Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)
Stock Code: 8192

2017
ANNUAL
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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Contents

Group Financial Summary

	Year ended 31 December				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
RESULTS					
Continuing operations					
Revenue	**193,460**	276,371	247,709	210,147	6,975
Loss before taxation	**(57,634)**	(71,798)	(105,008)	(24,318)	(15,308)
Taxation	**–**	–	–	(8)	(4)
Loss for the year from continuing operations	**(57,634)**	(71,798)	(105,008)	(24,326)	(15,312)
Loss for the year from discontinued operations	**–**	(13,762)	(8,571)	–	–
Loss for the year	**(57,634)**	(85,560)	(113,579)	(24,326)	(15,312)
Loss for the year attributable to:					
Owners of the Company	**(51,192)**	(75,054)	(105,974)	(22,930)	(14,859)
Non-controlling interests	**(6,442)**	(10,506)	(7,605)	(1,396)	(453)
	(57,634)	(85,560)	(113,579)	(24,326)	(15,312)

	As at 31 December				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES					
Total assets	**380,041**	305,124	355,630	295,511	75,994
Total liabilities	**(22,483)**	(41,437)	(13,693)	(16,206)	(28,937)
Net assets	**357,558**	263,687	341,937	279,305	47,057

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chen Ping *(Chairman)*
(appointed on 15 September 2017)
Ms. Ma Jian Ying *(Chief Executive Officer)*
(appointed on 15 September 2017)
Mr. Tsang Chun Kit Terence
(appointed on 18 October 2017)
Mr. Wang An Zhong
Mr. Chan Kwok Wing *(Chief Executive Officer)*
(resigned on 1 November 2017)

NON-EXECUTIVE DIRECTORS

Mr. Shi Guang Rong *(appointed on 10 March 2017)*
Mr. Hsu Bin Chun *(appointed on 12 December 2017)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wah
Ms. Sun Ching
Ms. Wong Mei Ling

COMPANY SECRETARY

Mr. Leung Wai Tsan Wilson
(appointed on 1 February 2018)
Mr. Choi Wing Koon *(resigned on 17 January 2018)*

AUDIT COMMITTEE

Mr. Leung Wah *(Chairman)*
Ms. Sun Ching
Ms. Wong Mei Ling

NOMINATION COMMITTEE

Mr. Leung Wah *(Chairman)*
Ms. Sun Ching
Ms. Ma Jian Ying *(appointed on 1 November 2017)*
Mr. Chan Kwok Wing *(resigned on 1 November 2017)*

REMUNERATION COMMITTEE

Mr. Leung Wah *(Chairman)*
Ms. Sun Ching
Ms. Ma Jian Ying *(appointed on 1 November 2017)*
Mr. Chan Kwok Wing *(resigned on 1 November 2017)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Leung Wah *(Chairman)*
Ms. Sun Ching
Ms. Ma Jian Ying *(appointed on 1 November 2017)*
Mr. Chan Kwok Wing *(resigned on 1 November 2017)*

COMPLIANCE OFFICER

Ms. Ma Jian Ying *(appointed on 1 November 2017)*
Mr. Chan Kwok Wing *(resigned on 1 November 2017)*

AUTHORISED REPRESENTATIVES

Ms. Ma Jian Ying *(appointed on 1 November 2017)*
Mr. Tsang Chun Kit Terence *(appointed on 17 January 2018 and resigned on 1 February 2018)*
Mr. Leung Wai Tsan Wilson
(appointed on 1 February 2018)
Mr. Chan Kwok Wing *(resigned on 1 November 2017)*
Mr. Choi Wing Koon *(resigned on 17 January 2018)*

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower,
The Landmark, 11 Pedder Street,
Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3008–10, 30th Floor, Tower 6,
The Gateway, Harbour City,
9 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

COMPANY HOMEPAGE

www.8192.com.hk

GEM STOCK CODE

8192

Chairman's Statement

Dear shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of Global Energy Resources International Group Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017.

