review	(ii) 中期審閱	707	673
(iii) tax and other consultancy services	(iii) 稅務及其他諮詢服務	3,308	3,760
Foreign exchange differences, net	外匯淨差額	(26,441)	7,148
Other commission expenses	其他佣金開支	77,171	65,951
Information services expenses	資訊服務支出	25,633	21,290
Marketing, advertising and promotion expenses	市場推廣、廣告及宣傳支出	7,973	5,248
Minimum lease payments under operating leases	經營租賃的最低租金	5,082	5,101
Professional and consultancy fee	專業及諮詢費	68,237	49,347
Repair and maintenance (including system maintenance)	維修及維護 (包括系統維護)	38,800	30,503
Net impairment charge on loans and advances to customers	給予客戶貸款及墊款減值支出淨額	74,679	105,830
Net impairment charge on accounts receivable	應收款項減值支出淨額	22,622	42
Net reversal of impairment charge on other financial assets and loan commitments	金融資產及貸款承擔減值支出撥回淨額	(9,887)	-

# Notes to Financial Statements

## 財務報表附註

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### 9. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current – Hong Kong	即期 – 香港		
– Charge for the year	– 年內開支	239,056	154,299
– Overprovision in prior years	– 過往年度超額撥備	(313)	(186)
Deferred (Note 15)	遞延(附註15)	(15,670)	8,407
<b>Total tax charge for the year</b>	<b>年內稅項開支總額</b>	<b>223,073</b>	<b>162,520</b>

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

香港利得稅乃就年內在香港產生的估計應課稅溢利按稅率16.5%(二零一六年:16.5%)撥備。

按適用法定稅率之除稅前溢利計算之稅項費用與按實際稅率計算之稅項費用之對賬如下:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit before tax	除稅前溢利	1,559,112	1,188,607
Tax at the statutory tax rate at 16.5% (2016: 16.5%)	按法定稅率16.5%計算之稅項 (二零一六年:16.5%)	257,253	196,120
Overprovision in prior years	過往年度超額撥備	(313)	(186)
Income not subject to tax	毋須課稅收入	(45,210)	(53,312)
Expenses not deductible for tax	不可扣稅開支	13,524	18,076
Tax losses not recognised	未確認稅項虧損	-	897
Tax losses utilised from previous period	過往期間未動用稅項虧損	(2,082)	-
Temporary difference not recognised	未確認暫時差額	(99)	925
<b>Tax charge for the year</b>	<b>年內稅項開支</b>	<b>223,073</b>	<b>162,520</b>

# Notes to Financial Statements

## 財務報表附註

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### 10. Dividends

### 10. 股息

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interim, paid – HK\$0.045 (2016: HK\$0.03) per ordinary share	中期，已支付 – 每股普通股 0.045 港元 (二零一六年：0.03 港元)	315,023	208,565
Less: Dividend for shares held under the Company's share award scheme	減：本公司股份獎勵計劃項下所持股份的股息	(3,220)	(2,206)
		311,803	206,359
Final, proposed – HK\$0.045 (2016: HK\$0.045) per ordinary share	末期，擬派發 – 每股普通股 0.045 港元 (二零一六年：0.045 港元)	315,256	313,439
Less: Dividend for shares held under the Company's share award scheme	減：本公司股份獎勵計劃項下所持股份的股息	(2,781)	(2,826)
		312,475	310,613*
		624,278	516,972

\* The Company paid a final dividend of approximately HK\$311,380,000 for the year ended 31 December 2016, as further adjusted to include the dividend for shares issued under the share option scheme amounting to approximately HK\$1,120,000, the dividend for shares held and vested shares under the share award scheme amounting to HK\$380,000 and HK\$27,000 respectively.

\* 本公司已派發截至二零一六年十二月三十一日止年度之末期股息約311,380,000港元；其中已作出調整以計入購股權計劃項下所發行股份的股息約1,120,000港元、股份獎勵計劃項下持有及已歸屬股份之股息分別為380,000港元及27,000港元。

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

年內擬派末期股息須經本公司股東於應屆股東週年大會上批准，方可作實。

# Notes to Financial Statements

## 財務報表附註

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### 11. Earnings per share attributable to ordinary equity holders of the parent

The calculations of the basic and diluted earnings per share are based on:

#### (a) Basic earnings per share

The calculation of basic earnings per share is as follows:

		2017 二零一七年	2016 二零一六年
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	母公司普通股股東應佔溢利 (以千港元計)	1,228,174	969,139
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in '000)	已發行普通股的加權平均數減就 股份獎勵計劃持有的股份 (以千計)	6,923,078	6,880,994
Basic earnings per share (in HK cents)	每股基本盈利(以港仙計)	17.7	14.1

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

### 11. 母公司普通股股東應佔每股盈利

每股基本及攤薄盈利乃基於以下方法計算：

#### (a) 每股基本盈利

每股基本盈利的計算方法如下：

#### (b) 每股攤薄盈利

每股攤薄盈利乃按母公司普通股股東應佔年內溢利計算。計算時所用的普通股加權平均數乃指計算每股基本盈利所採用的年內已發行普通股數目，以及假設年內所有潛在攤薄普通股被視為獲行使或轉換為普通股時已按零代價發行的普通股加權平均數。

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## 財務報表附註

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### 11. Earnings per share attributable to ordinary equity holders of the parent *(continued)*

#### (b) Diluted earnings per share *(continued)*

The calculation of diluted earnings per share is as follows:

### 11. 母公司普通股股東應佔每股盈利(續)

#### (b) 每股攤薄盈利(續)

每股攤薄盈利的計算方法如下：

		2017 二零一七年	2016 二零一六年
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	母公司普通股股東應佔溢利(以千港元計)	1,228,174	969,139
Weighted average number of ordinary shares in issue less shares held for the share award scheme used in the basic earnings per share calculation (in '000)	用於計算每股基本盈利的已發行普通股的加權平均數減就股份獎勵計劃持有的股份(以千計)	6,923,078	6,880,994
Effect of dilution – weighted average number of ordinary shares:	攤薄影響 – 普通股的加權平均數：		
Share options under the share option scheme (in '000)	購股權計劃項下的購股權(以千計)	25,934	50,718
Awarded shares under the share award scheme (in '000)	股份獎勵計劃項下的獎勵股份(以千計)	18,991	20,355
Number of ordinary shares for the purpose of the diluted earnings per share calculation (in '000)	就每股攤薄盈利計算而言的普通股數目(以千計)	6,968,003	6,952,067
Diluted earnings per share (in HK cents)	每股攤薄盈利(以港仙計)	17.6	13.9

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### 12. Property, plant and equipment

### 12. 物業、廠房及設備

		Office equipment 辦公室設備 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
For the year ended 31 December 2017	截至二零一七年 十二月三十一日 止年度						
As at 1 January 2017	於二零一七年 一月一日						
Cost	成本	69,338	3,339	563,831	27,874	2,993	667,375
Accumulated depreciation	累計折舊	(47,024)	(2,470)	(100,648)	(21,342)	(2,332)	(173,816)
Net carrying amount	賬面淨值	22,314	869	463,183	6,532	661	493,559
Opening net carrying amount	年初賬面淨值	22,314	869	463,183	6,532	661	493,559
Additions	添置	15,898	1,771	-	7,466	-	25,135
Exchange realignment	外匯調整	30	1	-	17	-	48
Depreciation charged during the year	年內折舊	(15,500)	(1,218)	(15,186)	(6,366)	(466)	(38,736)
Closing net carrying amount	年終賬面淨值	22,742	1,423	447,997	7,649	195	480,006
As at 31 December 2017	於二零一七年 十二月三十一日						
Cost	成本	85,266	5,111	563,831	35,357	2,993	692,558
Accumulated depreciation	累計折舊	(62,524)	(3,688)	(115,834)	(27,708)	(2,798)	(212,552)
Net carrying amount	賬面淨值	22,742	1,423	447,997	7,649	195	480,006

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 12. Property, plant and equipment (continued)

### 12. 物業、廠房及設備(續)

		Office equipment 辦公室設備 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
For the year ended 31 December 2016	截至二零一六年 十二月三十一日 止年度						
As at 1 January 2016	於二零一六年 一月一日						
Cost	成本	88,136	4,482	563,831	27,349	2,993	686,791
Accumulated depreciation	累計折舊	(67,364)	(3,020)	(85,462)	(17,237)	(1,542)	(174,625)
Net carrying amount	賬面淨值	20,772	1,462	478,369	10,112	1,451	512,166
Opening net carrying amount	年初賬面淨值	20,772	1,462	478,369	10,112	1,451	512,166
Additions	添置	15,512	44	-	534	-	16,090
Exchange realignment	外匯調整	(1)	-	-	(1)	-	(2)
Depreciation charged during the year	年內折舊	(13,969)	(637)	(15,186)	(4,113)	(790)	(34,695)
Closing net carrying amount	年終賬面淨值	22,314	869	463,183	6,532	661	493,559
As at 31 December 2016	於二零一六年 十二月三十一日						
Cost	成本	69,338	3,339	563,831	27,874	2,993	667,375
Accumulated depreciation	累計折舊	(47,024)	(2,470)	(100,648)	(21,342)	(2,332)	(173,816)
Net carrying amount	賬面淨值	22,314	869	463,183	6,532	661	493,559

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 13. Intangible assets

		Trading rights 交易權 HK\$'000 千港元	Club membership 會所會籍 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2016, 31 December 2016 and 31 December 2017	於二零一六年一月一日、 二零一六年 十二月三十一日及 二零一七年 十二月三十一日			
Net carrying amounts	賬面淨值	1,913	910	2,823

As at 31 December 2017 and 2016, the Group had three trading rights in the Stock Exchange and one trading right in The Hong Kong Futures Exchange Limited. The intangible assets are not amortised for the years ended 31 December 2017 and 2016 as the trading rights and club membership have no expiry date.

於二零一七年及二零一六年十二月三十一日，本集團擁有於聯交所的三個交易權及香港期貨交易所有限公司的一個交易權。由於交易權及會所會籍並無到期日，故截至二零一七年及二零一六年十二月三十一日止年度並無攤銷無形資產。

### 13. 無形資產

### 14. Other assets

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Basic contribution to the guarantee fund paid to Hong Kong Securities Clearing Company Limited ("HKSCC")	支付予香港中央結算有限公司(「香港結算」)的保證基金基本供款	959	741
Deposits with Stock Exchange:	於聯交所的按金：		
– Compensation fund	– 補償基金	150	150
– Fidelity fund	– 互保基金	150	150
– Stamp duty deposit	– 印花稅按金	500	500
Admission fee paid to HKSCC	支付予香港結算的准入費	150	150
Reserve fund with The SEHK Options Clearing House Limited	於香港聯合交易所期權結算有限公司的儲備金	8,892	6,704
Settlement Risk Fund paid to the Shanghai Stock Exchange	支付予上海證券交易所的結算風險基金	239	223
Deposit with HKFE Clearing Corporation Limited	於香港期貨結算有限公司的按金	1,500	1,500
Funds deposited with the Securities and Futures Commission	於證券及期貨事務監察委員會的按金	50	50
Licence deposit with the Monetary Authority of Singapore	於新加坡金融管理局的牌照按金	584	-
		<b>13,174</b>	<b>10,168</b>

The carrying amounts of the Group's other assets approximate to their fair values.

本集團其他資產的賬面值與其公平值相若。

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 15. Deferred tax

The movements in deferred tax liabilities and assets during the year are as follows:

#### Deferred tax liabilities

		Accelerated tax depreciation		Fair value gains		Total	
		加速稅項折舊		公平值收益		總計	
		2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January	於一月一日	(9,172)	(8,470)	(43,945)	(28,456)	(53,117)	(36,926)
Deferred tax (charged)/ credited to profit or loss	於損益內遞延稅項 (支出)/收入	(291)	(702)	8,686	(15,489)	8,395	(16,191)
At 31 December	於十二月三十一日	(9,463)	(9,172)	(35,259)	(43,945)	(44,722)	(53,117)

### 15. 遞延稅項

年內遞延稅項負債及資產變動如下：

#### 遞延稅項負債

#### Deferred tax assets

		Losses available for offsetting against future taxable profits		Share-based compensation		ECL allowance		Total	
		可供抵銷未來稅項溢利的虧損		以股份為基礎的薪酬		預期信用損失撥備		總計	
		2017	2016	2017	2016	2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January	於一月一日	16,441	6,976	6,576	8,257	-	-	23,017	15,233
Adjustment on adoption of HKFRS 9	採納香港財務報告準則第9號時的調整	-	-	-	-	43,527	-	43,527	-
Deferred tax credited/ (charged) to profit or loss	於損益內遞延稅項收入/(支出)	(4,139)	9,465	(2,722)	(1,681)	14,136	-	7,275	7,784
At 31 December	於十二月三十一日	12,302	16,441	3,854	6,576	57,663	-	73,819	23,017

#### 遞延稅項資產

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 15. Deferred tax (continued)

#### Deferred tax assets (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The deferred income tax assets and liabilities are to be utilised and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position.

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	50,745	3,162
Deferred tax liabilities	遞延稅項負債	(21,648)	(33,262)
		29,097	(30,100)

The Group had total tax losses arising in Hong Kong of approximately HK\$83.1 million as at 31 December 2017 (2016: HK\$120.8 million), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets which have not been recognised in respect of losses amounted to HK\$8.5 million as at 31 December 2017 (2016: HK\$21.2 million). These losses have arisen in group companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

### 15. 遞延稅項(續)

#### 遞延稅項資產(續)

當有法定權利可以將本期稅項資產與本期稅項負債抵銷及遞延所得稅涉及同一稅務機關時，則可將遞延所得稅資產與負債互相抵銷。遞延所得稅資產及負債將於一年後予以動用及結算，而下列在計入適當抵銷後釐定的金額則在綜合財務狀況表內列賬。

於二零一七年十二月三十一日，本集團來自香港的稅項虧損約為83.1百萬港元（二零一六年：120.8百萬港元），在無特定期限內可用於抵銷產生虧損公司的未來應課稅溢利。

並無就二零一七年十二月三十一日的虧損8.5百萬港元（二零一六年：21.2百萬港元）確認遞延稅項資產。該等虧損乃由虧損已有一段時間的集團公司產生，且認為不可能有應課稅溢利抵銷該等稅項虧損。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 16. Loans and advances to customers

### 16. 給予客戶的貸款及墊款

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current	非流動		
Term loans to customers	給予客戶的定期貸款	29,918	251,478
Current	流動		
Margin loans	孖展貸款	12,917,920	13,385,176
Term loans to customers	給予客戶的定期貸款	3,040,588	995,318
Gross loans and advances to customers	給予客戶的貸款及墊款總額	15,958,508	14,380,494
Less: impairment	減：減值	(404,853)	(93,828)
		15,583,573	14,538,144

Analysis of the gross carrying amount as at 31 December by the Group's internal credit rating and year end classification:

按本集團內部信貸評級及年末分類的於十二月三十一日的賬面總值分析：

Internal rating grade	內部評級	Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Performing	良好				
Excellent	優秀	12,229,375	-	-	12,229,375
Good	極好	2,819,630	-	-	2,819,630
Non-performing	不良	-	-	-	-
Individually impaired	個別減值			939,421	939,421
		15,049,005	-	939,421	15,988,426

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 16. Loans and advances to customers (continued)

Analysis of the gross carrying amount and the corresponding ECL allowance is as follows:

### 16. 給予客戶的貸款及墊款(續)

賬面總值及相應預期信用損失撥備分析如下：

		Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Gross carrying amount as at 1 January 2017	於二零一七年一月一日的賬面總值	13,743,727	-	888,245	14,631,972
New assets originated or purchased	已轉讓或已購買的新資產	5,518,689	-	62,560	5,581,249
Assets derecognised or repaid	已終止確認或已償還的資產	(4,213,411)	-	(11,384)	(4,224,795)
Gross carrying amount as at 31 December 2017	於二零一七年十二月三十一日的賬面總值	15,049,005	-	939,421	15,988,426

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 16. Loans and advances to customers (continued)

### 16. 給予客戶的貸款及墊款(續)

		Stage 1 第1階段 HK\$'000 千港元	Stage 2 第2階段 HK\$'000 千港元	Stage 3 第3階段 HK\$'000 千港元	Total 總計 HK\$'000 千港元
ECL allowance as at 1 January 2017	於二零一七年一月一日的 預期信用損失撥備	(21,854)	-	(308,320)	(330,174)
New assets originated or purchased	已轉讓或已購買的 新資產	(2,263)	-	(105,269)	(107,532)
Assets derecognised or repaid	已終止確認或已償還 的資產	16,432	-	16,421	32,853
ECL allowance as at 31 December 2017	於二零一七年 十二月三十一日的 預期信用損失撥備	(7,685)	-	(397,168)	(404,853)

		2016 Audited 二零一六年 經審核 HK\$'000 千港元
Specific provision for impairment	特定減值撥備	
As at 1 January	於一月一日	930
Impairment charged to profit or loss during the year	年內計入損益的減值	105,830
Amount written off during the year	年內撇銷金額	(12,932)
As at 31 December	於十二月三十一日	93,828

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 16. Loans and advances to customers (continued)

The impairment charged to profit or loss included interest income on impaired margin loans of HK\$52,059,000 (2016: HK\$26,576,000) for the year ended 31 December 2017.

Save as disclosed above, all loans and advances to customers were neither past due nor impaired as at 31 December 2017 and 2016.

#### Margin financing operations

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The maximum credit limit granted for each customer is based on the customer's financial background and the quality of related collateral. The Group seeks to maintain strict control over its outstanding receivables and has a Credit and Risk Management Department to monitor credit risks.

Margin loans to the customers are secured by the underlying pledged securities, bear interest at a rate with reference to the Hong Kong dollar prime rate and are repayable on demand. The carrying value of margin loans approximates to their fair value. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of the margin loans business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2017, the total value of securities pledged as collateral in respect of the margin loans was approximately HK\$49,575 million (2016: HK\$49,194 million) based on the market value of the securities as at the end of the reporting period.

### 16. 給予客戶的貸款及墊款(續)

計入損益的減值包括截至二零一七年十二月三十一日止年度已減值孖展貸款利息收入52,059,000港元(二零一六年: 26,576,000港元)。

除上文所披露者外，於二零一七年及二零一六年十二月三十一日，給予客戶的所有貸款及墊款既未逾期，亦未減值。

#### 孖展融資業務

本集團就證券交易向客戶提供孖展融資，以客戶的證券持作抵押品擔保。每名客戶獲授的最高信貸額度乃以客戶的財務背景及所持相關抵押品的質素為基準。本集團擬保持對其未清償應收款項的嚴格控制，並成立了信貸及風險管理部門監控信貸風險。

給予客戶的孖展貸款以相關已抵押證券擔保，根據港元最優惠利率計息，並按要求償還。孖展貸款的賬面值與其公平值相若。由於董事認為，鑒於孖展貸款業務的性質，賬齡分析並不會提供額外價值，故概無披露賬齡分析。授予孖展客戶的信貸融資額乃根據本集團接納的抵押證券貼現市值釐定。於二零一七年十二月三十一日，作為孖展貸款抵押品的已抵押證券總值約為49,575百萬港元(二零一六年: 49,194百萬港元)，此乃按證券於報告期末的市值計算得出。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 16. Loans and advances to customers (continued)

#### Term loans to customers

The Group also provides term loans to customers. In determining the interest rates, reference is made to the credit standing of the relevant customers and the quality and value of the collateral pledged. The term loans granted to customers amounted to HK\$3,034,201,000 (2016: HK\$1,204,590,000), and the accrued interest amounted to HK\$36,305,000 (2016: HK\$42,206,000) as at 31 December 2017. The carrying amounts of the term loans to customers approximate to their fair values.

### 17. Loans to directors

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name 姓名	At 31 December 2017	Maximum amount outstanding during the year	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	Maximum amount outstanding during the prior year	At 1 January 2016	Collateral held 持有抵押
	二零一七年 十二月三十一日	年內最高 未償還金額	二零一六年 十二月三十一日 及二零一七年 一月一日	往年內最高 未償還金額	於二零一六年 一月一日	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Mr. Li Guangjie 李光杰先生	-	1,933	-	1,648	364	Marketable securities 有價證券

The loans granted to a director bear interest at the Hong Kong dollar prime rate plus 3% per annum and have no fixed terms of repayment.