BUSINESS AND FINANCIAL OVERVIEW

Rental of Energy-saving Air-conditioners

The Group recorded approximately HK$4,798,000 of revenue from the rental of energy-saving air-conditioners business, representing an increase of approximately 17.43% compared with last corresponding period of approximately HK$4,086,000. The revenue increased in line with the growth of number of customers, reflecting the attractiveness of energy-saving air-conditioners to small and medium-sized enterprises, which are not willing to sacrifice liquidity for making substantial capital investment in capital assets. Loss of this segment decreased by approximately 17.01% from approximately HK$14,622,000 for the year ended 31 December 2016 to approximately HK$12,135,000 for the year ended 31 December 2017. The improvement was attributed to the implementation of budget control on staff costs and other administrative expenses. To maximise the profit margin, the Group will continue to tighten the operating cost.

Trading Business

The revenue from trading business continues to be a major revenue of the Group amounted to approximately HK$182,465,000, representing a decrease of approximately 30.87% compared with last corresponding period of approximately HK$263,960,000. The decrease was mainly attributed to the fierce competition with other major suppliers or procurement agents in the supply market. Profit of this segment increased by approximately 90.09% from approximately HK$2,936,000 for the year ended 31 December 2016 to approximately HK$5,581,000 for the year ended 31 December 2017. The increase reflected of the higher gross profit margin and the effectiveness of cost cutting measures. The relocation of offices in Shenzhen had a cost-saving effect of approximately 72.35% in the rental expenses of this segment. In order to ensure better control of rental costs and related expenses, the Group had negotiated rental agreements with longer lease terms to maintain predictable rental costs.

Operations of the Carbon Emission Trading Platform and Related Business

The Group has no revenue from the operations of carbon emission trading platform ("CETP") for the year ended 31 December 2017 and 2016. Loss of this segment increased by approximately 41.26% from approximately HK$23,726,000 for the year ended 31 December 2016 to approximately HK$33,515,000 for the year ended 31 December 2017. Excluding the impairment loss on the CETP of approximately HK$30,866,000 (2016: approximately HK$18,057,000), a non-cash item, the loss of this segment for the year ended 31 December 2017 was approximately HK$2,649,000, representing a decrease of approximately 53.27% compared with last corresponding period of approximately HK$5,669,000. The impairment loss on the CETP will not have any impact on the cash position of the Group. Details of the impairment loss on the CETP are set out on Note 15 to the consolidated financial statements.

The Group has engaged in a project, namely 中國內蒙古森工集團根河森林工業有限公司碳匯造林項目("Project") in providing service to 內蒙古根河林業局, to assist it to apply for the CCER quotas from the National Development and Reform Commission ("NDRC"). Upon completion of the Project, the Group would receive half of the approved CCER quotas under the Project as consideration. It is expected that the final approval of NDRC on the Project will be obtained in the next financial year and on such basis, will bring in revenue to the Group.

Money Lending Business

The Group recorded the loan interest income of approximately HK$3,196,000 from the money lending business for the year ended 31 December 2017, representing a decrease of approximately 55.76% compared with the last corresponding period of approximately HK$7,225,000. The fall was caused by the comparatively low interest margin with a view of capturing more business opportunities in the low interest rate environment and maintaining the competitiveness in the industry. Profit of this segment decreased by approximately 65.17% from approximately HK$4,542,000 for the year ended 31 December 2016 to approximately HK$1,582,000 for the year ended 31 December 2017. Loan portfolio (excluding loan interest receivables) was approximately HK$39,000,000 as at 31 December 2017 (2016: approximately HK$26,000,000). Loans receivable is interest-bearing at a range of rate between 9.00% and 31.80% per annum. There was no default event happened in respect of the Group's loan portfolio during the year under review.

Securities Trading Business

The Group commenced its securities trading business to provide brokerage services and securities margin financing to clients in July 2016. The Group recorded approximately HK$3,001,000 of revenue from this business, representing an increase of approximately 172.82% compared with last corresponding period of approximately HK$1,100,000. Loss of this segment increased by approximately 211.85% from approximately HK$1,409,000 for the year ended 31 December 2016 to approximately HK$4,394,000 for the year ended 31 December 2017. The securities trading business is at its preliminary stage of development. The Group has devoted to develop and operate a new global securities trading system, based on distributed ledger technology for securities trading business of the Group with the vision of providing securities to the customers in the global securities market.

PROSPECTS

The rental of energy-saving air-conditioners business reflects a positive upward trend from the increase on number of customers. The concept of leasing energy-saving air-conditioners obtains its popularity to business who wish to remain flexibility on liquidity and is unwilling to bear the ongoing maintenance costs and expensive equipment replacement. Aside from the organic growth, the Group is looking for potential strategic investors to form joint ventures with and to bring in capital for expanding the business to other PRC regions and South-east Asian countries.

With respect to competitive landscape of trading business, global major suppliers of the electronic components are mainly distributed in Japan and South Korea. These major suppliers captured the majority of market share in the global market. In spite of rapid development, the Mainland suppliers is difficult to pose a threat to these global suppliers due to the relatively weak foundation and poor technologies. The demand for the electronic components from these major vendors creates the business opportunities and maintains the demand growth in an upward trend. The trading of electronic components, which is mainly incorporated in consumer electronic products, are promoted by the rapid development of intelligentisation on consumer electronic products. Continuous growth in revenue is expected as the demand remain robust. In order to improve the competitive edge, the Group is trying to better its product mix by sourcing more updated models of the existing products and technological advanced products which are more difficult to be trade business to business or in the e-commerce market. The Group will continue to critically assess the performance and prospect of the trading business by overviewing the market trend so as to devise an appropriate approach for the response of the fierce competition in the industry.

Chairman's Statement

Regarding to the money lending business, the Group adopted a cautious and prudent approach when granting loans by maintaining its focus on high net worth customers in order to remain a healthy risk level. The Group aware that peers are actively diversifying their lending business such as providing online money lending services. To response the competition and market trend, the Group has entered into the Crebit Token Purchase Agreement on 26 January 2018 with Crebit Management Limited shall enhance the Group's money lending business competitiveness in the peer-to-peer internet financing services by expanding our business network for locating and identifying potential borrowers through the Crebit Global P2P lending business platform, which can provide convenient and efficient financial solution to borrowers and to create a new business channel of marketing to the Group's money lending business. Steady growth on loan interest income is expected after participating platform with a view of providing convenient and efficient financial solution to borrowers.

The carbon trading market and the CETP are still at the developing stage. However, the Group believe that there is a development potential opportunity of the carbon trading market in China and Hong Kong. Given that the economy in China keeps growing, there is continuing and pressing need to reduce carbon emissions more aggressively. In this regards, the PRC government pledged to reduce carbon intensity and peak emissions by 2030 and committed to establishing the national Emission Trading System within the 13th Five Year Plan period (2016–2020) in order to combat climate change. The Group will continue to devote more resources in helping enterprises to apply for carbon emission quotas. China also has a substantial need to reduce carbon emissions in coming future and the estimated value of the national emissions trading systems by 2020 is RMB50 million to RMB100 million. Hong Kong may have the greatest development potential in this area leveraging on its strong, credible and mature financial market and infrastructure, as well as its advantageous position in being the gateway overseas market. In view of this, the Group will consider to offer the over-the-counter service and carbon futures market through the CETP for Hong Kong or PRC enterprises in the future. On 19 December 2017, the NDRC announced that the unified national carbon trading scheme has been launched. The launch of a unified national carbon trading scheme will be able to boost the confidence of the investors and helps the CETP in the future by improving market liquidity and reducing price volatility of carbon products.

The securities trading business is expected to grow continually, assisted by the launch of online trading services and the margin financing services. The Hong Kong Stock Exchange has proposed to expand the existing listing regime by introducing two new chapters to the Main Board Listing Rules to allow the listing of Biotech companies which do not meet any of the financial eligibility requirements of the Main Board and issuers from emerging and innovative sectors that have weighted voting rights structures in order to attract large-scale companies from various countries to be listed in Hong Kong. It's expected that the stock market will become more vibrate in the future. The sufficiency of Mainland capital also provides an impetus to the stock market and supports the Hong Kong stock market with a steady upward trend.