#### 給予客戶的定期貸款

本集團亦向客戶提供定期貸款。於釐定利率時，會參考相關客戶的財務信貸狀況以及所質押的抵押品質素及價值。於二零一七年十二月三十一日授予客戶的定期貸款為數3,034,201,000港元(二零一六年：1,204,590,000港元)，其應計利息合共36,305,000港元(二零一六年：42,206,000港元)。給予客戶的定期貸款的賬面值與其公平值相若。

### 16. 給予客戶的貸款及墊款(續)

### 17. 給予董事的貸款

根據香港公司條例第383(1)(d)條及公司(披露董事利益資料)規例第3部規定，本集團給予董事的貸款披露如下：

授予董事的貸款乃按港元最優惠利率加每年3%計息，且無固定償還期限。

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## 財務報表附註

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### 18. Accounts receivable

#### (a) Analysis of accounts receivable

The carrying values of accounts receivable arising from the course of business of the Group are as follows:

### 18. 應收款項

#### (a) 應收款項分析

本集團業務過程中所產生的應收款項的賬面值如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Accounts receivable arising from brokerage	經紀業務應收款項		
– cash and custodian clients	– 現金及託管客戶	187,406	36,102
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	893,259	712,711
– brokers and dealers	– 經紀及交易商	2,868,570	650,179
Accounts receivable arising from insurance brokerage services	保險經紀服務應收款項		
– cash and custodian clients	– 現金及託管客戶	168	19
Accounts receivable arising from securities borrowing and lending	證券借貸業務應收款項		
– brokers and dealers	– 經紀及交易商	123,444	27,898
Accounts receivable arising from corporate finance, asset management, financial products, market making and investments	企業融資、資產管理、金融產品、做市及投資業務應收款項		
– corporate clients, investment funds and others	– 企業客戶、投資基金及其他	318,692	85,975
		4,391,539	1,512,884
Less: impairment	減：減值	(44,137)	(16,960)
		4,347,402	1,495,924

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 18. Accounts receivable (continued)

#### (a) Analysis of accounts receivable (continued)

The movements in the impairment allowance on accounts receivable are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	16,960	16,915
Adjustments on adoption of HKFRS 9	採納香港財務報告準則第9號時的調整	4,515	-
Impairment charged to profit or loss during the year	年內計入損益的減值	22,720	43
Impairment reversed during the year	年內撥回的減值	(98)	(1)
Exchange difference	匯兌調整	40	3
At 31 December	於十二月三十一日	44,137	16,960

#### (b) Accounts receivable neither past due nor credit-impaired

### 18. 應收款項(續)

#### (a) 應收款項分析(續)

應收款項減值撥備變動如下：

#### (b) 既未逾期亦未信貸減值的應收款項

		Accounts receivable from cash and custodian clients 現金及託管客戶應收款項 HK\$'000 千港元	Accounts receivable from the Stock Exchange and other clearing houses 聯交所及其他結算所應收款項 HK\$'000 千港元	Accounts receivable from brokers and dealers 經紀及交易商應收款項 HK\$'000 千港元	Accounts receivable from corporate clients, investment funds and others 企業客戶、投資基金及其他應收款項 HK\$'000 千港元	Accounts receivable from insurance brokerage 保險經紀業務應收款項 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2017	於二零一七年十二月三十一日						
Neither past due nor credit – impaired	既未逾期亦並無信貸減值	155,884	893,259	2,992,014	218,220	168	4,259,545
Less: impairment	減：減值	(78)	(423)	(1,151)	(110)	-	(1,762)
		155,806	892,836	2,990,863	218,110	168	4,257,783
As at 31 December 2016	於二零一六年十二月三十一日						
Neither past due nor credit – impaired	既未逾期亦並無信貸減值	20,750	712,711	678,077	70,246	19	1,481,803

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### 18. Accounts receivable (continued)

#### (b) Accounts receivable neither past due nor credit-impaired (continued)

Accounts receivable from cash and custodian clients which are neither past due nor credit-impaired represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the end of the reporting year. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable.

#### (c) Accounts receivable past due but not credit-impaired

### 18. 應收款項(續)

#### (b) 既未逾期亦未信貸減值的應收款項(續)

既未逾期亦未信貸減值的應收現金及託管客戶款項指於不同證券交易所進行於報告年度結束前最後兩至三個營業日尚未結算的客戶交易所涉及的款項。由於董事認為，鑒於該等應收款項的性質，賬齡分析並不會提供額外價值，故概無披露賬齡分析。

#### (c) 已逾期但未信貸減值的應收款項

		Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients, investment funds and others	Accounts receivable from insurance brokerage	Total
		現金及託管客戶應收款項	聯交所及其他結算所應收款項	經紀及交易商應收款項	企業客戶、投資基金及其他應收款項	保險經紀業務應收款項	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2017	於二零一七年十二月三十一日						
Past due less than 3 months	逾期三個月以內	17,670	-	-	76,949	-	94,619
Past due 3 to 12 months	逾期三至十二個月	-	-	-	-	-	-
Past due over 12 months	逾期十二個月以上	-	-	-	-	-	-
Less: impairment	減：減值	(4,771)	-	-	(15,107)	-	(19,878)
		12,899	-	-	61,842	-	74,741
As at 31 December 2016	於二零一六年十二月三十一日						
Past due less than 3 months	逾期三個月以內	1,618	-	-	5,428	-	7,046
Past due 3 to 12 months	逾期三至十二個月	-	-	-	6,567	-	6,567
Past due over 12 months	逾期十二個月以上	-	-	-	500	-	500
		1,618	-	-	12,495	-	14,113

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### 18. Accounts receivable (continued)

#### (c) Accounts receivable past due but not credit-impaired (continued)

Accounts receivable from cash and custodian clients which are past due but not credit-impaired represent client trades on various securities exchanges which are unsettled beyond the settlement date. When the cash and custodian clients fail to settle on the settlement date, the Group has the rights to force-sell the collateral underlying the securities transactions. The outstanding accounts receivable from cash and custodian clients as at 31 December 2017 and 2016 are considered past due but not impaired after taking into consideration the recoverability from the collateral. The collateral held against these receivables is publicly traded securities.

Accounts receivable from corporate clients, investment funds and others which are past due but not credit-impaired represent receivables arising from asset management, corporate finance, investment holding and market making which have not yet been settled by clients after the Group's normal credit period. The outstanding accounts receivable from corporate clients, investment funds and others as at 31 December 2017 and 2016 were considered not to be credit-impaired as the credit rating and reputation of the trade counterparties were sound.

### 18. 應收款項(續)

#### (c) 已逾期但未信貸減值的應收款項(續)

已逾期但未信貸減值應收現金及託管客戶款項指於不同證券交易所進行於結算日期後仍未結算的客戶交易所涉及的款項。一旦現金及託管客戶未能於結算日期償付款項，本集團將有權強制出售與證券交易相關的抵押品。經考慮抵押品的可收回性後，於二零一七年及二零一六年十二月三十一日的未結清應收現金及託管客戶款項將被視為已逾期但未減值。該等應收款項持有的抵押品為可公開買賣的證券。

已逾期但未信貸減值的企業客戶、投資基金及其他應收款項指客戶於本集團一般信貸期後客戶尚未計算的應收款項(產生自資產管理、企業融資、投資控股及做市)。於二零一七年及二零一六年十二月三十一日未結清企業客戶、投資基金及其他應收款項被視作未信貸減值，原因為交易對手有穩健信用評級及聲譽。

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### 18. Accounts receivable (continued)

#### (d) Credit-impaired accounts receivable

		Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients, investment funds and others	Accounts receivable from insurance brokerage	Total
		現金及託管客戶、應收款項	聯交所及其他結算所應收款項	經紀及交易商應收款項	企業客戶、投資基金及其他應收款項	保險經紀業務應收款項	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2017	於二零一七年十二月三十一日						
Credit-impaired accounts receivable	已信貸減值應收款項	13,852	-	-	23,523	-	37,375
Less: impairment	減：減值	(13,785)	-	-	(8,712)	-	(22,497)
		67	-	-	14,811	-	14,878
As at 31 December 2016	於二零一六年十二月三十一日						
Credit-impaired accounts receivable	已信貸減值應收款項	13,734	-	-	3,234	-	16,968
Less: impairment	減：減值	(13,726)	-	-	(3,234)	-	(16,960)
		8	-	-	-	-	8

Accounts receivable from cash and custodian clients are considered credit-impaired when clients fail to settle according to settlement terms after taking into consideration the recoverability of collateral.

經考慮抵押品的可收回性後，若客戶未能根據結算條款進行結算時，應收現金及託管客戶款項會被視為信貸減值。

### 18. 應收款項(續)

#### (d) 已信貸減值應收款項

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## 財務報表附註

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### 19. Prepayments, deposits and other receivables

### 19. 預付款項、按金及其他應收款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Prepayments and deposits	預付款項及按金	83,374	124,447
Interest receivables	應收利息	36,878	27,023
<b>Total</b>	<b>總計</b>	<b>120,252</b>	<b>151,470</b>

None of the above assets is either past due or credit-impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期亦並無信貸減值。計入上述結餘有關應收款項的金融資產近期並無違約記錄。

### 20. Financial assets at fair value through profit or loss

### 20. 按公平值計入損益的金融資產

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current	非流動		
Financial assets designated as fair value through profit or loss	指定按公平值計入損益的金融資產		
– Unlisted fund investments (Note (a))	– 非上市基金投資(附註(a))	–	51,701
Current	流動		
Financial assets held for trading	持作買賣的金融資產		
– Listed equity securities	– 上市股本證券	423,450	335,569
– Listed debt securities	– 上市債務證券	7,517,668	4,979,688
– Unlisted debt securities	– 非上市債務證券	601,913	50,931
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		
– Listed fund investments	– 上市基金投資	23,249	–
– Unlisted fund investments (Note (a))	– 非上市基金投資(附註(a))	238,399	355,701
– Unlisted convertible promissory note	– 非上市可換股承兌票據	–	115,184
– Other financial instruments	– 其他金融工具	119,592	–
– Financial products (Note (b))	– 金融產品(附註(b))	28,246,491	7,424,551
		<b>37,170,762</b>	<b>13,261,624</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>按公平值計入損益的金融資產總額</b>	<b>37,170,762</b>	<b>13,313,325</b>

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### 20. Financial assets at fair value through profit or loss (continued)

Notes:

- (a) The Group invested in unconsolidated investment funds for capital appreciation and investment income. The interests held by the Group are in the form of participating shares which provide the Group with the share of returns from the investment funds, but not any decision making power nor any voting right. Given that the Group only held the beneficial interests without holding any voting right or substantial decision making power as principal, these investments are classified as financial assets at fair value through profit or loss.
- (b) The financial products invested by the Group included listed equity investments, listed debt investments, unlisted fund investments, unlisted equity investments and derivatives. As at 31 December 2017, cash collateral of HK\$567.4 million (2016: HK\$845.0 million) and securities collateral of HK\$855.0 million (2016: nil) were placed to the counterparties.

The financial products acquired by the Group are primarily driven by customers' investment needs and used as hedging instruments for structured notes issued under the MTN Programme (Note 27) or derivative instruments acquired by customers (Note 21 and Note 28). As a result, the variable return of these financial products is not significant.

### 20. 按公平值計入損益的金融資產 (續)

附註：

- (a) 本集團投資於未合併投資基金以獲得資本增值及投資收入。本集團以參股形式持有權益，其使本集團可分享投資基金所得回報，但並無任何決策權或任何投票權。鑒於本集團僅持有實益權益而並無任何投票權或如委託人有重大決策權，該等投資分類為按公平值計入損益的金融資產。
- (b) 本集團投資的金融產品包括上市股本投資、上市債務投資、非上市基金投資、非上市股本投資及衍生工具。於二零一七年十二月三十一日，存放於交易對手的現金抵押567.4百萬港元(二零一六年：845.0百萬港元)及855.0百萬港元證券抵押(二零一六年：無)。

本集團購入金融產品乃主要受客戶的投資需求驅動，並作為根據中期票據計劃發行的結構性票據(附註27)的對沖工具或客戶收購的衍生工具(附註21及28)。因此，該等金融產品之可變回報不重大。

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### 21. Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of the derivative are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

		Notional amount 名義金額 HK\$'000 千港元	Fair value 公平值	
			Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
As at 31 December 2017	於二零一七年十二月三十一日			
Cross currency swap	交叉貨幣掉期	1,950,525	1,522	-
Interest rate swap	利率掉期	1,438,486	778	(10,405)
Foreign exchange forward	遠期外匯	3,382,001	69,122	(4,541)
Index futures	指數期貨	3,727	-	(270)
Option	期權	1,330,206	17,049	(5,492)
Warrant	認股權證	967,890	9,262	-
Equity swap	股權掉期	988,374	11,687	(7,014)
Credit default swap	信貸違約掉期	781,630	1,041	-
		10,842,839	110,461	(27,722)
As at 31 December 2016	於二零一六年十二月三十一日			
Cross currency swap	交叉貨幣掉期	565,243	36,566	(46,342)
Interest rate swap	利率掉期	370,273	175	(881)
Foreign exchange forward	遠期外匯	835,065	1,880	(22,731)
FX Option	外匯期權	620,440	-	(10,099)
Option	期權	3,368,372	83,380	(50,030)
		5,759,393	122,001	(130,083)

The Group entered into International Swaps and Derivatives Association, Inc. ("ISDA") master netting agreements or similar agreements with substantially all of its derivative counterparties. Where legally enforceable, these master netting agreements give the Group the right to offset cash collateral paid or received with the same counterparty. As at 31 December 2017, amounts of cash collateral of HK\$106.7 million and HK\$24.0 million were paid to and received from respective counterparties (2016: HK\$89.9 million and HK\$35.6 million), which are included in "accounts receivable and accounts payable arising from brokerage – brokers and dealers" in notes 18 and 24 respectively.

### 21. 衍生金融工具

下表呈列記錄為資產或負債的衍生金融工具的公平值連同其名義金額。所記錄的名義金額總額為衍生工具相關資產、參考匯率或指數的金額，並為衍生工具價值計量變動的基準。名義金額表明於年末未完成的交易量，既不是市場風險亦非信貸風險的指標。

本集團與幾乎所有衍生工具交易方訂立國際掉期及衍生品協會(International Swaps and Derivatives Association, Inc.) (「ISDA」)淨額抵銷總協議或類似協議。在依法可強制執行情況下，該等淨額抵銷總協議賦予本集團權利以抵銷與相同交易方的已付或已收現金抵押品。於二零一七年十二月三十一日，現金抵押品金額分別106.7百萬港元及24.0百萬港元分別付予及收自相關交易方(二零一六年：89.9百萬港元及35.6百萬港元)，分別包括在附註18及24的「經紀業務應收款項及應付款項－經紀及交易商」。

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### 22. Receivable from reverse repurchase agreements

The receivable from reverse repurchase agreements arises when the securities are bought by the Group with a concurrent agreement to resell at a specified later date and price. These securities are not recognised in the Group's consolidated statement of financial position as the counterparty retains substantially all risks and returns of the securities. The amount paid by the Group is recognised as receivable. In the event of default by the counterparty, the Group has the right to sell the underlying securities for settling the outstanding receivable.

As at 31 December 2017, the outstanding amount paid for the reverse repurchase agreements was HK\$1,513,177,000 (2016: HK\$480,782,000) and was recognised as receivable from reverse repurchase agreements.

The fair value of financial liabilities held for trading received as collateral for the outstanding receivable at the year end was HK\$1,726,882,000 (2016: HK\$477,335,000).

### 22. 反向回購協議應收款項

本集團根據反向回購協議購買證券，連帶同時訂立一項協議以按指定其後日期及價格轉售證券。該等證券並無於本集團綜合財務狀況表中確認，原因是交易方保留該等證券的絕大部分風險及回報。本集團支付的款項確認為應收款項。倘交易方違約，本集團有權出售相關證券以結算未結清的應收款項。

於二零一七年十二月三十一日，就反向回購協議支付的未結清款項為1,513,177,000港元（二零一六年：480,782,000港元），並確認為反向回購協議應收款項。

於年末已收取作為未結清應收款項抵押品的持作買賣金融負債的公平值為1,726,882,000港元（二零一六年：477,335,000港元）。

### 23. Cash and cash equivalents and client trust bank balances

### 23. 現金及現金等價物及客戶信託銀行結餘

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	2,108,512	1,257,571
Time deposits	定期存款	103,990	706,827
– with original maturity of less than three months	– 原到期日 少於三個月	–	696,827
– with original maturity of more than three months	– 原到期日 超過三個月	103,990	10,000
		2,212,502	1,964,398

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### 23. Cash and cash equivalents and client trust bank balances (continued)

### 23. 現金及現金等價物及客戶信託銀行結餘(續)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Denominated in:	按以下幣種計值：		
HK\$	港元	848,408	909,649
US\$	美元	1,318,025	631,519
RMB	人民幣	27,195	412,704
Others	其他	18,874	10,526
		<b>2,212,502</b>	<b>1,964,398</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no history of default.

As at 31 December 2017, the ECL allowance of cash and cash equivalents and client trust bank balances amounted to HK\$10,000 and HK\$12,931,000 respectively. Both of them are classified as Stage 1 under the ECL model and there was no transfer to/from the other stages.

銀行存款基於每日銀行存款利率按浮動利率計息。短期定期存款的存款期介乎一日至三個月，視本集團的即時現金需求而定，並按相關短期定期存款利率計息。銀行結餘已存入信譽良好且無拖欠歷史的銀行中。

於二零一七年十二月三十一日，現金及現金等價物及客戶信託銀行結餘的預期信用損失撥備分別為10,000港元及12,931,000港元，均按預期信用損失模型劃分至第1階段，且並未轉入／轉自其他階段。

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### 24. Accounts payable

### 24. 應付款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Accounts payable arising from brokerage	經紀業務應付款項		
– clients	– 客戶	13,128,476	12,641,212
– brokers and dealers	– 經紀及交易商	1,895,561	270,374
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	374,634	239,687
Accounts payable arising from securities borrowing and lending	證券借貸業務應付款項	1,479,445	400,853
Accounts payable arising from corporate finance, asset management, financial products, market making, investments and others	企業融資、資產管理、金融產品、做市、投資業務及其他應付款項	72,857	1,318,284
Accounts payable arising from insurance brokerage services	保險經紀業務應付款項	1,277	628
		<b>16,952,250</b>	<b>14,871,038</b>

The majority of the accounts payable are repayable on demand except for certain accounts payable to clients which represent margin deposits received from clients for their trading activities in the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The Group has a practice to satisfy all the requests for payment within one business day. No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of these businesses.

Accounts payable to clients also include those payables in trust accounts with authorised institutions of HK\$12,348 million (2016: HK\$12,400 million), Hong Kong Futures Exchange Clearing Corporation Limited and other futures dealers of HK\$274 million (2016: HK\$432 million).

Accounts payable arising from insurance brokerage services include those payables in trust accounts with authorised institutions of HK\$1,277,000 (2016: HK\$628,000). Accounts payable are non-interest-bearing, except for the accounts payable to clients.

大部分應付款項結餘須於要求時償還，惟若干應付予客戶的款項為就客戶於正常業務過程中進行買賣活動收取客戶的保證金除外。只有超出規定保證金的金額須於要求時發還客戶。

本集團慣於在一個營業日內清償所有付款要求。本集團並無披露賬齡分析，原因為董事考慮到該等業務的性質，賬齡分析不會提供額外價值。

應付予客戶的款項亦包括存放於認可機構信託賬戶的12,348百萬港元(二零一六年：12,400百萬港元)，香港期貨結算有限公司及其他期貨交易商合共274百萬港元(二零一六年：432百萬港元)。

保險經紀業務應付款項包括認可機構信託賬戶的應付款項1,277,000港元(二零一六年：628,000港元)。除應付客戶款項外，應付款項均不計息。

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### 25. Other payables and accrued liabilities

### 25. 其他應付款項及應計負債

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Other payables	其他應付款項	129,342	32,413
Accrued liabilities	應計負債	343,752	239,268
		<b>473,094</b>	<b>271,681</b>

Other payables and accrued liabilities are non-interest-bearing and have an average term of three months.

其他應付款項及應計負債不計息，其平均期限為3個月。

### 26. Bank borrowings

### 26. 銀行借款

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current:	非流動：		
Unsecured bank borrowings	無抵押銀行借款	–	2,100,000
Current:	流動：		
Unsecured bank borrowings	無抵押銀行借款	13,781,721	6,811,433
Total bank borrowings	銀行借款總額	<b>13,781,721</b>	<b>8,911,433</b>

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Denominated in:	按以下幣種計值：		
HK\$	港元	13,195,498	7,244,000
US\$	美元	586,223	1,667,433
		<b>13,781,721</b>	<b>8,911,433</b>

The Group's bank borrowings bear interest at the Interbank Offered Rate plus an interest spread. Except for the non-current bank borrowings amounting to nil amount (2016: HK\$2,100 million) which were repayable in one to three years, the bank borrowings were repayable within three months or less at the end of reporting period.

本集團銀行借款均按銀行同業拆息加息差計息。除為數零(二零一六年：2,100百萬港元)的非即期銀行借款須於一至三年內償還外，於報告期末的銀行借款均須於三個月或以下之內償還。

The carrying amounts of the bank borrowings approximate to their fair values as the impact on discounting is not significant.

由於折現的影響並不屬重大，故該等銀行借款的賬面值與其公平值相若。

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### 27. Debt securities in issue

### 27. 已發行債務證券

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At amortised cost (Note(a)):	按攤銷成本(附註(a)):		
Listed unsecured medium-term notes	已上市無抵押中期票據	3,126,887	-
Unlisted unsecured medium-term notes	非上市無抵押中期票據	2,758,128	175,710
Designated as fair value through profit or loss:	指定按公平值計入損益:		
Structured notes issued in relation to financial products (Note (b))	已發行的金融產品相關之結構性票據(附註(b))	10,478,876	5,647,531
		<b>16,363,891</b>	<b>5,823,241</b>
Unsecured medium-term notes denominated in:	按下列貨幣列值的無抵押中期票據:		
US\$	美元	4,018,976	-
HK\$	港元	1,866,039	64,400
RMB	人民幣	-	111,310
		<b>5,885,015</b>	<b>175,710</b>
Structured notes issued in relation to financial products denominated in:	按下列貨幣列值的已發行的金融產品相關之結構性票據:		
EUR	歐元	133,771	-
HK\$	港元	963,892	241,955
US\$	美元	7,798,718	4,220,557
RMB	人民幣	1,582,495	1,185,019
		<b>10,478,876</b>	<b>5,647,531</b>
		<b>16,363,891</b>	<b>5,823,241</b>

Notes:

- (a) The outstanding balance of HK\$5,885.0 million (2016: HK\$175.7 million) stated at amortised cost represents unsecured notes issued by the Company under the Company's Medium Term Note Programme (the "MTN Programme"). As at 31 December 2017, the debt securities in issue bore fixed interest rates ranging from 0.9% to 2.8% (2016: 0.9% to 4.1%). The carrying amounts of the debt securities in issue approximate to their fair values as the impact on discounting is not significant.
- (b) The outstanding balance of HK\$10,479 million (2016: HK\$5,648 million) represented unlisted structured notes which arose from selling structured products under the MTN Programme with underlying investments related to listed equity investments, listed debt investments and unlisted fund investments.

附註:

- (a) 按攤銷成本列賬的未償還餘額5,885.0百萬港元(二零一六年: 175.7百萬港元)指本公司根據本公司中期票據計劃(「中期票據計劃」)發行的無抵押票據。於二零一七年十二月三十一日,已發行債務證券按固定利率0.9%至2.8%(二零一六年: 0.9%至4.1%)計息。由於對貼現的影響並不大,已發行債務證券的賬面值與其公平值相若。
- (b) 未償還餘額10,479百萬港元(二零一六年: 5,648百萬港元)指根據中期票據計劃銷售結構產品產生的非上市結構性票據,相關投資與上市股本投資、上市債務投資及非上市基金投資有關。

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### 27. Debt securities in issue (continued)

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (2016: Nil).

The debt securities in issue are repayable on demand and the Group has a practice to satisfy the request for redemption on the settlement date.

### 28. Financial liabilities at fair value through profit or loss

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial liabilities held for trading:	持作買賣的金融負債：		
– Listed equity securities	– 上市股本證券	6,634	66
– Listed debt securities	– 上市債務證券	1,573,357	1,136,096
Financial liabilities designated as at fair value through profit or loss	指定按公平值計入損益的金融負債		
– Financial products (Note)	– 金融產品(附註)	7,428,785	2,349,358
		<b>9,008,776</b>	<b>3,485,520</b>

Note: Included in the fair value of financial products were cash collaterals of HK\$2,177 million (2016: HK\$1,686 million) received from the counterparty.

### 29. Obligations under repurchase agreements

The obligations under repurchase agreements arise when the securities are sold by the Group with a concurrent agreement to repurchase at a specified later date and price. These securities are not derecognised from the Group's consolidated statement of financial position and are retained within the appropriate financial assets classification. The amount received by the Group is recognised as liabilities as the Group retains substantially all risks and returns of the securities.

As at 31 December 2017, the outstanding amount received from repurchase agreements was HK\$6,244,957,000 (2016: HK\$930,958,000) and was recognised as obligations under repurchase agreements.

### 27. 已發行債務證券(續)

本集團於年內並無拖欠任何本金、利息或其他未履行其責任的情況(二零一六年：無)。

已發行債務證券須按要償還，而本集團的慣例為在結付日期滿足償還要求。

### 28. 按公平值計入損益的金融負債

附註：金融產品之公平值包括從對手方收取的現金抵押品2,177百萬港元(二零一六年：1,686百萬港元)。

### 29. 回購協議的債項

本集團根據回購協議出售證券，連帶同時訂立一項協議以按指定其後日期及價格回購證券。該等證券並無於本集團綜合財務狀況表中終止確認，並保留在適當金融資產分類內。本集團收取的款項確認為負債，原因是本集團保留證券的絕大部分風險及回報。

於二零一七年十二月三十一日，就回購協議收取的未結清款項為6,244,957,000港元(二零一六年：930,958,000港元)，並確認為回購協議的債項。

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### 29. Obligations under repurchase agreements (continued)

The following table specifies the amount included within financial assets at fair value through profit or loss subject to repurchase agreements at the year end (Note 20).

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial assets held for trading	持作買賣的金融資產		
– Listed debt securities	– 上市債務證券	3,413,827	110,460
– Unlisted debt securities	– 非上市債務證券	228,758	67,759
Financial assets designated as fair value through profit or loss	指定按公平值計入損益的金融資產		
– Financial products	– 金融產品	4,443,574	1,224,306
		<b>8,086,159</b>	<b>1,402,525</b>

### 30. Other equity instrument

On 15 June 2016, the Company issued US\$300 million subordinated perpetual securities (the "Perpetual Securities") with an initial distribution rate of 4.5% per annum. Distributions are paid semi-annually in arrears and the first distribution date was 30 October 2016. The Company may, at its sole discretion, elect to defer any distribution. The Perpetual Securities do not have a maturity date and are only callable at the Company's discretion on 30 April 2019 or on any distribution payment date after 30 April 2019. After 30 April 2019, the distribution rate will be reset to the 3-year US swap rate plus 8% per annum. The Perpetual Securities constitute direct, unconditional, subordinated and unsecured obligations of the Company and are classified as equity instruments and recorded as equity in the consolidated statement of financial position. The amount as at 31 December 2017 included accrued distribution payment.

### 29. 回購協議的債項(續)

下表載明於年末按公平值計入損益的金融資產中受回購協議規限的款項(附註20)。

### 30. 其他權益工具

於二零一六年六月十五日，本公司發行3億美元的次級永續證券(「永續證券」)，初始分派率為年率4.5%。分派將於每半年期末時支付，首次分派日將為二零一六年十月三十日。本公司可全權自行選擇延遞任何分派。永續證券並無到期日且本公司僅可於二零一九年四月三十日或二零一九年四月三十日後的任何分派支付日自行贖回。二零一九年四月三十日後，分派率將重設為三年期美元掉期利率加年率8%。永續證券構成本公司的直接、無條件、後償及無抵押責任，並分類為權益工具，於綜合財務狀況表中錄作權益。二零一七年十二月三十一日的金額包括應計分派付款。

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### 31. Share capital

### 31. 股本

		Number of issued and fully paid shares 已發行及 繳足股份數目	Share capital 股本 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	6,934,308,201	6,004,362
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使購股權而發行的股份(附註32)	30,992,941	49,663
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	6,965,301,142	6,054,025
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使購股權而發行的股份(附註32)	40,379,343	64,035
At 31 December 2017	於二零一七年十二月三十一日	7,005,680,485	6,118,060

### 32. Share option reserve

### 32. 購股權儲備

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of assisting in recruiting, retaining and motivating key staff members. The Board of Directors has the discretion to grant share options to employees and directors of any members of the Group, including independent non-executive directors. The Share Option Scheme became effective on 19 June 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date (i.e., 18 June 2020).

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme (i.e. 164,000,000 shares). The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time (i.e. 16,400,000 shares). Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

本公司設有一項購股權計劃(「購股權計劃」)，旨在協助招攬、挽留及激勵主要員工。董事會可酌情向本集團任何成員公司的僱員及董事(包括獨立非執行董事)授出購股權。購股權計劃於二零一零年六月十九日生效，而除非另行取消或修訂，否則將自該日期起10年(即至二零二零年六月十八日)有效。

購股權計劃項下授出的所有購股權獲行使而發行的股份總數不能合計超過在購股權計劃批准日本公司已發行股份的10%(即164,000,000股股份)。於任何十二個月期間內可根據購股權向購股權計劃下的每名合資格參與者發行的最高股份數目乃限於本公司於任何時間已發行股份的1%(即16,400,000股股份)。任何超出此限額的進一步授出購股權須經股東於股東大會上批准。

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### 32. Share option reserve (continued)

Share options granted to a director or chief executive of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

On 13 July 2017, the Company granted 10,000,000 share options at the exercise price of HK\$2.44 per share to its directors and employees under the Share Option Scheme. Among the share options granted, 3,200,000 share options were granted to the director of the Company. The option period of the share options is from 13 July 2017 to 12 July 2027. Every one-third of the share options granted will be vested on the first, second and third anniversaries of the date of grant respectively. The closing price of the Company's shares prior to the date of grant (i.e., 12 July 2017) was HK\$2.38 per share.

The fair value of the equity-settled share options was estimated on the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted.

### 32. 購股權儲備(續)

授予本公司董事或行政總裁，或彼等任何聯繫人的購股權，均須事先獲得獨立非執行董事的批准。此外，於任何十二個月期間內授予本公司獨立非執行董事，或彼等任何聯繫人的任何購股權，凡超過本公司於任何時間已發行股份的0.1%或其總值(根據本公司於授出日期之股價計算)超過5百萬港元，均須於股東大會上事先取得股東的批准。

授出購股權的要約可由承授人自要約日期起計二十八日內於支付名義代價合共1港元後接納。所授出購股權的行使期由董事釐定，最遲至自購股權要約日期起計滿10年之日為止。

購股權的行使價由董事釐定，惟不可低於以下最高者：(i)本公司股份於購股權要約日期在聯交所的收市價；及(ii)本公司股份於緊接要約日期前五個交易日在聯交所的平均收市價。

於二零一七年七月十三日，本公司已於購股權計劃項下按行使價每股2.44港元向其董事及僱員授出10,000,000份購股權。在所授購股權當中，3,200,000份購股權獲授予本公司的董事。購股權的有效期自二零一七年七月十三日起至二零二七年七月十二日止。所授購股權的每三分之一將分別於授出日期的第一、二、三周年當日歸屬。本公司股份於授出之日(即二零一七年七月十二日)前的收市價為每股2.38港元。

以權益結算購股權的公平值乃使用二項式定價模型於授出日期進行估計，並經計及購股權授出所依據的條款及條件。

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### 32. Share option reserve (continued)

The following table lists out the key inputs to the model used for the share options granted in 2017:

Share price at the date of grant (per share)	HK\$2.44
Exercise price (per share)	HK\$2.44
Expected volatility	53.32%
Expected dividend yield	3.07%
Risk-free interest rate	1.44%
Weighted average share option price (per share)	HK\$1.11

The expected volatility and the expected dividend yield reflect the assumptions that the historical volatility and the historical dividend yield, respectively, are indicative of future trends, which may not necessarily be the actual outcome.

Upon completion of the bonus issue on 9 July 2015, the exercise price and the number of shares to be issued and allotted under the outstanding share options had been adjusted pursuant to the terms of the Share Option Scheme in the manner set out below:

Date of share options granted 授出購股權的日期	Immediately before the completion of the bonus issue 緊接紅股發行完成前		Immediately after the completion of the bonus issue 緊接紅股發行完成前緊隨紅股發行完成後	
	Exercise price per share 每股行使價	Number of outstanding options 未行使購股權的數目	Adjusted exercise price per share 經調整每股行使價	Adjusted number of outstanding options 經調整未行使購股權的數目
24/4/2012	HK\$2.48 2.48 港元	4,856,448	HK\$0.827 0.827 港元	14,569,344
10/1/2014	HK\$3.79 3.79 港元	36,959,910	HK\$1.264 1.264 港元	110,879,730
11/6/2015	HK\$14.56 14.56 港元	4,500,000	HK\$4.854 4.854 港元	13,500,000

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

40,379,343 share options were exercised during the year ended 31 December 2017 (2016: 30,992,941 share options), resulting in the issue of 40,379,343 shares (2016: 30,992,941 shares) for a total cash consideration of HK\$48,926,000 (2016: HK\$38,575,000). An amount of HK\$15,108,000 (2016: HK\$11,088,000) was transferred from the share option reserve to the share capital account upon the exercise of the share options. After adjustment for the bonus issue, the weighted average share price at the date of exercise for share options exercised during the year was HK\$2.51 per share (2016: HK\$2.57).

### 32. 購股權儲備(續)

下表列出於二零一七年授出之購股權所用模型的主要參數：

於授出日期的股價(每股)	2.44 港元
行使價(每股)	2.44 港元
預期波幅	53.32%
預期股息收益率	3.07%
無風險利率	1.44%
加權平均購股權價格(每股)	1.11 港元

預期波幅及預期股息收益率反映過往波幅及過往股息收益率分別是未來趨勢指標的假設，而該指標不一定為實際結果。

於二零一五年七月九日完成紅股發行後，按尚未行使購股權將予發行及配發的股份的行使價及數目已根據購股權計劃的條款調整如下：

購股權並無賦予持有人獲派股息或於股東大會上投票之權利。

截至二零一七年十二月三十一日止年度，有40,379,343份購股權獲行使(二零一六年：30,992,941份購股權)，導致發行40,379,343股股份(二零一六年：30,992,941股股份)，及換取現金代價總額48,926,000港元(二零一六年：38,575,000港元)。於購股權獲行使後，15,108,000港元(二零一六年：11,088,000港元)的款額由購股權儲備轉撥至股本賬。於就紅股調整後於年內獲行使的購股權於行使日期的加權平均股價為每股2.51港元(二零一六年：2.57港元)。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 32. Share option reserve (continued)

For the year ended 31 December 2017, GJHL has recognised an equity-settled share-based compensation expense of HK\$7,611,000 for the share options under the Share Option Scheme in profit or loss (2016: HK\$14,885,000).

For the year ended 31 December 2017, no share option was lapsed or forfeited (2016: 1,007,915 share options with an exercise price of HK\$1.264 each were lapsed) prior to the vesting date as a result of staff resignation.

### 32. 購股權儲備(續)

截至二零一七年十二月三十一日止年度，國泰君安國際控股已就購股權計劃項下的購股權於損益確認以權益結算以股份為基礎的補償開支7,611,000港元(二零一六年：14,885,000港元)。

截至二零一七年十二月三十一日止年度，並無購股權由於僱員辭職而於歸屬日期前失效或沒收(二零一六年：行使價為每股1.264港元的1,007,915份購股權失效)。

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price HK\$ per share 加權平均行使 價每股港元	Number of options 購股權數目	Weighted average exercise price HK\$ per share 加權平均行使 價每股港元	Number of options 購股權數目
At 1 January	於一月一日	1.692	101,266,251	1.585	133,267,107
Granted during the year	年內授出	2.440	10,000,000	-	-
Adjusted during the year	年內調整	-	-	-	-
Forfeited during the year	年內沒收	-	-	-	-
Lapsed during the year	年內失效	-	-	1.264	(1,007,915)
Exercised during the year	年內行使	1.212	(40,379,343)	1.246	(30,992,941)
At 31 December	於十二月三十一日	2.071	70,886,908	1.692	101,266,251

At 31 December 2017, the Company had 70,886,908 (2016: 101,266,251) share options outstanding under the Share Option Scheme, which represents approximately 1.01% (2016: 1.45%) of the Company's shares in issue as at 31 December 2017. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 70,886,908 additional ordinary shares of the Company and additional share capital of HK\$146,802,000 (before issuance expenses). The option periods of the share options are from 24 April 2012 to 9 June 2021, from 10 January 2014 to 9 January 2024, from 11 June 2015 to 10 June 2025 and from 13 July 2017 to 12 July 2027.

於二零一七年十二月三十一日，本公司有70,886,908份(二零一六年：101,266,251份)購股權計劃項下尚未行使的購股權，佔本公司於二零一七年十二月三十一日已發行股份的約1.01%(二零一六年：1.45%)。根據本公司目前的資本架構，若其餘購股權悉數行使，會導致額外發行70,886,908股本公司普通股，以及額外股146,802,000港元(未扣除發行開支)。購股權的期權行使期間為二零一二年四月二十四日至二零一一年六月九日、二零一四年一月十日至二零二四年一月九日、二零一五年六月十一日至二零二五年六月十日及二零一七年七月十三日至二零二七年七月十二日。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 33. Share award reserve

On 27 October 2011, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including directors) of any members of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 26 October 2021.

The aggregate number of the Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date (i.e. 164,000,000 shares). The maximum number of the Awarded Shares which may be awarded to a Selected Employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date (i.e. 16,400,000 shares).

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board of Directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no cost.

The voting rights and powers of any shares held under the Share Award Scheme shall be exercised by the independent trustee who shall abstain from voting.

### 33. 股份獎勵儲備

於二零一一年十月二十七日，本公司採納股份獎勵計劃（「股份獎勵計劃」），據此，本公司股份（「獎勵股份」）可根據股份獎勵計劃的計劃規則及信託契據條款授予本集團任何成員公司的獲選僱員（包括董事）（「獲選僱員」）。股份獎勵計劃於採納日期生效，除非另行終止或修訂，否則將自該日期起10年（即至二零二一年十月二十六日）有效。

於股份獎勵計劃期間於股份獎勵計劃項下獲准授出的獎勵股份總數不得超過本公司於採納日期已發行股本的10%（即164,000,000股股份）。向獲選僱員授出的獎勵股份最高數目在由授出股份之日（包含此日）起計的任何十二個月內合共不得超逾本公司於採納日期已發行股本的1%（即16,400,000股股份）。

倘獲選僱員符合本公司董事會於作出有關獎勵時列明的全部歸屬條件（其中可能包括服務年期及／或表現的條件），便可獲取有關獎勵的本公司股份，受託人須無償向該名僱員轉讓有關獎勵股份。

獨立受託人有權行使股份獎勵計劃項下持有的股份的所有投票權及權力，惟獨立受託人將放棄投票權。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 33. Share award reserve (continued)

Details of the Awarded Shares granted and unvested as at 31 December 2017 are set out below:

Date of Awarded Shares granted 授出獎勵股份的日期	Average fair value per share 每股平均公平值	Number of Awarded Shares granted 授出獎勵股份的數目	Number of Awarded Shares vested 已歸屬獎勵股份的數目	Number of Awarded Shares lapsed 已失效獎勵股份的數目	Number of Awarded Shares unvested 未歸屬獎勵股份的數目	Vesting dates 歸屬日期
18/4/2016	HK\$2.79 2.79 港元	27,987,000	(18,894,000)	(1,007,000)	7,612,000	30/11/2018
					58,000	4/10/2018
					208,000	31/3/2018
					208,000	31/3/2019
13/4/2017	HK\$2.44 2.44 港元	26,628,000	(9,781,000)	(840,000)	8,016,000	30/11/2018
					7,991,000	30/11/2019

The Group has recognised a share-based compensation expense of HK\$70,801,000 for the Awarded Shares under the Share Award Scheme in profit or loss (2016: HK\$81,272,000). 30,550,000 Awarded Shares have been either transferred to the grantees or sold in accordance with their instructions at no cost (2016: 38,409,000 Awarded Shares) for the year ended 31 December 2017.