On behalf of Board, I would like to express my heartful gratitude to our shareholders, customers and business partners for their continuing support. My heartfelt thanks go to all the directors, management team and staff for their efforts and contributions in attaining such remarkable performance in the past year. Going forward, I will grasp all the business opportunities to maximise the optimal returns for investors, enhance profit contribution in the year ahead.

Chen Ping
Chairman and Executive Director

Hong Kong, 26 March 2018

Management Discussion and Analysis

GENERAL

The Group is principally engaged in (i) rental of energy-saving air-conditioners, (ii) trading business, (iii) the operations of carbon emission trading platform and related services, (iv) money lending business and (v) securities trading business.

FINANCIAL REVIEW

Results

During the year under review, the Group recorded a revenue from continuing operations of approximately HK$193,460,000 (2016: approximately HK$276,371,000), representing a decrease of approximately 30.00% as compared with the previous year. The decrease was the result from the fierce competition of trading business and the low interest margin of money lending business.

The Group invested in certain listed securities to enhance the Group's financial performance. All of the investment portfolio was disposed during the year ended 31 December 2017 (2016: approximately HK$6,830,000), which was classified as financial assets at fair value through profit or loss ("FVTPL") in the consolidated statement of financial position. The gain from the disposal of financial assets at FVTPL is approximately HK$3,148,000 (2016: loss of approximately HK$1,061,000).

The administrative expenses of the Group for the year ended 31 December 2017 amounted to approximately HK$38,946,000 (2016: approximately HK$61,376,000), representing a decrease of approximately 36.55% comparing with the previous year. The decrease in administrative expenses was attributed to (i) no equity-settled share-based payments was recognised for the year ended 31 December 2017 (2016: approximately HK$16,100,000); and (ii) the effective cost control on staff costs, rental expenses and other administrative expenses.

With the sufficient funds from equity financing, the finance costs reduced to approximately HK$797,000 for the year ended 31 December 2017 from approximately HK$4,126,000 for the year ended 31 December 2016, leading to a decrease of approximately 80.68% comparing with the previous year.

Thanks to the effective control on operating cost and the gain from investment in financial assets at FVTPL, the loss from continuing operations, excluding the impairment loss on intangible asset, for the year ended 31 December 2017 was substantially trimmed to HK$26,768,000 (2016: approximately HK$53,741,000), representing a decrease of approximately 50.19% as compared with the previous year. The impairment loss on intangible asset is approximately HK$30,866,000 for the year ended 31 December 2017 (2016: approximately HK$18,057,000).

Liquidity and financial resources

As at 31 December 2017, the Group had total assets of approximately HK$380,041,000 (2016: approximately HK$305,124,000), including net cash and cash equivalents of approximately HK$104,902,000 (2016: approximately HK$13,925,000).

As at 31 December 2017, current ratio (defined as total current assets divided by total current liabilities) was approximately 11.43 (2016: approximately 3.45). As at 31 December 2017, the Group had approximately HK$1,526,000 of amounts due to related parties which has unsecured, interest-free and repayable on demand (2016: approximately HK$290,000).

As at 31 December 2017, the Group repaid the outstanding balances of other borrowings (2016: approximately HK$21,000,000) and obligation under finance lease (2016: approximately HK$392,000).

During the year under review, the Group financed its operations with fund raising.

Financing and Capital Structure

Subscription of new shares under general mandate

On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for a total of 115,153,225 new ordinary shares of nominal value of HK$4,606,129 in the capital of the Company at the subscription price of HK$0.329 per subscription share. The gross proceeds raised from the subscription in aggregate amount was approximately HK$37,885,000. The subscription was completed on 18 January 2017. Details of the subscription are set out in the Company's announcements dated 4 January 2017 and 18 January 2017.