1,309,000 Awarded Shares lapsed prior to their vesting date as a result of staff resignation for the year ended 31 December 2017 (2016: 1,141,000 Awarded Shares).

After considering the number of shares which were granted in prior years, as at 31 December 2017, the total number of the Awarded Shares that can be awarded was 72,185,000 which represent appropriately 1.03% of the Company's shares in issue as at 31 December 2017.

### 33. 股份獎勵儲備(續)

於二零一七年十二月三十一日授出及未歸屬的獎勵股份的詳情載列如下：

本集團已就股份獎勵計劃項下的獎勵股份於損益確認以股份為基礎的補償開支 70,801,000 港元(二零一六年：81,272,000 港元)。截至二零一七年十二月三十一日止年度，30,550,000 股獎勵股份已按零成本轉讓予承授人或根據彼等的指示出售(二零一六年：38,409,000 股獎勵股份)。

截至二零一七年十二月三十一日止年度，由於員工辭職，1,309,000 股獎勵股份(二零一六年：1,141,000 股獎勵股份)於歸屬日期前失效。

經考慮過往年度所授出之股份數目，於二零一七年十二月三十一日，可進行獎勵的獎勵股份總數為 72,185,000 股，約佔本公司於二零一七年十二月三十一日已發行股份的 1.03%。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 34. Shares held under the Share Award Scheme

Movements of shares held under the Share Award Scheme during the year are as follows:

		2017 二零一七年		2016 二零一六年	
		HK\$'000 千港元	Number of shares 股份數目	HK\$'000 千港元	Number of shares 股份數目
At 1 January	於一月一日	214,323	62,804,400	199,643	76,929,400
Purchased during the year	於年內購買	72,786	29,546,000	68,971	24,284,000
Vested and transferred out during the year	於年內歸屬或轉出	(105,828)	(30,550,000)	(54,291)	(38,409,000)
At 31 December	於十二月三十一日	181,281	61,800,400	214,323	62,804,400

During the year ended 31 December 2017, the trustee acquired 29,546,000 ordinary shares (2016: 24,284,000 ordinary shares) of the Company for the Share Award Scheme through purchases in the open market, at a total cost, including related transaction costs of approximately HK\$72,786,000 (2016: HK\$68,971,000).

### 35. Reserves

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Other reserve of the Group as at 31 December 2017 and 2016 represents a merger reserve, being the difference between the issued share capital of HK\$31,980,000 of Guotai Junan (Hong Kong) Limited and the amount of share capital and share premium of HK\$1,268,440,000 of the Company transferred and issued to GJHL in exchange for the entire issued share capital of Guotai Junan (Hong Kong) Limited on 14 June 2010.

### 34. 股份獎勵計劃項下持有的股份

股份獎勵計劃項下持有的股份於年內的變動如下：

於截至二零一七年十二月三十一日止年度，受託人就股份獎勵計劃以總成本(包括相關交易成本)約72,786,000港元(二零一六年：68,971,000港元)在公開市場買入29,546,000股本公司普通股(二零一六年：24,284,000股普通股)。

### 35. 儲備

本集團的儲備金額及其變動於綜合權益變動表內呈報。

於二零一七年及二零一六年十二月三十一日，本集團其他儲備為合併儲備，即國泰君安(香港)有限公司的已發行股本31,980,000港元於二零一零年六月十四日與本公司向國泰君安控股轉讓及發行股本及股份溢價的(以換取國泰君安(香港)有限公司的全部已發行股本)金額1,268,440,000港元之間的差額。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 36. Operating lease commitments, capital commitments and other commitments

As at 31 December 2017, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	3,397	4,627
In the second to fifth years, inclusive	二至五年(包括首尾兩年)	-	3,318
		3,397	7,945

#### Capital commitments

The Group had capital commitments for system upgrade and renovation of premises of approximately HK\$3,026,000 which were contracted but not provided for as at 31 December 2017 (2016: HK\$4,724,000).

#### Other commitments

The Group undertakes underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loan facilities granted to customers. As at 31 December 2017, the underwriting and financial obligations were approximately HK\$2,836 million and HK\$159 million respectively (2016: HK\$576 million and HK\$375 million).

### 36. 經營租賃承擔、資本承擔及其他承擔

於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃在下述期限內到期的未來應付的最低租賃款項總額如下：

#### 資本承擔

本集團就升級系統及物業裝修作出資本承擔約3,026,000港元，該款項已訂約但並未於二零一七年十二月三十一日予以撥備(二零一六年：4,724,000港元)。

#### 其他承擔

本集團為配售、首次公開發售、收購及合併活動提供承銷承諾及為授予客戶的貸款融資提供融資承諾。於二零一七年十二月三十一日，承銷及融資承諾分別約為2,836百萬港元及159百萬港元(二零一六年：576百萬港元及375百萬港元)。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 37. Directors' and senior management's emoluments

#### (a) Directors' current emoluments

The current emoluments of every director of the Company paid/payable by the Group for the years ended 31 December 2017 and 2016 are set out below:

Year ended 31 December 2017

Name of director	Director's fees	Salaries and allowances	Discretionary bonuses	Employer's contribution to pension scheme	Total	
董事姓名	董事袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	酌情花紅 HK\$'000 千港元	僱主向退休金計劃供款 HK\$'000 千港元	總計 HK\$'000 千港元	
<i>Executive directors:</i>	<i>執行董事：</i>					
Yim Fung (Note (i))	閻峰(附註(i))	-	3,710	9,362	18	13,090
Wong Tung Ching	王冬青	-	3,528	9,450	18	12,996
Qi Haiying	祁海英	-	3,504	8,470	18	11,992
Li Guangjie	李光杰	-	3,461	6,160	18	9,639
<i>Non-executive directors:</i>	<i>非執行董事：</i>					
Liu Yiyong (Note(ii))	劉益勇(附註(ii))	-	-	-	-	-
Xie Lebin (Note(ii))	謝樂斌(附註(ii))	-	-	-	-	-
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>					
Fu Tingmei	傅廷美	398	-	-	-	398
Song Ming	宋敏	398	-	-	-	398
Tsang Yiu Keung	曾耀強	398	-	-	-	398
		1,194	14,203	33,442	72	48,911

### 37. 董事及高級管理層酬金

#### (a) 董事現時酬金

本集團截至二零一七年及二零一六年十二月三十一日止年度已付／應付本公司各董事現時的酬金載列如下：

截至二零一七年十二月三十一日止年度

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 37. Directors' and senior management's emoluments (continued)

#### (a) Directors' current emoluments (continued)

Year ended 31 December 2016

#### (a) 董事現時酬金(續)

截至二零一六年十二月三十一日止年度

Name of director	董事姓名	Directors' fees 董事袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Employer's contribution to pension scheme 僱主向退休金計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<i>Executive directors:</i> 執行董事:						
Yim Fung (Note (i))	閻峰(附註(i))	-	3,620	10,402	18	14,040
Wong Tung Ching	王冬青	-	3,486	10,500	18	14,004
Qi Haiying	祁海英	-	3,435	7,700	15	11,150
Li Guangjie	李光杰	-	3,375	5,040	18	8,433
Li Sang, Edward (Note (iii))	李生 (附註(iii))	-	1,234	-	3	1,237
<i>Independent non-executive directors:</i> 獨立非執行董事:						
Fu Tingmei	傅廷美	398	-	-	-	398
Song Ming	宋敏	398	-	-	-	398
Tsang Yiu Keung	曾耀強	398	-	-	-	398
		1,194	15,150	33,642	72	50,058

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the year.

Note (i):  
Dr. Yim Fung is the executive director and chief executive officer of the Company.

Note (ii):  
Mr. Xie Lebin and Mr. Liu Yiyong have been appointed as non-executive directors with effect from 19 June 2017.

Note (iii):  
Mr. Li Sang, Edward has resigned as an executive director with effect from 24 February 2016. The amount of salaries and allowances included benefits in kind.

年內並無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

附註(i):  
閻峰博士為本公司執行董事兼行政總裁。

附註(ii):  
謝樂斌先生及劉益勇先生已自二零一七年六月十九日起獲委任為非執行董事。

附註(iii):  
李生先生已自二零一六年二月二十四日起辭任執行董事。薪金及津貼金額包括實物福利。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 37. Directors' and senior management's emoluments

(continued)

#### (b) Directors' deferred emoluments

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss and other comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

Certain directors were granted share awards under the share award scheme of the Company, further details of which are set out in note 33 to the financial statements. As at 31 December 2017, the total number of the Awarded Shares awarded to directors amounted to 6,707,000 and a share-based compensation expense of HK\$21.4 million has been recognised in profit or loss.

The amount of share-based compensation expense illustrated in the below table represents amortisation to profit or loss of the fair value of these share options and awarded shares granted to the directors measured at the respective grant dates.

### 37. 董事及高級管理層酬金(續)

#### (b) 董事遞延酬金

於年內，若干董事於本公司購股權計劃項下就其為本集團提供的服務而獲授購股權，進一步詳情載於財務報表附註32。有關購股權的公平值(已於歸屬期間的損益及其他全面收益表中確認)乃於授出日期釐定，而計入本年度財務報表的金額已列入上述董事及主要行政人員薪酬披露中。

若干董事於本公司股份獎勵計劃項下獲授股份獎勵，進一步詳情載於財務報表附註33。於二零一七年十二月三十一日，授予董事的未歸屬獎勵股份總數為6,707,000股，21.4百萬港元以股份為基礎的補償開支已於損益中確認。

下表所述以股份為基礎的補償開支金額為授予董事的購股權及獎勵股份按有關授出日期計量的公平值於損益中的攤銷金額。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 37. Directors' and senior management's emoluments (continued)

(b) Directors' deferred emoluments (continued)  
Year ended 31 December 2017

(b) 董事遞延酬金(續)  
截至二零一七年十二月三十一日  
止年度

Name of director	董事姓名	Share-based compensation reserve 以股份為基礎補償儲備			
		Share option scheme 購股權計劃		Share award scheme 股份獎勵計劃購股權開支	
		Date of grant 授出日期	Share option expense (Note 32) 購股權開支 (附註32) HK\$'000 千港元	Date of grant 授出日期	Share award expense (Note 33) 股份獎勵開支 (附註33) HK\$'000 千港元
<i>Executive directors:</i>	<i>執行董事：</i>				
Yim Fung (Note (i))	閻峰(附註(i))	10/1/2014	17	15/4/2015	3,441
		13/7/2017	254	18/4/2016	2,063
				13/4/2017	2,559
Wong Tung Ching	王冬青	10/1/2014	9	15/4/2015	1,871
		13/7/2017	254	18/4/2016	2,447
				13/4/2017	2,582
Qi Haiying	祁海英	11/6/2015	2,755	18/4/2016	1,529
		13/7/2017	254	13/4/2017	1,895
Li Guangjie	李光杰	10/1/2014	4	15/4/2015	532
		13/7/2017	254	18/4/2016	1,223
				13/4/2017	1,240
<i>Non-executive directors:</i>	<i>非執行董事：</i>				
Liu Yiyong (Note(ii))	劉益勇(附註(ii))		-		-
Xie Lebin (Note(ii))	謝樂斌(附註(ii))		-		-
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>				
Fu Tingmei	傅廷美		-		-
Song Ming	宋敏		-		-
Tsang Yiu Keung	曾耀強		-		-
			3,801		21,382

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## 財務報表附註

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### 37. Directors' and senior management's emoluments (continued)

(b) Directors' deferred emoluments (continued)  
Year ended 31 December 2016

(b) 董事遞延酬金(續)  
截至二零一六年十二月三十一日  
止年度

Name of director	董事姓名	Share-based compensation reserve 以股份為基礎補償儲備			
		Share option scheme 購股權計劃		Share award scheme 股份獎勵計劃	
		Date of grant 授出日期	Share option expense (Note 32) 購股權開支 (附註32) HK\$'000 千港元	Date of grant 授出日期	Share award expense (Note 33) 股份獎勵開支 (附註33) HK\$'000 千港元
<i>Executive directors:</i>	<i>執行董事：</i>				
Yim Fung (Note (i))	閻峰 (附註(i))	1/10/2014	634	4/9/2014 4/15/2015 4/18/2016	2,066 9,339 3,715
Wong Tung Ching	王冬青	1/10/2014	334	4/9/2014 4/15/2015 4/18/2016	584 5,085 4,401
Qi Haiying	祁海英	6/11/2015	5,959	4/18/2016	2,751
Li Guangjie	李光杰	1/10/2014	167	4/9/2014 4/15/2015 4/18/2016	166 1,450 2,201
Li Sang, Edward (Note (iii))	李生 (附註(iii))	1/10/2014	167	4/9/2014 4/15/2015	124 1,212
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>				
Fu Tingmei	傅廷美		-		-
Song Ming	宋敏		-		-
Tsang Yiu Keung	曾耀強		-		-
			7,261		33,094

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 37. Directors' and senior management's emoluments (continued)

#### (b) Directors' deferred emoluments (continued)

Note (i):

Dr. Yim Fung is the executive director and chief executive officer of the Company.

Note (ii):

Mr. Xie Lebin and Mr. Liu Yiyong have been appointed as non-executive directors with effect from 19 June 2017.

Note (iii):

Mr. Li Sang, Edward has resigned as an executive director with effect from 24 February 2016.

For the year ended 31 December 2017, the directors received total remuneration amounting to HK\$74.1 million (2016: HK\$90.4 million), which included share-based compensation and share award expenses of approximately HK\$3.8 million (2016: HK\$7.3 million) attributable to share options granted and of HK\$21.4 million (2016: HK\$33.1 million) attributable to share awards granted by Company, part of which is in respect of their services to the Company.

### 37. 董事及高級管理層酬金 (續)

#### (b) 董事遞延酬金 (續)

附註(i):

閻峰博士為本公司執行董事兼行政總裁。

附註(ii):

謝樂斌先生及劉益勇先生已自二零一七年六月十九日起獲委任為非執行董事。

附註(iii):

李先生先生已自二零一六年二月二十四日起辭任執行董事。

截至二零一七年十二月三十一日止年度，董事收取的薪酬總額為74.1百萬港元(二零一六年：90.4百萬港元)，包括本公司授出的購股權應佔以股份為基礎的補償及股份獎勵開支約3.8百萬港元(二零一六年：7.3百萬港元)及授出的股份獎勵應佔21.4百萬港元(二零一六年：33.1百萬港元)，其中部分乃就彼等向本公司提供的服務而支付。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 38. Notes to the consolidated statement of cash flows

### 38. 綜合現金流量表附註

#### (a) Cash flows from operating activities

#### (a) 經營活動產生的現金流量

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<b>Cash flows from operating activities</b>	<b>經營活動產生的現金流量</b>		
Profit before tax	除稅前溢利	1,559,112	1,188,607
Adjustments for:	經調整：		
Depreciation	折舊	38,736	34,695
Share-based compensation expense	以股份為基礎的補償開支	78,412	98,113
Net impairment charge on loans and advances to customers	給予客戶貸款及墊款 減值淨額	74,679	92,898
Net impairment charge on accounts receivable	應收款項減值淨額	22,622	42
Foreign exchange adjustment on provision of impairment on accounts receivable	應收款項減值撥備之外匯調整	40	3
Net reversal of impairment charge on client trust bank balance	客戶信託銀行結餘減值撥回淨額	(9,652)	-
Net reversal of impairment charge on loan commitments	貸款承擔減值撥回淨額	(136)	-
Net reversal of impairment charge on other receivables	其他應收款項減值撥回淨額	(86)	-
Net impairment on receivable from reverse repurchase agreement	反向回購協議應收款項減值淨額	74	-
Net reversal of impairment charge on cash and cash equivalents	現金及現金等價物減值撥回淨額	(87)	-
		<b>1,763,714</b>	<b>1,414,358</b>

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 38. Notes to the consolidated statement of cash flows 38. 綜合現金流量表附註(續)

(continued)

(a) Cash flows from operating activities (continued)

(a) 經營活動產生的現金流量(續)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Increase in other assets	其他資產增加	(3,006)	(5,125)
Increase in financial assets at fair value through profit or loss	按公平值計入損益的金融資產增加	(23,857,437)	(8,686,237)
(Increase)/decrease in derivative financial instruments	衍生金融工具(增加)/減少	(90,821)	3,268
Increase in loans and advances to customers	給予客戶的貸款及墊款增加	(1,120,108)	(2,255,185)
(Increase)/decrease in accounts receivable	應收款項(增加)/減少	(2,874,140)	436,153
(Increase)/decrease in receivable from reverse repurchase agreements	反向回購協議應收款項(增加)/減少	(1,032,469)	28,913
Increase in obligations under repurchase agreements	回購協議的債項增加	5,313,999	530,441
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少	31,304	107,312
Increase in financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債增加	5,523,256	2,980,180
Decrease in client trust bank balances	客戶信託銀行結餘減少	62,557	2,262,074
Increase in time deposits with original maturity more than three months	於收購時原到期日超過三個月之定期存款增加	(93,990)	(10,000)
Increase/(decrease) in accounts payable	應付款項增加/(減少)	2,081,212	(3,347,274)
Increase in other payables and accrued liabilities	其他應付款項及應計負債增加	201,549	11,739
Provision for impairment on accounts receivables	應收款項減值撥備	(4,515)	-
Provision for impairment on client trust bank balances	客戶信託銀行結餘減值撥備	(22,583)	-
Provision for impairment on loan commitments	貸款承擔減值撥備	(149)	-
Provision for impairment on loans and advances to customers	給予客戶的貸款及墊款減值撥備	(236,346)	-
Provision for impairment on other receivables	其他應收款項減值撥備	(110)	-

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 38. Notes to the consolidated statement of cash flows (continued)

#### (a) Cash flows from operating activities (continued)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Cash used in operations	經營業務動用現金	(14,358,083)	(6,529,383)
Hong Kong profits tax paid	已付香港利得稅	(136,962)	(204,095)
<b>Net cash flows used in operating activities</b>	<b>經營活動動用現金流量淨額</b>	<b>(14,495,045)</b>	<b>(6,733,478)</b>
Cash flows from operating activities included:	經營活動的現金流量包括：		
– Interest received	– 已收利息	1,279,762	1,277,728
– Interest paid	– 已付利息	377,866	333,874
– Dividend received	– 已收股息	15,352	8,212

#### (a) 經營活動產生的現金流量(續)

#### (b) Changes in liabilities arising from financing activities

		Bank borrowings 銀行借款 HK\$'000 千港元	Debt securities in issue 已發行債務證券 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	8,911,433	5,823,241
Changes from financing cash flows	融資現金流量變動	4,861,686	10,351,663
Foreign exchange movement	外匯變動	8,602	188,987
Interest expense	利息開支	310,383	25,054
Interest paid classified as operating cash flows	分類為經營現金流量的已付利息	(306,639)	(10,258)
Increase in interest payable	應付利息增加	(3,744)	(14,796)
<b>At 31 December 2017</b>	<b>於二零一七年十二月三十一日</b>	<b>13,781,721</b>	<b>16,363,891</b>

#### (b) 融資活動產生的負債變動

# Notes to Financial Statements

## 財務報表附註

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二零一七年十二月三十一日

### 39. Unconsolidated structured entity

A structured entity is an entity in which voting rights are not the dominant factor in deciding control. Structured entity is generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

Depending on the Group's power over the activities of the entity and its exposure to and the ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have an interest on such an entity but does not consolidate it. The Group sponsors an entity when:

- (i) It is the majority user of the entity;
- (ii) Its name appears in the name of the entity or on the products issued by the entity;
- (iii) It provides implicit or explicit guarantees of the entity's performance;
- (iv) It led the formation of the entity.

Income from the sponsored structured entity and assets transferred to the structured entity are as follows:

		2017 二零一七年		2016 二零一六年	
		Commission and fees 佣金及費用 HK\$'000 千港元	Assets transferred 已轉讓資產 HK\$'000 千港元	Commission and fees 佣金及費用 HK\$'000 千港元	Assets transferred 已轉讓資產 HK\$'000 千港元
Assets securitisations	資產證券化	19,400	7,073,600	8,530	2,035,831

### 39. 未綜合結構性實體

結構性實體為表決權並非決定控制權的主導因素的實體。結構性實體通常為實現某一狹窄而明確界定的目標而設，其經營活動受到限制。

視乎本集團對實體活動的權力及其受實體回報的影響程度及其影響實體回報的能力而定，其可能將實體綜合入賬。在其他情況下，其可能資助實體或於實體中擁有權益，但不將實體綜合入賬。下列情況屬本集團贊助一間實體：

- (i) 其為該實體的主要用戶；
- (ii) 其名稱出現在該實體的名稱或該實體發行的產品上；
- (iii) 其為該實體的業績提供隱含或明確的擔保；
- (iv) 其牽頭成立該實體

來自受贊助的結構性實體的收入及轉讓予結構性實體的資產如下：

# Notes to Financial Statements

## 財務報表附註

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### 40. Five highest paid individuals

Excluding amounts paid or payable by way of commission of sales generated by the individuals, the five highest paid employees during the year included three (2016: three) directors, details of whose remuneration are set out in note 37 above. Details of the remuneration of the remaining two (2016: two) non-director and highest paid employees for the year are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	4,656	4,617
Discretionary bonuses	酌情花紅	21,700	18,900
Employer's contribution to pension scheme	僱主向退休金計劃供款	36	36
Sub-total	小計	26,392	23,553
Share-based compensation reserve	以股份為基礎補償儲備		
– Share option expense	– 購股權開支	132	200
– Share award expense	– 股份獎勵開支	8,457	8,669
Total	總計	34,981	32,422

The number of non-director and highest paid employees of the Group/ whose emoluments fell within the following bands is as follows:

除以個別人士產生的銷售佣金的方式支付或應付的款項外，年內五位最高薪酬僱員包括三名(二零一六年：三名)董事，其薪酬詳情載於上文附註37。年內其餘兩名(二零一六年：兩名)非董事及最高薪酬僱員的薪酬詳情如下：

本集團非董事及最高薪酬僱員的人數及其酬金範圍如下：

		2017 二零一七年 Number of employees 僱員人數	2016 二零一六年 Number of employees 僱員人數
Emolument bands	酬金範圍		
– HK\$13,500,001 to HK\$14,000,000	– 13,500,001 港元至 14,000,000 港元	–	1
– HK\$14,500,001 to HK\$15,000,000	– 14,500,001 港元至 15,000,000 港元	–	–
– HK\$15,000,001 to HK\$15,500,000	– 15,000,001 港元至 15,500,000 港元	1	–
– HK\$18,500,001 to HK\$19,000,000	– 18,500,001 港元至 19,000,000 港元	–	1
– HK\$19,500,001 to HK\$20,000,000	– 19,500,001 港元至 20,000,000 港元	1	–
		2	2

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions

- (a) In addition to the transactions and balances set out elsewhere in the financial statements, the Group had the following material transactions with related parties during the year.

### 41. 關聯方交易

- (a) 除於財務報表另行載列的交易及結餘外，本集團於年內與關聯方進行以下重大交易。

			2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
	Notes 附註			
Commission expenses to the ultimate holding company	支付予最終控股公司的佣金開支	(i)	(2,252)	(2,468)
Commission expenses to the ultimate holding company for trading in RMB Qualified Foreign Institutional Investors (RQFII) account	就於人民幣合格境外機構投資者 (RQFII) 賬戶內交易支付予最終控股公司的佣金開支	(ii)	(183)	(550)
Professional and consultancy fees paid to a fellow subsidiary	支付予同系附屬公司的專業及諮詢費	(iii)	(22,140)	(19,420)
Management fee income and performance fee income of a private fund managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary	自本公司全資附屬公司管理及同系附屬公司投資的私募基金收取的管理費收入及表現費收入	(iv)	1,716	1,274
Total fees received from the above private fund	自上述私募基金收取的總費用	(v)	394	205
Commission income of a public fund managed by a fellow subsidiary	自同系附屬公司管理的公募基金收取的佣金收入	(vi)	39	136
Commission income from an intermediate holding company	自中介控股公司收取的佣金收入	(vii)	3,526	1,543
Commission income from the ultimate holding company	自最終控股公司收取的佣金收入	(viii)	70	34
Underwriting fee and sponsor fee income from the ultimate holding company	自最終控股公司收取的包銷費及保薦費收入	(ix)	176,304	-
Management fee income from a public fund managed by a wholly-owned subsidiary of the Company and invested by the intermediate holding company	自本公司全資附屬公司管理及中介控股公司投資的公募基金收取的管理費收入	(x)	1,082	3,526

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions (continued)

(a) (continued)

			2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
	Notes 附註			
Management fee income from a public fund managed by a wholly-owned subsidiary of the Company and controlled by the intermediate holding company	自本公司全資附屬公司管理及中介控股公司控制的公募基金收取的管理費收入	(xi)	1,658	1,661
Management fee income and handling fee income from public funds managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary	自本公司全資附屬公司管理及同系附屬公司投資的公募基金收取的管理費及手續費收入	(xii)	5,357	1,975
Commission income from a public fund	自公募基金收取的佣金收入	(xiii)	265	100
Commission income from funds managed by a fellow subsidiary	自附屬公司管理的基金收取的佣金收入	(xiv)	2,377	3,841
Commission income from a fellow subsidiary	自同系附屬公司收取的佣金收入	(xv)	55	-
Commission income from a fellow subsidiary	自同系附屬公司收取的佣金收入	(xvi)	13	7
Professional fee and consultancy fee paid to the ultimate holding company	支付予最終控股公司的專業及諮詢費	(xvii)	-	(361)
Equity distribution on Perpetual Securities paid to the intermediate holding company	支付予中介控股公司的永續證券權益分派	(xviii)	(43,825)	(7,271)
Consultancy service fee and corporate finance service fee paid to the ultimate holding company	支付予最終控股公司的諮詢服務費及企業融資服務費	(xix)	(15,158)	-

### 41. 關聯方交易 (續)

(a) (續)

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions (continued)

(a) (continued)

Notes:

- (i) The commission expenses to the ultimate holding company were calculated based on the percentage of the transaction value stated in the Cooperation Agreement signed with a wholly-owned subsidiary of the Company.
- (ii) The commission expenses to the ultimate holding company were calculated based on the percentage of the transaction value through RQFII account as stated in the Cooperation Agreement signed with a wholly-owned subsidiary of the Company.
- (iii) The professional and consultancy fees paid to the fellow subsidiary for the provision of capital market information were charged at HK\$22,140,000 for the year ended 31 December 2017 (2016: HK\$19,420,000).
- (iv) The management fee income and performance fee income received from a private fund managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary were charged at 1.5% per annum of the net asset value at the last working day of each month and 20% of the positive increment in the net asset value for the year ended 31 December 2017.
- (v) The total fees received from the private fund mentioned in note (iv) above included commission income which was based on 0.15% of the transaction value.
- (vi) The commission income received from the public fund managed by the fellow subsidiary was based on the pricing stated in the signed brokerage agreement with the wholly-owned subsidiary of the Company.
- (vii) The commission income received from the intermediate holding company was based on the pricing stated in the signed brokerage agreement with wholly-owned subsidiaries of the Company.
- (viii) The commission income received from the ultimate holding company was based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.
- (ix) The underwriting and sponsor fee income received from the ultimate holding company was based on the underwriting and sponsor agreement with the ultimate holding company.
- (x) The management fee income received from a public fund managed by a wholly-owned subsidiary of the Company and invested by the intermediate holding company was charged based on the percentage prescribed in the investment management agreement for the year ended 31 December 2017.

### 41. 關聯方交易(續)

(a) (續)

附註：

- (i) 支付予最終控股公司的佣金開支乃按與本公司的一家全資附屬公司簽立的合作協議列明的交易值百分比計算。
- (ii) 支付予最終控股公司的佣金開支乃按與本公司的一家全資附屬公司簽立的合作協議列明的透過RQFII賬戶交易值百分比計算。
- (iii) 截至二零一七年十二月三十一日止年度就同系附屬公司提供資本市場資料的專業及諮詢費支付22,140,000港元(二零一六年：19,420,000港元)。
- (iv) 自本公司全資附屬公司管理及同系附屬公司投資的私募基金收取的管理費收入及表現費收入按截至二零一七年十二月三十一日止年度各月最後一個工作日的資產淨值每年1.5%以及資產淨值增加額的20%收費。
- (v) 自附註(iv)所述私募基金收取的總費用包括按交易值的0.15%計算的佣金收入。
- (vi) 自同系附屬公司管理的公募基金收取的佣金收入按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。
- (vii) 自中介控股公司收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (viii) 自最終控股公司收取的佣金收入乃按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。
- (ix) 自最終控股公司收取的包銷及保薦費按與最終控股公司簽立的包銷保薦協議收費。
- (x) 自本公司全資附屬公司管理及中介控股公司投資的公募基金收取的管理費收入按截至二零一七年十二月三十一日止年度的投資管理協議規定的百分比收取。

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

- (xi) The management fee income received from a public fund (2016: three) managed by a wholly-owned subsidiary of the Company and controlled by the intermediate holding company was based on a percentage prescribed in the respective investment management agreements for the year ended 31 December 2017.
- (xii) The management fee income and handling fee income received from two public funds (2016: one) managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary and the intermediate holding company were based on the percentage prescribed in the investment management agreement for the year ended 31 December 2017.
- (xiii) The commission income received from a public fund mentioned in note (xii) above was based on the percentage stated in the signed brokerage agreement with another wholly-owned subsidiary of the Company.
- (xiv) The commission income received from funds managed by the fellow subsidiary was based on the pricing stated in the signed brokerage agreement with the wholly-owned subsidiary of the Company.
- (xv) The commission income received from a fellow subsidiary was based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.
- (xvi) The commission income received from a fellow subsidiary was based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.
- (xvii) The professional fee and consultancy fee paid to the ultimate holding company were based on the usage of research reports and financial advisory services provided to a wholly-owned subsidiary of the Company principally engaged in the provision of futures dealing and broking services.
- (xviii) Included in Group's balance of Perpetual Securities was an amount of HK\$971,125,000 as at 31 December 2017 (2016: HK\$971,125,000) owned by the intermediate holding company. The accrued distribution payable to the intermediate holding company was HK\$7,316,000 (2016: HK\$7,271,000).
- (xix) The consultancy service fee and corporate finance service fee paid to the ultimate holding company were based on the consultancy services and corporate finance service provided to wholly-owned subsidiaries of the Company.

### 41. 關聯方交易 (續)

(a) (續)

附註：(續)

- (xi) 自本公司全資附屬公司管理及中介控股公司控制的一項(二零一六年：三項)公募基金收取的管理費收入按截至二零一七年十二月三十一日止年度的相關投資管理協議規定的百分比收取。
- (xii) 自本公司全資附屬公司管理及同系附屬公司及最終控股公司投資的兩項(二零一六年：一項)公募基金收取的管理費及手續費收入按截至二零一七年十二月三十一日止年度的投資管理協議規定的百分比收取。
- (xiii) 自上文附註(xii)所述公募基金收取的佣金收入乃按與本公司另一家全資附屬公司簽立的經紀協議列明的百分比收費。
- (xiv) 自同系附屬公司管理的基金收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (xv) 自同系附屬公司收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (xvi) 自同系附屬公司收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (xvii) 支付予最終控股公司的專業及諮詢費乃按提供予本公司一家主要從事期貨買賣及經紀業務的全資附屬公司的調查報告及財務諮詢服務使用量收取。
- (xviii) 本集團擁有的永續證券結餘包括於二零一七年十二月三十一日由中介控股公司擁有的款項971,125,000港元(二零一六年：971,125,000港元)。應付中介控股公司的應計分派為7,316,000港元(二零一六年：7,271,000港元)。
- (xix) 支付予最終控股公司的諮詢服務費及企業融資服務費按向本公司全資附屬公司提供的諮詢服務及企業融資服務收取。

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

- (xx) Included in the Group's accounts payable was a broker payable due to the ultimate holding company of HK\$6,723,000 (2016: HK\$8,006,000) arising from dealing in securities as at 31 December 2017. The balance was unsecured, interest-free and payable on the settlement day under the relevant market practices.
- (xxi) Included in the Group's accounts receivable was a broker receivable due from the ultimate holding company of HK\$16,704,000 (2016: HK\$20,230,000) arising from dealing in securities as at 31 December 2017. The credit terms provided to the ultimate holding company were consistent with the practice of the securities dealing industry. The balance was unsecured, interest-free and receivable on the settlement day under the relevant market practices.
- (xxii) Included in the accounts receivable were management fee and performance fee receivables due from investment funds managed by the Group mentioned above of HK\$1,523,000 (2016: HK\$745,000) arising from the provision of asset management services as at 31 December 2017. The balances were unsecured, interest-free and receivable monthly in arrears.
- (xxiii) Included in the Group's accounts payable was the accounts payable to the public fund mentioned in note (vi) above arising from dealing in securities of HK\$263,000 as at 31 December 2017 (2016: nil).
- (xxiv) Included in the Group's accounts payable were amounts due to the intermediate holding company of HK\$11,595,000 (2016: HK\$485,909,000), the immediate holding company of nil amount (2016: HK\$135,807,000), the ultimate holding company of HK\$221,000 (2016: HK\$1,328,000) and the fellow subsidiary of HK\$93,844,000 (2016: nil) arising from dealing in securities, futures and foreign exchange as at 31 December 2017. The balances were unsecured, interest-free and payable on demand.
- (xxv) Included in the Group's accounts payable were amounts due to funds managed by the fellow subsidiary of HK\$698,000 (2016: HK\$913,000) arising from dealing in securities as at 31 December 2017. The balance was unsecured, interest-free and payable on the settlement day under the relevant market practice.

### 41. 關聯方交易(續)

(a) (續)

附註：(續)

- (xx) 本集團的應付款項包括於二零一七年十二月三十一日買賣證券產生的應付最終控股公司證券交易款項6,723,000港元(二零一六年：8,006,000港元)。根據相關市場慣例，該結餘為無抵押、免息及須於結算日支付。
- (xxi) 本集團的應收款項包括於二零一七年十二月三十一日買賣證券產生的應收最終控股公司證券交易款項16,704,000港元(二零一六年：20,230,000港元)。向最終控股公司提供的信貸條款與證券買賣行業的慣例一致。根據相關市場慣例，該結餘為無抵押、免息及須於結算日交收。
- (xxii) 應收款項包括於二零一七年十二月三十一日提供資產管理服務產生的應收由上述本集團管理投資基金的管理費款項及表現費款項1,523,000港元(二零一六年：745,000港元)。該結餘乃無抵押、免息及須於每月後收取。
- (xxiii) 於二零一七年十二月三十一日的本集團應付款項包括買賣證券產生的應付上文附註(vi)所述公募基金的款項263,000港元(二零一六年：無)。
- (xxiv) 於二零一七年十二月三十一日，本集團之應付賬款包括因買賣證券、期貨及外匯產生之應付中介控股公司款項11,595,000港元(二零一六年：485,909,000港元)、應付直接控股公司零港元(二零一六年：135,807,000港元)、應付最終控股公司221,000港元(二零一六年：1,328,000港元)及應付同系附屬公司93,844,000港元(二零一六年：無)。該結餘乃無抵押、免息及須於要求時支付。
- (xxv) 於二零一七年十二月三十一日，本集團之應付賬款包括因買賣證券產生之應付同系附屬公司管理之基金款項698,000港元(二零一六年：913,000港元)。該結餘乃無抵押、免息及須於按相關市場慣例結算之日支付。

# Notes to Financial Statements

## 財務報表附註

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### 41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

(xxvi) Included in the Group's accounts receivable were amounts due from funds managed by the fellow subsidiary of HK\$6,325,000 (2016: nil) arising from dealing in securities as at 31 December 2017. The balance was unsecured, interest-free and receivable on the settlement day under the relevant market practices.

(xxvii) Included in the Group's accounts receivable from a public fund mentioned in note (xiii) above arising from dealing in securities was HK\$2,959,000 (2016: nil) as at 31 December 2017.

(xxviii) Included in the Group's accounts payable was the accounts payable to the private fund mentioned in note (v) above arising from dealing in securities of HK\$893,000 (2016: nil) as at 31 December 2017.

The Group's ultimate holding company, Guotai Junan, is subject to the control of the PRC Government which also controls a significant portion of assets and entities in the PRC (collectively referred to as "state-owned enterprises"). Therefore, transactions with state-owned enterprises are regarded as related party transactions.

Majority of the bank borrowings and deposits of the Group were entered into with state-owned banks. In addition, the Group enters into transactions with state-owned enterprises that relate to the Group's normal business activities, including but not limited to brokerage services, corporate finance business, asset management business, loan and financing business and investment holding and market making business. These transactions are entered into in the ordinary course of business at an arm's length and under the normal commercial terms and conditions as to those that would have been entered into with non-state-owned enterprises, which were not considered as individually significant in accordance with HKAS 24.

The related party transactions in respect of items (i), (iii), (vi) to (vii), (xv) and (xix) above also constitute continuing connected transactions to be disclosed in the annual report as defined in Chapter 14A of the Listing Rules.

(b) Details of the remuneration of the key management personnel of the Group are disclosed in note 37.

### 41. 關聯方交易 (續)

(a) (續)

附註：(續)

(xxvi) 於二零一七年十二月三十一日的本集團應收款項包括買賣證券產生的應收同系附屬公司管理的基金款項6,325,000港元(二零一六年：無)。該結餘乃無抵押、免息及須於按相關市場慣例結算之日支付。

(xxvii) 於二零一七年十二月三十一日的本集團應收款項包括上文附註(xiii)所述來自公募基金就買賣證券產生的款項2,959,000港元(二零一六年：無)。

(xxviii) 於二零一七年十二月三十一日的本集團應付款項包括上文附註(v)所述就買賣證券產生的應付私募基金款項893,000港元(二零一六年：無)。

本集團的最終控股公司國泰君安受中國政府控制，而中國政府亦控制中國國內的大部分資產及實體(統稱為「國有企業」)。因此，與國有企業的交易均被視為關聯方交易。

本集團大部分銀行借款及存款均與國有銀行訂立。此外，本集團與國有企業進行與本集團日常業務活動有關的交易，包括但不限於經紀服務、企業融資業務、資產管理業務、貸款及融資業務、投資控股及做市業務。該等交易乃於日常業務過程中公平地按與非國有企業進行的交易類似的正常商業條款及條件進行，並按照香港會計準則第24號沒有被視為個別重大交易。

上文第(i)、(iii)、(vi)至(vii)、(xv)及(xix)項的關聯方交易亦構成須於年報披露之持續關連交易(定義見上市規則第十四A章)。

(b) 本集團主要管理人員薪酬詳情於附註37披露。

# Notes to Financial Statements

## 財務報表附註

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### 42. Financial risk management

The Group's activities expose it to credit risk, market risk and liquidity risk. The Group's overall risk management programme focuses on the analysis, evaluation, acceptance and monitoring of these risks which are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise any potential adverse effect on the Group's financial performance.