Rights issue

On 29 March 2017, the Company entered into an underwriting agreement with an underwriter in connection with the Rights Issue (as defined below). The Company proposed to issue a total of 345,459,675 new ordinary shares of nominal value of HK$13,818,387 in the capital of the Company at a subscription price of HK$0.3 per rights share to the shareholders of the Company on the basis of one rights share for every two shares held on the record date, 13 April 2017 ("Rights Issue"). The gross proceeds raised from the rights issue was approximately HK$103,638,000. The rights issue was completed on 12 May 2017. Details of the Rights Issue are set out in the Company's announcements dated 29 March 2017 and 11 May 2017; and the prospectus of the Company dated 18 April 2017.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Charges on Group Assets

As at 31 December 2017, the Group had no financial assets at FVTPL (2016: approximately HK$6,830,000) was pledged to secure part of the other borrowings granted to the Group and had no leased asset (2016: approximately HK$514,000) were used to secure the outstanding obligation under finance lease.

Save as disclosed above, as at 31 December 2017 and 2016, none of the assets of the Group has been pledged to secure any loan granted to the Group.

Foreign exchange exposure

The Group's income and expenditure during the year ended 31 December 2017 were denominated either in Hong Kong dollars ("HK$") or Renminbi ("RMB"), and most of the assets and liabilities as at 31 December 2017 were denominated either in HK$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year under review.

Management Discussion and Analysis

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Formation of companies

On 11 November 2017, the Company and TideEX Technology Limited ("TTL") entered into an agreement for the establishment of a company ("Company I"), which is principally engaged in developing and operating a new global securities trading system, based on distributed ledger technology, for the securities trading business of the Group.

The Group commenced its securities trading business to provide brokerage services and securities margin financing to clients in July 2016. The Group intends to expand its securities margin financing to clients and to provide online trading services in order to facilitate the ease of securities trading and hence improve the performance of this business segment. Through the Company I, the Group plans to create a new global securities trading system applying distributed ledger technology.

On 16 November 2017, the Company and TTL entered into an agreement for the establishment of a company ("Company II"), which is principally engaged in enhancing and operating the CETP and promoting the CETP through the establishing marketing team and distribution channel of the affiliates of TTL.

The Group has been actively seeking new investment opportunities in environmental friendly business in particular in energy conservation and emission reduction business. Through the Company II, the Group believes that it can improve and refine the system and technology of the CETP and promote the CETP through the marketing resources and distribution channel of the affiliates of TTL.

PRINCIPAL RISKS

The Group's financial position, business results and prospects would be affected by a number of risks including operational risk, market risk and financial risk. A Group's subsidiary which operates a carbon emission trading platform is susceptible to information technology risk. The Group's money lending business and trading business are subject to credit risk and foreign currency risk respectively. The Group's financial risk management objectives and policies are shown in Note 37 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PRACTICE

The Group is committed to the long term sustainability of the environment and communities. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Group has adopted green initiatives and measures in its business operations such as recycling of used papers, energy saving measures and water saving practices.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 55 (2016: 60) full-time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration but excluding share-based compensation) were approximately HK$18,120,000 for the year ended 31 December 2017 (2016: approximately HK$18,846,000). Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of individual employee. Other benefits include Corporate Liabilities Insurance for the Directors and Officers, contributions to the statutory mandatory provident fund scheme for its employees in Hong Kong and social insurance for its employees in the PRC, and are paid at appropriate levels.

MATERIAL INVESTMENTS

Formation of companies

Please refer to the details under "Major Events During the Year Under Review".

Saved as disclosed above, the Group had no significant or material investment during the year under review.

USE OF PROCEEDS

The gross proceeds raised from subscription of new shares (the "Subscription of New Shares") and rights issue (the "Rights Issue") were approximately HK$37,885,000 and HK$103,638,000, respectively. The intended use of net proceeds from the Subscription of New Shares and Rights Issue, utilisation, remaining balance of the proceeds as at 31 December 2017 and the revised allocation before and after adjustment are summarised below:

(a) Subscription of New Shares

On 4 January 2017, the Company entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for a total of 115,153,225 shares at HK$0.329 per subscription price, representing approximately 20.00% of the issued share capital of the Company. The net proceeds from the subscription of shares received by the Company was approximately HK$37,750,000.