The Group's risk management policies are approved by the Board of Directors and are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information. The Board of Directors provides written principles for overall risk management. The Group regularly reviews its risk management policies to reflect any change in the market and clients.

The main risks arising from the Group's financial instruments are credit risk, market risk and liquidity risk. The policies for managing each of these risks are summarised below:

#### Credit risk

Credit exposures arise principally from loans and advances to customers, accounts receivable, debt securities, bank balances and client trust bank balances which are included in the Group's asset portfolio.

#### *Credit risk limit control and mitigation policies*

The Board of Directors delegates to the Credit Committee the duties to monitor the credit risk of the Group. Members of the Credit Committee include, inter alia, the Chief Executive Officer, Responsible Officers, the Chief Financial Officer and the Head of Equity Financing Department. The Credit Committee is responsible for the development of financing business and approval of major credit exposure.

The Equity Financing Department is responsible for approval, monitoring and review of the Group's credit risk of margin clients. It is also responsible for making settlement calls when the trades of margin clients exceed their respective limits. Failure to meet margin calls may result in liquidation of the client's position. The credit limit and margin limit for each client and the lending ratio of securities acceptable as margin collateral prepared by the Equity Financing Department will be further approved by the Credit Committee.

### 42. 金融風險管理

本集團的業務面臨信貸風險、市場風險及流動資金風險。本集團整體風險管理計劃集中於分析、評估、接受及監控該等於業務過程中不可避免的風險。因此，本集團的目標為適當地平衡風險與回報，並將對本集團財務表現潛在的任何不良影響減至最低。

本集團的風險管理政策由董事會批准，旨在識別及分析上述風險，設定適當的風險限額並控制及監控風險及使用可靠及先進的資訊以嚴守限額。董事會就整體風險管理制定書面原則。本集團定期檢討其風險管理政策，以反映市場及客戶的任何變動。

本集團金融工具產生的主要風險為信貸風險、市場風險及流動資金風險。管理各項風險的政策概括如下：

#### 信貸風險

信貸風險主要源自本集團資產組合中的給予客戶的貸款及墊款、應收賬款、債務證券、銀行結餘及客戶信託銀行結餘。

#### *信用風險限額控制及緩釋政策*

董事會委派信貸委員會監控本集團信貸風險。信貸委員會包括(其中包括)行政總裁、負責人員、首席財務總監及融資融券部門主管。信貸委員會負責發展金融業務及批准主要信貸風險。

融資融券部負責批准、監控及審閱本集團的孖展客戶信貸風險。其亦須於孖展客戶的交易超過其各別限額時發出補倉通知。未能補倉的客戶可能被斬倉。各客戶的信貸限額及孖展限額以及融資融券部門釐定可接納為孖展抵押的證券貸款比率將由信貸委員會進一步批准。

# Notes to Financial Statements

## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Credit risk limit control and mitigation policies (continued)

The Group also grants term loans to customers that may contain an element of credit risk. The Group minimises such risk exposure by performing a detailed credit analysis, and dedicated professionals are assigned to oversee and monitor the performance. These key investment decisions are also subject to approval by the Credit Committee.

Loans and advances to customers including IPO loans for subscription of new shares are normally settled within 1 week from the drawdown date. Forced liquidation action would be taken if the customers fail to settle their shortfall within a specific period of tolerance after the IPO allotment result is announced.

For debt securities, external rating such as Standard & Poor's and Moody's ratings or their equivalents are used by the Risk Management Department for managing credit risk exposures as supplemented by the Group's own assessment through the use of internal rating tools.

The Group's bank balances are deposited in respectable and large commercial banks. For the client trust bank balances which are held in segregated accounts, they are deposited in authorised financial institutions in Hong Kong. The credit risk of bank balances and client trust bank balances is considered to be manageable.

Accounts receivable from clients represent receivables from clients arising from dealing in securities, which normally had a delivery-against payment settlement term of 1 to 3 days. The Group allows credit up to the settlement dates of the respective securities transactions (normally from T+1 to T+3 days). All applications for credit limits must be reviewed by the Credit Manager and approved by any member of the Credit Committee. However, no credit limit would be granted to new clients. The Equity Financing Department determines whether a forced liquidation action is to be taken against clients with overdue balances on a case-by-case basis. The Credit Committee regularly reviews the overdue balances.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 信用風險限額控制及緩釋政策(續)

本集團亦向客戶授出定期貸款，該等貸款可能包含信貸風險因素。本集團透過進行詳細信貸分析降低有關風險承擔，並指派專業人士監督及監控表現。該等主要投資決策亦須經信貸委員會批准。

給予客戶的貸款及墊款包括有關認購新股的首次公开发售貸款，一般於自提取日期起一周內結算。倘客戶於首次公开发售配發結果公佈後的指定寬限期內未能結算其差額，則將會被斬倉。

就債務證券而言，風險管理部門採用外部信貸評級(如標準普爾及穆迪評級或其同行評級)進行信貸風險管理，本集團透過使用內部評級工具進行補充性自行評估。

本集團銀行結餘乃存於聲譽良好的大型商業銀行。就以獨立賬戶持有的客戶信託銀行結餘而言，該等結餘乃存於香港的認可金融機構。銀行結餘及客戶信託銀行結餘的信貸風險屬可管理範圍內。

應收客戶款項指證券交易產生的應收客戶款項，付款交收的結算期一般為一至三天。本集團授予的信貸期最多至各項證券交易的結算日(一般為T+1至T+3日內)。所有信貸限額的申請均須經信貸主任審核及由信貸委員會任何成員批准。然而，新客戶不會獲授任何信貸限額。融資融券部門釐定是否就逾期結餘逐筆對個別客戶採取強制清盤措施。信貸委員會定期檢討逾期結餘。

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## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Credit risk limit control and mitigation policies (continued)

The Group only accepts margin deposits in the form of cash for futures, options and leveraged foreign exchange dealing and broking. No transaction is allowed to be executed if the current position of the customer exceeds its trading limit. The margin deposit placed and the aggregate of the required margin deposits of each futures, options and leveraged foreign exchange contract are timely monitored by both the dealers and the Risk Management Department. Margin calls will be executed by the on-site duty staff for futures, options and leveraged foreign exchange brokerage business if there is a deficit with the margin deposit. Forced liquidation of the customer's position will be executed if the customer fails to meet the margin calls.

With the above stated controls, management considers that the credit risk of the Group resulting from securities, futures, options and leveraged foreign exchange brokerage business as well as margin and other loan financing is manageable.

Accounts receivable from brokers and dealers are placed with large financial institutions which are governed by regulators. The credit risk of accounts receivable from brokers and dealers is considered to be manageable.

The credit risk of accounts receivable from corporate clients and investment funds arising from corporate finance, asset management and investment holding and market making businesses are manageable as the credit rating and reputation of trade counterparties are sound.

The credit risk of accounts receivable from the Stock Exchange and other clearing houses is considered to be minimal.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 信用風險限額控制及緩釋政策(續)

本集團對期貨、期權及槓桿外匯買賣及經紀僅接受現金形式的保證金。倘客戶的本期財務狀況超過交易限額，則不得進行任何交易。所投入的保證金及各項期貨、期權及槓桿外匯合約所要求的保證金總額由交易商及風險管理部門及時監察。倘保證金不足，現場在職的員工會就期貨、期權及槓桿外匯經紀業務發出補倉通知。未能補倉的客戶將被斬倉。

在上文所述監控下，管理層認為本集團因證券、期貨、期權及槓桿外匯經紀業務以及孖展及其他貸款融資所面臨的信貸風險均在可管理範圍之內。

應收經紀及交易商的款項存放於監管機構管治下的大型金融機構。應收經紀及交易商的款項的信貸風險乃視為在可管理範圍內。

由於交易對手方的信用評級及聲譽穩健，故企業融資、資產管理及投資控股以及做市業務所產生的應收企業客戶及投資基金款項的信貸風險在可管理範圍之內。

應收聯交所及其他結算所的應收款項的信貸風險甚微。

# Notes to Financial Statements

## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Impairment and provisioning policies

The Group's policy requires the review of individual outstanding amounts at least monthly or more regularly depending on individual circumstances or market condition.

The Group has early adopted HKFRS 9, where the impairment requirements under HKFRS 9 are based on an expected credit loss model. The Group applies simplified approach to measure ECL on accounts receivable; and general approach to measure ECL on loans and advances to customers, time deposits and other financial assets accounted for at amortised cost as well as loan commitments. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-months ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

#### Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. The loan and advances use the number of days past due ("DPD") and loan-to-collateral value ("LTV") to determine significant increase in credit risk. For non-standard financing, internally derived credit ratings have been identified as representing the best available determinant of credit risk. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 減值及撥備政策

本集團的政策要求至少每月或在特定情況或因應市況下更為頻繁地對個別未結清款項進行審閱。

本集團已提早採納香港財務報告準則第9號，香港財務報告準則第9號下的減值要求以預期信用損失模型為依據。本集團應用簡易方法計量應收款項的預期信用損失，並應用一般方法計量給予客戶的貸款及墊款、定期存款及其他按攤銷成本入賬的金融資產以及貸款承擔的預期信用損失。根據簡易方法，本集團基於生命週期的預期信用損失計量虧損撥備。按照一般方法，金融工具乃基於初步確認後的信貸風險變動，透過下列三個階段予以轉撥：第1階段：十二個月的預期信用損失、第2階段：生命週期的預期信用損失 – 並無信貸減值及第3階段：生命週期的預期信用損失 – 信貸減值。

#### 評估信貸風險大幅增加

於釐定自初始確認以來違約風險是否大幅增加時，本集團兼顧定量及定性資料以及基於本集團過往經驗及專家風險評估的分析，包括前瞻性資料。貸款及墊款採用逾期天數（「逾期天數」）及貸款與抵押品價值比（「貸款與抵押品價值比」）釐定信貸風險是否大幅增加。就非標準融資而言，已確立內部信貸評級作為信貸風險的最佳可用指標。倘若報告日期的信貸評級相較初始確認日期的信貸評級大幅惡化，則信貸風險視為已大幅增加。

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## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Impairment and provisioning policies (continued)

Calculation of expected credit losses

The ECL are assessed by the Group on semi-annual basis. Based on DPD, LTV and internally derived credit ratings, loans and advances to customers are classified into 3 stages.

ECL for retail margin loan under stage 1 is calculated on collective basis. The probabilities of price changes of various scenarios are calculated based on the observed historical price movements of the underlying collateral stocks. The ECL of each scenario is then calculated in accordance with the respective loan exposure. When the retail margin loan classified under stage 2 and stage 3, the lifetime ECL is calculated.

The ECL of non-standard financing is calculated on individual basis. The Group has pre-defined loss rate of each loan's category. The loss rate are reference to the default rate for performing and non-performing grades from external rating agencies.

If there is material decrease in collateral value and the full recovery of the loan is in doubt, the retail and non-standard loan will be classified into stage 3. For the loans classified as stage 3, the Group may further calculate the ECL based on probability-weighted scenarios to measure the expected credit loss. Each scenario is associated with different exposure at default and probability.

#### Incorporation of forward-looking information

When estimating the ECL on loan and advances to customers, the Group has incorporated forward-looking economic information through the use of industry trend and experienced credit judgement to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios by the stock market analysis.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 減值及撥備政策(續)

預期信用損失的計算

本集團每半年評估預期信用損失。根據逾期天數、貸款與抵押品價值比及內部制定的信貸評級，給予客戶的貸款及墊款分為三個階段。

第1階段下的零售孖展貸款的預期信用損失集中進行計算。各種情境下的價格可能變動依據相關抵押股票的可觀察歷史價格變動計算。隨後，根據相關貸款敞口計算各情境下的預期信用損失。倘零售孖展貸款分類為第2階段及第3階段，則計算生命週期預期信用損失。

非標準融資的預期信用損失逐項進行計算。本集團就每項貸款類別設有預定虧損率。預定虧損率參考外部評級機構對良好及不良級別評定的違約率。

倘抵押品價值大幅下降且貸款能否悉數收回存疑，則零售及非標準貸款分類為第3階段。就分類為第3階段的貸款而言，本集團可根據概率加權情境計算預期信用損失，以計量預期信用損失。不同的情境與不同的違約敞口及概率相關。

#### 納入前瞻性資料

於估計給予客戶的貸款及墊款時，本集團已納入前瞻性經濟資料，包括透過使用行業趨勢及基於經驗的信用判斷以反映定量因素，以及透過使用多種概率加權情境進行股票市場分析。

# Notes to Financial Statements

## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period, in relation to each class of financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

These amounts represent the worst case scenario of credit risk exposure to the Group at 31 December 2017 and 2016, without taking account of any collateral held or other credit enhancements attached.

#### Concentration of risks of financial assets with credit risk exposure

(a) Bank balances and client trust bank balances

The counterparties of all client trust bank balances and the majority of cash and bank balances are located in Hong Kong. As the Group's bank balances and client trust bank balances are deposited with a number of financially sound financial institutions, in the opinion of the directors, the concentration risk of the Group's bank balances and client trust bank balances is insignificant.

(b) Loans and advances to customers and accounts receivable from clients

The counterparties of the majority of loans and advances to customers (including margin loans, IPO loans and other loan financing) and accounts receivable from clients are individuals who are mainly located in China. The Equity Financing Department and Risk Management Department daily prepares an analysis of key margin client and futures, options and leveraged foreign exchange client exposure for review to avoid excessive concentration of risk. As the Group trades with a large number of diversified clients, in the opinion of the directors, the concentration of risk of loans and advances to customers and accounts receivable from clients is manageable.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 除所持抵押品或其他信貸提升前所面對的最高信貸風險

倘交易對手未能於報告期間結束時履行其責任，則本集團所面對的與各類金融資產相關的最高信貸風險值為財務狀況表內所示該等資產的賬面值。

該等金額為本集團於二零一七年及二零一六年十二月三十一日所面對的信貸風險的最差情形，且未計及任何所持抵押品或所附其他信貸提升情況。

#### 面臨信貸風險的金融資產的風險集中程度

(a) 銀行結餘及客戶信託銀行結餘

所有客戶信託銀行結餘及大部分現金及銀行結餘的交易對手均位於香港。由於本集團的銀行結餘及客戶信託銀行結餘乃存於多家財務穩健的金融機構，故董事認為本集團的銀行結餘及客戶信託銀行結餘的集中風險不大。

(b) 給予客戶的貸款及墊款以及應收客戶款項

大部分給予客戶的貸款及墊款(包括孖展貸款、首次公開發售貸款及其他貸款融資)以及應收客戶款項的交易對手為個人，主要居於中國。融資融券部門及風險管理部門每日編製及審閱主要孖展客戶及期貨、期權及槓桿外匯客戶風險分析，以期避免過度集中的風險。由於本集團與大量各行各業的客戶交易，故董事認為給予客戶的貸款及墊款以及應收客戶款項的集中風險在可管理範圍之內。

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## 財務報表附註

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### 42. Financial risk management (continued)

#### Credit risk (continued)

##### Concentration of risks of financial assets with credit risk exposure (continued)

- (c) Accounts receivable from brokers, dealers as well as clearing houses and others

The Group also has accounts receivable from clearing houses, brokers and dealers from its securities, futures, options and leveraged foreign exchange brokerage business as well as other receivables from asset management, corporate finance and investment holding and market making businesses. Responsible Officers timely monitor excess deposits placed with dealers and brokers to ensure the concentration of risk of accounts receivable is manageable.

#### Securities borrowing and lending

In the normal course of brokerage business, the Group may enter into securities borrowing and lending arrangements with financial institutions and the Group's customers. As at 31 December 2017, the Group borrowed equity securities of HK\$123,112,000 (2016: HK\$24,954,000) from financial institutions and set aside equity securities of HK\$1,263,034,000 (2016: HK\$370,908,000) pledged by margin clients, for such lending arrangements to customers. Cash collateral of HK\$1,479,445,000 (2016: HK\$400,852,000) was received from the customers while HK\$123,444,000 (2016: HK\$24,578,000) was placed to the financial institutions.

The Group maintains no net position in such securities borrowing and lending transactions and is not subject to significant price risk. However, under the securities borrowing and lending arrangements, the cash collateral received and cash collateral placed are included in the accounts payable and accounts receivable from brokers and dealers, respectively. The Group is principally liable for repaying the borrowed securities in case of any default by the customers.

In the normal course of financial products, market making and investments business, the Group may also enter into securities borrowing and lending arranged with financial institutions. As at 31 December 2017, the Group borrowed exchange-traded funds of nil amount (2016: HK\$3,162,000) from a financial institution for the market making activities and placed nil amount (2016: HK\$3,320,000) to the financial institution as cash collateral.

### 42. 金融風險管理(續)

#### 信貸風險(續)

##### 面臨信貸風險的金融資產的風險集中程度(續)

- (c) 應收經紀、交易商以及結算所及其他人士的款項

本集團亦有應收結算所、經紀及交易商有關證券、期貨、期權及槓桿外匯經紀業務的款項以及來自資產管理、企業融資及投資控股以及做市業務的其他應收款項。負責人員定時監察存於個別交易商及經紀的超額存款，以確保應收款項的集中風險在可管理範圍之內。

#### 證券借貸

於正常經紀業務過程中，本集團可能與金融機構和本集團客戶訂立證券借貸安排。於二零一七年十二月三十一日，本集團向金融機構借股本證券123,112,000港元(二零一六年：24,954,000港元)並撥出由孖展客戶抵押的股本證券1,263,034,000港元(二零一六年：370,908,000港元)用作此類客戶該等借貸安排。現金抵押1,479,445,000港元(二零一六年：400,852,000港元)乃收取自客戶及123,444,000港元(二零一六年：24,578,000港元)存放於金融機構。

本集團於該等證券借貸交易中並無維持任何淨倉，故並無面對重大價格風險。然而，根據證券借貸安排，所收取的現金抵押以及所存放的現金抵押分別計入應付款項以及應收經紀及交易商款項。本集團的主要責任為在任何客戶出現任何違約時償還所借入的證券。

於正常金融產品、做市及投資業務的過程中，本集團亦可能與金融機構訂立證券借貸安排。於二零一七年十二月三十一日，本集團向一家金融機構借交易所交易基金零港元(二零一六年：3,162,000港元)用於做市活動及向金融機構存放零港元(二零一六年：3,320,000港元)作為現金抵押。

# Notes to Financial Statements

## 財務報表附註

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### 42. Financial risk management (continued)

#### Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

The financial instruments held by the Group mainly exposed it to interest rate risk and price risk. The market risk mainly includes cash flow interest rate risk and price risk. The Group has established policies and procedures for monitoring and controlling the market risk arising from these financial instruments.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and advances to customers, accounts receivable, financial assets and liabilities at fair value through profit or loss, accounts payable to clients, bank borrowings, debt securities in issue, receivable from reverse repurchase agreements, obligations under repurchase agreements, client trust bank balances and cash and bank balances. Debt investments usually bear a fixed rate interest and they are managed through the strategy of trading them within a short period of time.

Interest on cash at banks will fluctuate at floating rates based on daily bank deposit rates. Bank borrowings and margin loans receivable at variable rates exposed the Group to cash flow interest rate risk. Other financial assets and liabilities which are mainly carried at amortised cost are either non-interest-bearing or fixed interest-bearing with short term maturities within one year, of which the interest rate risk is also considered to be minimal. The Group mitigates its interest rate risk by monitoring market interest rate movements and revising the interest rates offered to its customers on an ongoing basis in order to limit potential adverse effects of interest rate movements on net interest income. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of bank borrowings, margin loans receivable and interest-bearing bank deposits.

### 42. 金融風險管理(續)

#### 市場風險

本集團所面對的市場風險，乃指由於市場價格變動而引致金融工具的公平值或未來現金流量變動的風險。市場風險乃因利率、貨幣及股權產品等的未平倉而產生，並受到一般及特定的市場變動及市場利率或價格(如利率、匯率及股價)波幅變動的風險所影響。

本集團所持有的金融工具主要面對利率風險及價格風險。市場風險主要包括現金流量利率風險及價格風險。本集團已制定有關政策及程序，以監測及控制該等金融工具所產生的市場風險。

#### 利率風險

本集團面臨的市場利率變動風險主要與本集團給予客戶的貸款及墊款、應收款項、按公平值計入損益的金融資產及負債、應付客戶款項、銀行借款、已發行債務證券、反向回購協議應收款項、回購協議的債項、客戶信託銀行結餘以及現金與銀行結餘有關。債務投資通常按固定利率計息，通過在短時期內買賣的戰略對其進行管理。

銀行存款利息按根據每日銀行存款利率計算的浮動利率而波動。本集團面對以浮息計息的銀行借款及應收孖展貸款款項所產生的現金流量利率風險。主要按攤銷成本列賬的其他金融資產及負債乃不計息或按固定利率計息，期限為一年以內，故其利率風險亦被認為微乎其微。本集團透過監控市場利率變動並持續修訂給予客戶的利率，從而減輕利率變動對利息收入淨額的潛在不利影響。本集團定期計算其銀行借款、應收孖展貸款款項及計息銀行存款組合可能產生的利率變動對損益的影響。

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## 財務報表附註

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### 42. Financial risk management (continued)

#### Market risk (continued)

##### Interest rate risk (continued)

If there would be a general increase/decrease in the interest rate by 1% (2016: 1%), with all other variables held constant, the net interest income for the year ended 31 December 2017 would have been increased/decreased by approximately HK\$57.5 million (2016: HK\$193.7 million), but the fair value of the debt investments for the year ended 31 December 2017 would have been decreased/increased by approximately HK\$218.0 million (2016: HK\$100.2 million). The estimated 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. The sensitivity analysis is unrepresentative because the year-end exposure does not reflect the exposure during the year.

The financial products and derivative financial instruments held by the Group are structured as debt securities in issue for sales to customers. They are not subject to significant risk as the risk has been transferred to customers accordingly.

##### Equity price risk

The Group is exposed to equity securities price risk from equity instruments and fund investments held by the Group which are classified in the statement of financial position as financial assets and liabilities at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments.

At 31 December 2017, the profit before tax would increase/decrease by HK\$51.5 million for the equity and fund investment held for trading (2016: HK\$36.3 million) should the relevant indexes increase/decrease by 10% (2016: 10%). The analysis is based on the assumption that all the equity instruments move according to the historical correlation with the relevant indexes and with all other variables held constant. The sensitivity analysis is unrepresentative because the year-end exposure does not reflect the exposure during the year.

The asset quality of the margin clients' margin collateral will deteriorate when the market comes down drastically. Scenario analysis and stress testing are regularly performed on an individual client basis.

### 42. 金融風險管理(續)

#### 市場風險(續)

##### 利率風險(續)

倘利率整體上升/下降1%(二零一六年: 1%)，所有其他變量保持不變，則截至二零一七年十二月三十一日止年度的利息收入淨額將會增加/減少約57.5百萬港元(二零一六年: 193.7百萬港元)，但截至二零一七年十二月三十一日止年度的債務投資的公平值將會減少/增加約218.0百萬港元(二零一六年: 100.2百萬港元)。估計1%的增加或減少指管理層對下個年度報告期間前期間的利率合理變動的評估。該敏感性分析不俱代表性，原因是年末的風險不能反映全年的風險。

本集團持有的金融產品及衍生金融工具結構化為已發行債務證券來售予客戶。由於風險已轉移予客戶，因此彼等不承擔重大風險。

##### 股價風險

本集團因持有股本工具及基金投資(於財務狀況表分類為按公平值計入損益的金融資產及負債)而承受股票證券價格風險。價格風險指金融工具公平值因波動而出現變動的風險，無論有關價格變動是因個別工具特有的因素或影響市場上所有買賣工具的因素所引致。本集團透過對投資進行詳細的盡職分析降低價格風險，並指派專業人士監督及監控投資表現。

於二零一七年十二月三十一日，倘相關指數上升/下跌10%(二零一六年: 10%)，持作買賣的股權及基金投資除稅前溢利將會增加/減少51.5百萬港元(二零一六年: 36.3百萬港元)。該分析乃假設所有股本工具根據與相關指數的過往掛鈎關係變動及在所有其他可變因素保持不變的情況下作出。該敏感性分析不俱代表性，原因是年末的風險不能反映全年的風險。

孖展客戶的孖展抵押品的資產質素會於市場嚴重下滑時惡化。情景分析及壓力測試乃按個別客戶基準定期進行。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Market risk (continued)

##### Foreign currency risk

Foreign currency risk refers to the risk that movements in foreign currency exchange rates will affect the Group's financial results and its cash flows.

The Group's foreign exchange risk principally arises from its leveraged foreign exchange dealing and broking business as well as the Group's transactions which are denominated in currencies other than the Hong Kong dollars.

For the leveraged foreign exchange brokerage business, the Group hedges the majority of the client positions through back-to-back transactions with external counterparties. As the Group adopts a stringent control over its positions, it is considered that foreign exchange risk exposure is manageable.

The Group's principal operations are transacted and recorded in Hong Kong dollars, United States dollars ("US\$") and Renminbi ("RMB"). The Group is not exposed to material foreign exchange risk because HK\$ is pegged with US\$. The Group also conducts appropriate hedging activities when it is exposed to material exchange risk in RMB. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The foreign exchange risk is daily managed and monitored by the Finance Department. As a result, it is considered that foreign exchange risk exposure is manageable.

##### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Finance Department maintains flexibility in funding by maintaining available committed credit facilities from the banks.

Sources of liquidity are daily reviewed by the Finance Department to ensure the availability of sufficient liquid funds to meet all obligations.

### 42. 金融風險管理(續)

#### 市場風險(續)

##### 外匯風險

外匯風險指影響本集團財務業績及其現金流量的外幣匯率變動的風險。

本集團的外匯風險主要來自其槓桿式外匯買賣及經紀業務以及本集團以港元以外貨幣為單位的交易。

就槓桿外匯經紀業務，本集團透過與外部對手方的背對背交易對沖大多數客戶的倉位。由於本集團對其倉位採納嚴格監控，故其認為外匯風險屬可管理範圍。

本集團的主要業務以港元、美元(「美元」)及人民幣(「人民幣」)交易及列賬。由於港元與美元掛鈎，故本集團並無面臨重大外匯風險。本集團亦於其面臨重大的人民幣外匯風險時採取適當的對沖活動。其他外幣風險相對於其總資產及負債所承接者相對較低。外匯風險由我們的財務部每日管理及監督，故其認為外匯風險屬可管理範圍。

##### 流動資金風險

審慎的流動資金風險管理包括維持充足的現金，透過已承諾信貸融資的足夠額度備有資金，及有能力減少市場持倉。由於相關業務的多變性質，財務部致力透過已承諾的可用銀行信貸融資維持資金的靈活性。

財務部每日審核流動資金來源，以確保可獲得充足流動資金，履行所有責任。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Liquidity risk (continued)

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows in strict compliance with statutory requirements. This is achieved by monitoring the liquidity position of the individual companies within the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Hong Kong Securities and Futures (Financial Resources) Rules.

The following table summarises the maturity profile of the Group's financial liabilities, based on the contractual and undiscounted cash flows:

As at 31 December 2017

		Up to 1 month 一個月內 HK\$'000 千港元	1 to less than 3 months 一至三個月 HK\$'000 千港元	3 to less than 12 months 三至十二個月 HK\$'000 千港元	1 to 5 years 一至五年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Liabilities</b>	<b>負債</b>					
Accounts payable	應付款項	16,952,250	-	-	-	16,952,250
Bank borrowings	銀行借款	9,395,707	4,418,025	-	-	13,813,732
Debt securities in issue	已發行債務證券	12,211,302	46,605	4,122,763	-	16,380,670
Financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債	9,008,776	-	-	-	9,008,776
Obligations under repurchase agreements	回購協議的債項	6,087,645	162,389	-	-	6,250,034
		53,655,680	4,627,019	4,122,763	-	62,405,462
<b>Off-balance sheet items</b>	<b>資產負債表外項目</b>					
Underwriting obligations	承銷承諾	2,836,419	-	-	-	2,836,419
Financial obligations to loan facilities	貸款融資財務責任	158,665	-	-	-	158,665
Capital commitments	資本承擔	3,026	-	-	-	3,026
		2,998,110	-	-	-	2,998,110
<b>Derivative cash flow</b>	<b>衍生現金流量</b>					
Derivative financial instruments settled on a gross basis	按總額結算的衍生金融工具					
Total inflow	總流入	976,856	391,239	4,086,970	-	5,455,065
Total outflow	總流出	(958,776)	(392,047)	(4,049,286)	-	(5,400,109)
		18,080	(808)	37,684	-	54,956

### 42. 金融風險管理(續)

#### 流動資金風險(續)

管理層根據預期現金流量監控本集團的流動資金儲備(包括未提取借款融資)及現金及現金等價物的滾存預測,以嚴格遵守法定要求。為達到此目的,本集團需要每日監控旗下公司的流動資金狀況,以確保能夠取得充足的流動資金履行所有責任,並符合有關法定要求(如香港證券及期貨(財政資源)規則)。

根據合約及未貼現現金流量,下表概述本集團金融負債的到期情況:

於二零一七年十二月三十一日

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Liquidity risk (continued)

As at 31 December 2016

		Up to 1 month 一個月內 HK\$'000 千港元	1 to less than 3 months 一至三個月 HK\$'000 千港元	3 to less than 12 months 三至十二個月 HK\$'000 千港元	1 to 5 years 一至五年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Liabilities</b>	<b>負債</b>					
Accounts payable	應付款項	14,871,038	-	-	-	14,871,038
Bank borrowings	銀行借款	6,826,825	-	-	2,100,000	8,926,825
Debt securities in issue	已發行債務證券	5,647,531	-	180,836	-	5,828,367
Financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債	3,485,520	-	-	-	3,485,520
Obligations under repurchase agreements	回購協議的債項	157,997	185,106	605,408	-	948,511
		30,988,911	185,106	786,244	2,100,000	34,060,261
<b>Off-balance sheet items</b>	<b>資產負債表外項目</b>					
Underwriting obligations	承銷承諾	575,655	-	-	-	575,655
Financial obligations to loan facilities	貸款融資財務責任	375,419	-	-	-	375,419
Capital commitments	資本承擔	4,724	-	-	-	4,724
		955,798	-	-	-	955,798
<b>Derivative cash flow</b>	<b>衍生現金流量</b>					
Derivative financial instruments settled on a gross basis	按總額結算的衍生金融工具					
Total inflow	總流入	487,179	15,845	935,279	-	1,438,303
Total outflow	總流出	(485,835)	(13,026)	(947,940)	-	(1,446,801)
		1,344	2,819	(12,661)	-	(8,498)

### 42. 金融風險管理(續)

#### 流動資金風險(續)

於二零一六年十二月三十一日

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Fair values of financial assets and liabilities

##### *Financial instruments not measured at fair value*

At the end of the reporting period, the fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amount due to their short term nature.

##### *Financial instruments measured at fair value*

###### Group's valuation process

The Level 1 and Level 2 fair values of financial assets are measured by reference to quoted market prices and brokers' quotes, respectively. The Group has engaged an independent professionally qualified valuer, International Valuation Limited, to perform the valuation of financial instruments in Level 3 for financial reporting purposes. These valuation reports are sent to the Finance Department and the Audit Committee for discussion at least twice per annum, which is in line with the Group's reporting dates.

At each financial year end, the Finance Department reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3. Changes in fair values of Levels 2 and 3 financial assets are analysed at each reporting date.

###### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### 42. 金融風險管理(續)

#### 金融資產及負債的公平值

##### 並非按公平值計量的金融工具

於報告期間結束時，本集團並非按公平值計量的金融資產及負債的公平值因該等資產及負債的短期性質而與其賬面值無重大差異。

##### 按公平值計量的金融工具

###### 本集團的估值流程

第1級及第2級金融資產的公平值乃分別參考市場報價及經紀報價計量。本集團已委聘獨立專業合資格估值師國際評估有限公司對第3級金融工具進行估值，以作財務申報目的。該等估值報告將每年至少兩次(與本集團的報告日期一致)呈送予財務部及審核委員會，以供討論。

於各財政年度末，財務部審閱所有用於計量第3級金融工具公平值的重大無法觀察參數及估值調整。第2級及第3級金融資產的公平值變動於各報告日期進行分析。

###### 公平值等級

下表闡明本集團金融工具的公平值計量等級：

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Assets measured at fair value:

As at 31 December 2017

### 42. 金融風險管理(續)

按公平值計量的金融工具(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的資產：

於二零一七年十二月三十一日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial assets held for trading	持作買賣金融資產				
– Listed equity securities	– 上市股本證券	423,450	–	–	423,450
– Listed debt securities	– 上市債務證券	–	7,517,668	–	7,517,668
– Unlisted debt securities	– 非上市債務證券	–	601,913	–	601,913
Financial assets at fair value through profit or loss	按公平值計入損益 的金融資產				
– Listed fund investments	– 上市基金投資	23,249	–	–	23,249
– Unlisted fund investments	– 非上市基金投資	–	238,399	–	238,399
– Other financial instruments	– 其他金融工具	–	119,592	–	119,592
– Financial products	– 金融產品	2,111,520	24,515,860	1,619,111	28,246,491
Derivative financial instruments	衍生金融工具	–	110,461	–	110,461
		2,558,219	33,103,893	1,619,111	37,281,223

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2016

### 42. 金融風險管理(續)

按公平值計量的金融工具(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的資產：(續)

於二零一六年十二月三十一日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial assets held for trading	持作買賣金融資產				
– Listed equity securities	– 上市股本證券	335,569	–	–	335,569
– Listed debt securities	– 上市債務證券	–	4,979,688	–	4,979,688
– Unlisted debt securities	– 非上市債務證券	–	50,931	–	50,931
Financial assets designated as fair value through profit or loss	指定按公平值計入損益 的金融資產				
– Unlisted fund investments	– 非上市基金投資	–	355,701	51,701	407,402
– Unlisted convertible promissory note	– 非上市可換股 承兌票據	–	–	115,184	115,184
– Financial products	– 金融產品	–	6,252,234	1,172,317	7,424,551
Derivative financial instruments	衍生金融工具	–	122,001	–	122,001
		335,569	11,760,555	1,339,202	13,435,326

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2017

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的負債：

於二零一七年十二月三十一日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Debt securities in issue designated as fair value through profit and loss	指定按公平值計入 損益的已發行債務 證券	-	(8,267,555)	(2,211,321)	(10,478,876)
Financial liabilities held for trading	持作買賣金融負債				
- Listed equity securities	- 上市股本證券	(6,634)	-	-	(6,634)
- Listed debt securities	- 上市債務證券	-	(1,573,357)	-	(1,573,357)
Financial liabilities designated as fair value through profit or loss	指定按公平值計入 損益的金融負債				
- Financial products	- 金融產品	-	(7,428,785)	-	(7,428,785)
Derivative financial instruments	衍生金融工具	-	(27,722)	-	(27,722)
		(6,634)	(17,297,419)	(2,211,321)	(19,515,374)

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value: (continued)

As at 31 December 2016

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的負債：(續)

於二零一六年十二月三十一日

		Fair value measurement using 採用以下各項的公平值計量			Total 總計
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	
Debt securities in issue designated as at fair value through profit and loss	指定按公平值計入 損益的已發行債務 證券	-	(4,475,214)	(1,172,317)	(5,647,531)
Financial liabilities held for trading	持作買賣金融負債				
- Listed equity securities	- 上市股本證券	(66)	-	-	(66)
- Listed debt securities	- 上市債務證券	-	(1,136,096)	-	(1,136,096)
Financial liabilities designated as fair value through profit or loss	指定按公平值計入 損益的金融負債				
- Financial products	- 金融產品	-	(2,349,358)	-	(2,349,358)
Derivative financial instruments	衍生金融工具	-	(130,083)	-	(130,083)
		(66)	(8,090,751)	(1,172,317)	(9,263,134)

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Fair values of financial assets and liabilities (continued)

##### Financial instruments measured at fair value (continued)

##### Fair value hierarchy (continued)

##### (a) Financial instruments in Level 1

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets and financial liabilities held by the Group is the current bid price and current ask price.

##### (b) Financial instruments in Level 2

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs used in the valuation for financial instruments are observable, the financial instruments are included in Level 2.

If one or more of the significant inputs are not based on observable market data, the financial instrument is included in Level 3.

Except the conversion of the Convertible Preference Shares (Level 2) into ordinary shares of the Investee listed on the Stock Exchange (Level 1) in May 2014, there was no transfer of fair value measurement between Level 1 and Level 2 for the years ended 31 December 2017 and 2016.

### 42. 金融風險管理(續)

#### 金融資產及負債的公平值(續)

##### 按公平值計量的金融工具(續)

##### 公平值等級(續)

##### (a) 第1級金融工具

於交投活躍市場買賣的金融工具公平值根據報告期末的市場報價計算。交投活躍的市場指可輕易及定期從交易所、交易商、經紀取得報價的市場，而該等報價代表按公平基準進行的實際及常規市場交易。本集團所持金融資產及金融負債所用的市場報價為當時的買盤價及賣盤價。

##### (b) 第2級金融工具

並非於活躍市場(例如場外市場)買賣的金融工具公平值乃使用估值技術釐定。該等估值技術盡可能採用可觀察市場數據(如有)，盡量不依賴實體的特定估計。如金融工具估值所用的所有重大參數均為可觀察參數，該金融工具列入第2級。

倘有一個或多個重大參數並非以可觀察市場數據為基準，該金融工具列入第3級。

截至二零一七年及二零一六年十二月三十一日止年度，除可轉換優先股(第2級)轉換為被投資方於二零一四年五月上市的普通股(第1級)外，概無公平值計量於第1級與第2級之間轉撥。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3

The following table presents the changes in Level 3 financial instruments for the years ended 31 December 2017 and 2016.

Level 3 financial assets

For the year ended 31 December 2017

		Unlisted debt securities (Note 20)	Unlisted convertible promissory note (Note 20)	Unlisted fund investments (Note 20)	Financial product (Note 20)	Total
		非上市債務證券 (附註20)	非上市可換股承兌票據 (附註20)	非上市基金投資 (附註20)	金融產品 (附註20)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	-	115,184	51,701	1,172,317	1,339,202
Purchases	購買	-	-	-	238,204	238,204
Disposal	出售	-	(76,081)	(57,281)	-	(133,362)
Transfer out to Level 2	轉出至第2級	-	-	-	-	-
Receipt on maturity	於到期時收款	-	-	-	-	-
Accrued interest income	應計利息收入	-	1,540	-	-	1,540
Receipt of interest income	收取利息收入	-	(1,546)	-	-	(1,546)
Net (loss)/gain recognised in profit or loss	於損益內確認的(虧損)/收益淨額	-	(39,097)	5,580	208,590	175,073
At 31 December 2017	二零一七年十二月三十一日	-	-	-	1,619,111	1,619,111

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具

下表呈列截至二零一七年及二零一六年十二月三十一日止年度，第3級金融工具的變動。

第3級金融資產

截至二零一七年十二月三十一日止年度

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

Level 3 financial assets (continued)

For the year ended 31 December 2016

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

第3級金融資產(續)

截至二零一六年十二月三十一日  
止年度

		Unlisted debt securities (Note 20)	Unlisted promissory note (Note 20)	Unlisted fund investments (Note 20)	Financial product (Note 20)	Total
		非上市債務證券(附註20)	非上市可換股承兌票據(附註20)	非上市基金投資(附註20)	金融產品(附註20)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	45,400	152,756	120,141	-	318,297
Purchases	購買	-	-	-	1,172,317	1,172,317
Transfer out to Level 2	轉出至第2級	-	-	(149,352)	-	(149,352)
Receipt on maturity	於到期時收款	(47,170)	-	-	-	(47,170)
Accrued interest income	應計利息收入	445	3,094	-	-	3,539
Receipt of interest income	收取利息收入	(445)	(4,638)	-	-	(5,083)
Net (loss)/gain recognised in profit or loss	於損益內確認的(虧損)/收益淨額	1,770	(36,028)	80,912	-	46,654
At 31 December 2016	於二零一六年十二月三十一日	-	115,184	51,701	1,172,317	1,339,202

Level 3 financial liabilities

第3級金融負債

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Debt securities in issue	已發行債務證券		
At 1 January	於一月一日	1,172,317	-
Issuance	已發行	830,414	1,172,317
Net loss recognised in profit or loss	於損益確認的虧損淨額	208,590	-
At 31 December	於十二月三十一日	2,211,321	1,172,317

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2017 and 2016:

31 December 2017

	Valuation technique 估值技術	Significant unobservable input 重大無法觀察參數	Average 平均	Sensitivity of the fair value to the input 公平值對參數的敏感度
Financial products 金融產品	Market Approach 市場法	Pricing multiples of market comparable companies used to determine the estimated equity value of the Project Company: 用於釐定項目公司估計股權價值的市場可資比較公司的定價倍數： – Price to revenue multiple – 市營率 – Price to book multiple – 市賬率 – Price to earnings multiple – 市盈率 – Enterprise value to sales – 企業價值與銷售額比率	8.8 2.5 56.6 9.7	10% increase or decrease in the underlying stock price, the fair value would be increased by HK\$138.1 million or decreased by HK\$138.1 million, respectively. 相關股價上升或降低 10%，公平值將分別增加 138.1 百萬港元或減少 138.1 百萬港元。
Financial products 金融產品	Recent transaction price 近期交易價格	N/A 不適用	N/A 不適用	N/A 不適用

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

下文為金融工具於二零一七年及二零一六年十二月三十一日估值的重大無法觀察參數概要：

二零一七年十二月三十一日

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

31 December 2017 (continued)

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

二零一七年十二月三十一日(續)

	Valuation technique 估值技術	Significant unobservable input 重大無法觀察參數	Average 平均	Sensitivity of the fair value to the input 公平值對參數的敏感度
Debt securities in issue 已發行債務證券	Market approach 市場法	Pricing multiples of market comparable companies used to determine the estimated equity value of the Project Company: 用於釐定項目公司估計股權價值的市場可資比較公司的定價倍數： – Price to revenue multiple – 市營率 – Price to book multiple – 市賬率 – Price to earnings multiple – 市盈率 – Enterprise value to sales – 企業價值與銷售額比率	8.8 2.5 56.6 9.7	10% increase or decrease in the underlying stock price, the fair value would be increased by HK\$138.1 million or decreased by HK\$138.1 million, respectively. 相關股價上升或降低10%，公平值將分別增加138.1百萬港元或減少138.1百萬港元。
Debt securities in issue 已發行債務證券	Recent transaction price 近期交易價格	N/A 不適用	N/A 不適用	N/A 不適用

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

31 December 2016

	Valuation technique 估值技術	Significant unobservable input 重大無法觀察參數	Average 平均	Sensitivity of the fair value to the input 公平值對參數的敏感度
Unlisted convertible promissory note 非上市可換股承兌票據	Binomial pricing model 二項式定價模式	Pricing multiples of market comparable companies used to determine the estimated equity value of the Project Company: 二項式定價模式用於釐定項目公司估計股權價值的市場可資比較公司的定價倍數： – Price to revenue multiple – 市營率 – Price to book multiple – 市賬率 – Price to earnings multiple – 市盈率	0.73 2.45 13.84	10% increase or decrease in the underlying stock price, the fair value would be increased by HK\$6.9 million or decreased by HK\$6.9 million, respectively. 相關股價上升或降低10%，公平值將分別增加6.9百萬港元或減少6.9百萬港元。
Unlisted fund investments 非上市基金投資	Recent transaction price 近期交易價	N/A 不適用	N/A 不適用	N/A 不適用
Financial products 金融產品	Recent transaction price 近期交易價	N/A 不適用	N/A 不適用	N/A 不適用
Debt securities in issue 已發行債務證券	Recent transaction price 近期交易價	N/A 不適用	N/A 不適用	N/A 不適用

### 42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

二零一六年十二月三十一日

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 42. Financial risk management (continued)

#### Capital management

The Group's objectives for managing capital, which represent a broader concept than the "equity" on the face of the statement of financial position, are:

- to comply with the capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules for its subsidiaries which are licensed corporations;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth; and
- to maintain a strong capital base to support the development of its business.

The liquid capital is monitored daily by each individual licensed subsidiary's management based on the Securities and Futures (Financial Resources) Rules. The required information is filed with the SFC on a timely basis. The SFC requires each licensed corporation to maintain a level of required liquid capital which is the higher of the floor requirement ranging from HK\$0.1 million to HK\$15 million and 5% of the aggregate of its adjusted liabilities and clients' margin. All licensed corporations within the Group complied with their required liquid capital during the years ended 31 December 2017 and 2016.

A subsidiary of the Group is a member of the Hong Kong Confederation of Insurance Brokers and is required to maintain a minimum net asset value of HK\$0.1 million at all times. Another subsidiary of the Group is a Registered Fund Management Company registered with the Monetary Authority of Singapore and is required to maintain a minimum base capital requirement of SG\$250,000 at all times.

The capital of the Group mainly comprises its total equity.

### 42. 金融風險管理(續)

#### 資本管理

本集團資本管理的目標概念比財務狀況表的「權益」更為廣闊，即：

- 就本身為持牌法團的附屬公司而言，符合香港證券及期貨(財政資源)規則的資本規定；
- 保障本集團持續經營的能力，以繼續為股東提供回報及為其他利益相關者提供利益；
- 維持本集團的穩定及發展；及
- 維持穩固的資本基礎，以支持其業務的發展。

各持牌附屬公司的管理層根據證券及期貨(財政資源)規則每天監控流動資金，並按時向證監會提呈所需資料。證監會規定，各持牌法團須保持所需流動資本水平為介乎0.1百萬港元至15百萬港元的最低要求及其經調整負債及客戶保證金總和的5%兩者中的較高者。於截至二零一七年及二零一六年十二月三十一日止年度，本集團旗下所有持牌法團均符合所需流動資金水平規定。

本集團一家附屬公司是香港保險顧問聯會成員及須在所有時候維持最低資產淨值0.1百萬港元。本集團另一附屬公司是向新加坡金融管理局(Monetary Authority of Singapore)登記的註冊基金管理公司(Registered Fund Management Company)及須在所有時候維持最低基本資本規定250,000新加坡元。

本集團的資本主要包括其權益總額。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 43. Offsetting financial assets and financial liabilities

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (CNS) money obligations receivable and trade payables with HKSCC and it intends to settle on a net basis as accounts receivable from or accounts payable to the Stock Exchange. The net amount of CNS money obligations receivable or payable with HKSCC and the guarantee fund placed in HKSCC do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

### 43. 抵銷金融資產與金融負債

本集團目前擁有合法可執行權利抵銷與香港結算的持續淨額交收(持續淨額交收)應收賬與交易應付款項，並擬按淨額基準作為應收或應付聯交所賬款結算。與香港結算的持續淨額交收應收賬或應付賬的淨額及存放於香港結算的保證基金並不符合於財務報表內抵銷的標準，本集團不擬按淨額基準結算有關結餘。

		Gross amount of recognised financial assets/ (liabilities)	Gross amount of recognised financial liabilities offset in the financial statements	Net amounts of financial liabilities reflected in the financial statements	Related amounts not set off in the statement of financial position	Net
		已確認金融資產/(負債)總額	抵銷已確認金融(資產)/負債總額	於財務報表呈列的金融負債淨額	尚未於財務狀況表抵銷的有關金額	淨額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
<b>As at 31 December 2017</b>	<b>於二零一七年十二月三十一日</b>					
CNS money obligation receivable	持續淨額交收應收賬	895,209	(895,209)	-	-	-
CNS money obligation payable	持續淨額交收應付賬	(1,074,870)	895,209	(179,661)	-	(179,661)
<b>As at 31 December 2016</b>	<b>於二零一六年十二月三十一日</b>					
CNS money obligation receivable	持續淨額交收應收賬	1,091,696	(1,091,696)	-	-	-
CNS money obligation payable	持續淨額交收應付賬	(1,121,660)	1,091,696	(29,964)	-	(29,964)

The "net amounts of financial liabilities reflected in the financial statements", as set out above, is included in "accounts receivable and accounts payable arising from brokerage – the Stock Exchange and other clearing houses" in notes 18 and 24 respectively.

上文所載的「於財務報表反映的金融資產淨額」分別包括在附註18及24的「經紀產生的應收款項及應付款項 – 聯交所及其他結算所」。

# Notes to Financial Statements

## 財務報表附註

31 December 2017

二零一七年十二月三十一日

### 44. Event after reporting period

On 24 January, 2018, the Company, Guotai Juan Holdings Limited (the "Vendor" and a substantial shareholder of the Company) and Guotai Juan Securities (Hong Kong) Limited (the "Sole Placing Agent") entered into a placing and subscription agreement. Pursuant to the agreement (i) the Vendor conditionally agreed to place, through the Sole Placing Agent on a best effort basis, a maximum of 700,000,000 existing shares held by the Vendor at the placing price of HK\$2.85 per placing share; and (ii) the Vendor conditionally agreed to subscribe for such number of the shares equal to the number of the shares which were placed by the Sole Placing Agent at the subscription price of HK\$2.85 per placing share. Subsequently a total of 700,000,000 placing shares beneficially owned by the Vendor were placed at HK\$2.85 per placing share to the placees. On 6 February 2018, 700,000,000 subscription shares were issued and allotted to the Vendor at HK\$2.85 per subscription share. The net proceeds from the subscription, after deducting all related expenses which were being borne by the Company, were approximately HK\$1,987 million.

### 44. 報告期後事項

於二零一八年一月二十四日，本公司與國泰君安控股有限公司（「賣方」及本公司主要控股股東）及國泰君安證券（香港）有限公司（「獨家配售代理」）訂立配售及認購協議。根據協議，(i) 賣方已有條件同意透過配售代理按盡力基準以每股配售股份2.85港元之價格配售最多700,000,000股由賣方持有之現有股份；以及(ii) 賣方已有條件同意以每股配售股份2.85港元之認購價認購與根據配售代理已配售之股份數目相同之股份。其後，賣方實益擁有合共700,000,000股配售股份已按每股配售股份2.85港元之價格配售予承配人。於二零一八年二月六日，700,000,000股認購股份已按每股認購股份2.85港元之價格發行及配發予賣方。於扣減本公司須承擔的全部相關開支後，認購事項的所得款項淨額約為1,987百萬港元。

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 45. Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

### 45. 本公司財務狀況表

有關本公司於報告期末的財務狀況表的資料如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<b>Non-current assets</b>	<b>非流動資產</b>		
Investments in subsidiaries	投資附屬公司	7,632,698	7,656,627
<b>Current assets</b>	<b>流動資產</b>		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	9,338	8,331
Due from subsidiaries	應收附屬公司款項	9,411,545	6,727,831
Cash and cash equivalents	現金及現金等價物	40,596	22,482
<b>Total current assets</b>	<b>流動資產總額</b>	<b>9,461,479</b>	<b>6,758,644</b>
<b>Current liabilities</b>	<b>流動負債</b>		
Accounts payable	應付款項	-	(2,864)
Accrued liabilities	應計負債	(17,991)	(1,993)
Debt securities in issue	已發行的債務證券	(8,304,424)	(5,823,241)
– At amortised cost	– 按攤銷成本	(5,301,400)	(175,710)
– Designated as fair value through profit or loss	– 指定按公平值計入損益	(3,003,024)	(5,647,531)
<b>Total current liabilities</b>	<b>流動負債總額</b>	<b>(8,322,415)</b>	<b>(5,828,098)</b>
<b>Net current assets</b>	<b>流動資產淨值</b>	<b>1,139,064</b>	<b>930,546</b>
<b>Total assets less current liabilities and net assets</b>	<b>總資產減流動負債及資產淨值</b>	<b>8,771,762</b>	<b>8,587,173</b>

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 45. Statement of financial position of the Company 45. 本公司財務狀況表(續)

(continued)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
<b>Equity</b>	<b>權益</b>		
Share capital	股本	6,115,076	6,051,041
Share-based compensation reserve	以股份為基礎補償儲備		
– Share option reserve (Note)	– 購股權儲備(附註)	40,769	48,266
– Share award reserve (Note)	– 股份獎勵儲備(附註)	24,204	40,636
Shares held under the share award scheme (Note)	股份獎勵計劃項下持有的股份(附註)	(181,281)	(214,323)
Retained profits (Note)	保留溢利(附註)	426,200	314,868
Equity attributable to holders of ordinary shares	普通股持有人應佔權益	6,424,968	6,240,488
Equity attributable to holders of other equity instrument	其他權益工具持有人應佔權益	2,346,794	2,346,685
<b>Total equity</b>	<b>權益總額</b>	<b>8,771,762</b>	<b>8,587,173</b>

Dr. YIM Fung  
閻峰博士  
Director  
董事

Ms. QI Haiying  
祁海英女士  
Director  
董事

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

### 45. Statement of financial position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司儲備概要如下：

		Share option reserve	Share award reserve	Share held under the share award scheme	Retained profits	Total
		購股權 儲備	股份 獎勵儲備	股份獎勵 計劃項下 持有的股份	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1 January 2016	於二零一六年一月一日	44,469	50,948	(199,643)	496,591	392,365
Total comprehensive income for the year	年內全面收益總額	-	-	-	322,620	322,620
Perpetual securities distribution	永續證券分派	-	-	-	(56,740)	(56,740)
Recognition of equity-settled share-based payments (Notes 32 and 33)	確認以權益計算以股份為基礎的付款 (附註32及33)	14,885	81,272	-	(3,216)	92,941
Purchases of shares held under the share award scheme (Notes 33 and 34)	購買根據股份獎勵計劃持有的股份 (附註33及34)	-	-	(68,971)	-	(68,971)
Vesting of shares for the share award scheme (Notes 33 and 34)	股份獎勵計劃歸屬股份 (附註33及34)	-	(91,584)	54,291	37,293	-
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使購股權而發行的股份 (附註32)	(11,088)	-	-	-	(11,088)
Final dividend paid for 2015 (Note 10)	支付二零一五年末期股息(附註10)	-	-	-	(275,321)	(275,321)
Interim dividend paid for 2016 (Note 10)	支付二零一六年中期股息(附註10)	-	-	-	(206,359)	(206,359)

# Notes to Financial Statements

## 財務報表附註

31 December 2017  
二零一七年十二月三十一日

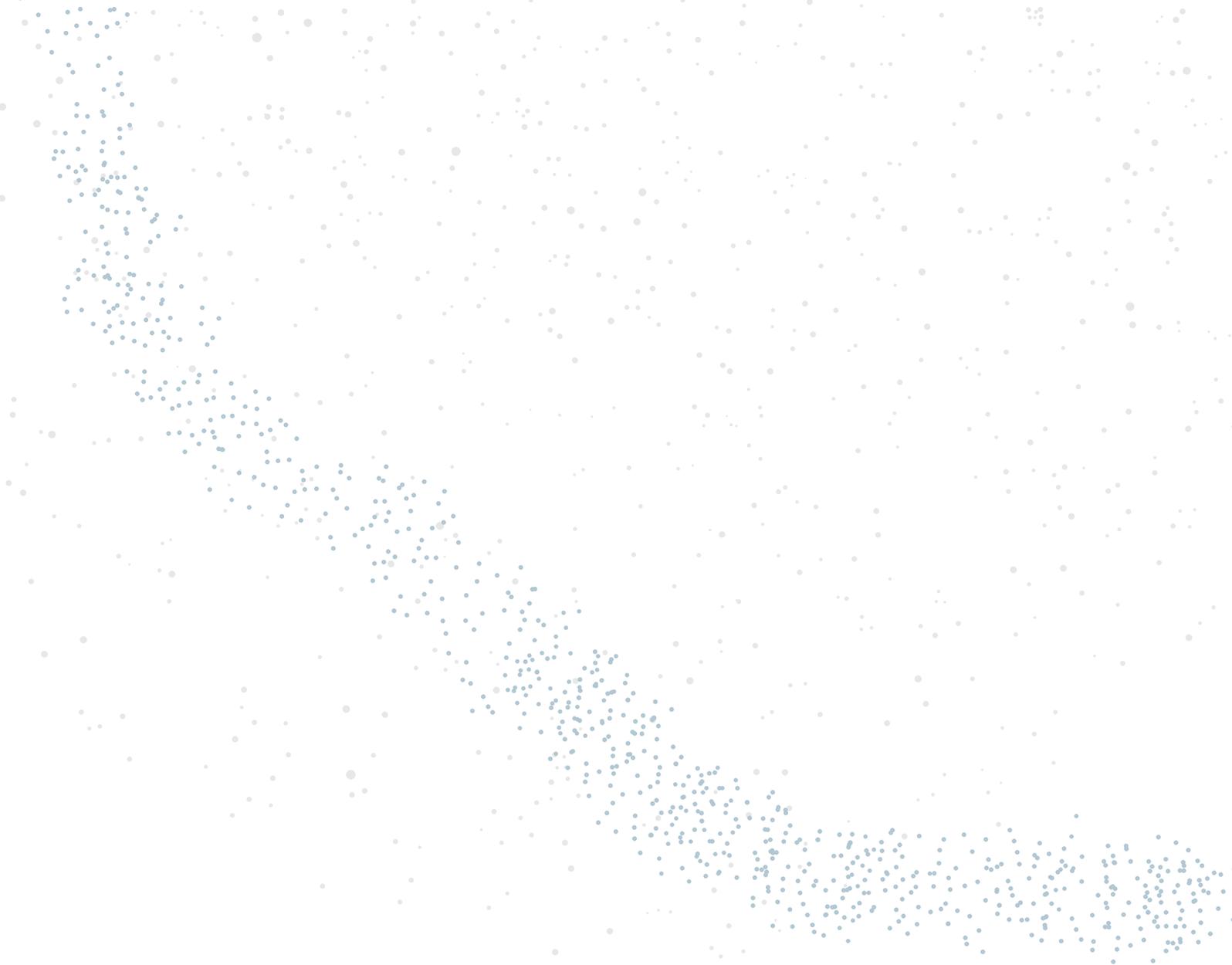
### 45. Statement of financial position of the Company 45. 本公司財務狀況表(續)

(continued)

Note:

附註：

		Share option reserve	Share award reserve	Share held under the share award scheme	Retained profits	Total
		購股權 儲備	股份 獎勵儲備	股份獎勵 計劃項下 持有的股份	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
As 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	48,266	40,636	(214,323)	314,868	189,447
HKFRS 9 adjustment on retained profits	根據香港財務報告準則 第9號對保留溢利的 調整	-	-	-	(40)	(40)
Total comprehensive income for the year	年內全面收益總額	-	-	-	863,147	863,147
Perpetual securities distribution	永續證券分派	-	-	-	(105,162)	(105,162)
Recognition of equity-settled share-based payments (Notes 32 and 33)	確認以權益計算以股份 為基礎的付款 (附註32及33)	7,611	70,801	-	-	78,412
Purchases of shares held under the share award scheme (Notes 33 and 34)	購買根據股份獎勵 計劃持有的股份 (附註33及34)	-	-	(72,786)	-	(72,786)
Vesting of shares for the share award scheme (Notes 33 and 34)	股份獎勵計劃歸屬股份 (附註33及34)	-	(87,233)	105,828	(23,430)	(4,835)
Shares issued upon exercise of share options under the share option scheme (Note 32)	購股權計劃項下行使 購股權而發行的股份 (附註32)	(15,108)	-	-	-	(15,108)
Final dividend paid for 2016 (Note 10)	支付二零一六年末期 股息(附註10)	-	-	-	(311,380)	(311,380)
Interim dividend paid for 2017 (Note 10)	支付二零一七年年中期 股息(附註10)	-	-	-	(311,803)	(311,803)
At 31 December 2017	於二零一七年 十二月三十一日	40,769	24,204	(181,281)	426,200	309,892



**國泰君安國際**

GUOTAI JUNAN INTERNATIONAL

**Guotai Junan International Holdings Limited**

國泰君安國際控股有限公司

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