The below table sets out intended use of net proceeds, utilisation and the remaining balance of the net proceeds as at 31 December 2017:

	Intended use of net proceeds HK$ million	**Utilisation** HK$ million	**Remaining balance as at 31 December 2017** HK$ million
Repayment of short-term loan	21.00	(21.00)	–
Expansion of securities trading business	8.00	(2.50)	5.50
General working capital	8.75	(8.75)	–
Total	**37.75**	**(32.25)**	**5.50**

(b) Rights Issue

On 29 March 2017, the Company entered into an underwriting agreement with an underwriter by issuing 345,459,675 rights shares on the basis of one rights share for every two shares on the record date (13 April 2017) at the subscription price of HK$0.3 per rights shares, representing approximately 50.00% of the then issued shares capital of the Company. The net proceeds raised from the Rights Issue received by the Company was approximately HK$99,690,000.

As disclosed in the Company's announcement dated on 18 January 2018, the Board has resolved to re-allocate approximately HK$50.00 million of the unutilised net proceeds (comprising approximately HK$35.00 million out of the development of securities trading business and approximately HK$15.00 million out of the development of money lending business) to the Group's investment business sector a view to enhancing the value of the Group as a whole.

The below table sets out the proposed application of net proceeds before and after adjustments and usage up to the 31 December 2017:

	Intended use of net proceeds HK$ million	Utilisation HK$ million	Remaining balance as at 31 December 2017 HK$ million	Reallocations HK$ million	Remaining balance as at 31 December 2017 (after reallocations) HK$ million
Development of securities trading business	50.00	–	50.00	(35.00)	15.00
Development of money lending business	25.00	(9.97)	15.03	(15.00)	0.03
Operations of carbon emission trading platform	3.00	(1.57)	1.43	–	1.43
Investment business sector	–	–	–	50.00	50.00
General working capital	21.69	(0.46)	21.23	–	21.23
Total	**99.69**	**(12.00)**	**87.69**	**–**	**87.69**

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group is seeking for investment opportunities, including but not limited, in the energy conservation and emission reduction business in order to expand the source of income and prospectus of the Group.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chen Ping *(Chairman)*

(Appointed as an executive Director and elected as the Chairman on 15 September 2017)

Aged 63, is the Chairman and executive Director of the Board. He is also a director of a subsidiary of the Group. Mr. Chen is a famous entrepreneur and scholar, and is currently the chairman of Sun Television Cybernetworks Enterprise Limited which owns SUN TV. He had been the analyst for various governmental think tanks including Institute of Research for Chinese Enterprises Development and Shanghai Centre for Economic & Social Strategic Studies in 1980s. Mr. Chen is the brother-in-law of Ms. Ma Jian Ying, the Chief Executive Officer and executive Director of the Board.

Ms. Ma Jian Ying *(Chief Executive Officer)*

(Appointed as an executive Director on 15 September 2017 and elected as the Chief Executive Officer on 1 November 2017)

Aged 61, is the Chief Executive Officer and executive Director of the Board. She is also a member of each of the remuneration committee, nomination committee and corporate governance committee of the Board, authorised representative and compliance officer of the Company and a director of a number of subsidiaries of the Group. Ms. Ma was graduated from the postgraduate of the faculty of economics and management of Tongji University, Shanghai, China. She is currently the executive director of Sun Television Cybernetworks Enterprise Limited. Ms. Ma has extensive business experience in China. Ms. Ma is the sister-in-law of Mr. Chen Ping, the Chairman and executive Director of the Board.

Mr. Tsang Chun Kit Terence

(Appointed on 18 October 2017)

Aged 29, is the executive Director of the Board. He is also a director of a number of subsidiaries of the Group. Mr. Tsang received his Master degree of Science in Finance from Johns Hopkins University, USA and Master degree of Laws in Corporate and Financial Law from the University of Hong Kong. He is currently the Chief Operating Officer of Sun Television Cybernetworks Enterprise Limited ("Sun Television") which owns Sun TV, where he is involved in the determination of the company's business strategy and overall management. Mr. Chen Ping, the Chairman and executive Director of the Board, is the chairman and ultimate controlling shareholder of Sun Television.

Mr. Wang An Zhong

(Appointed on 2 September 2016)

Aged 61, is the executive Director of the Board. Mr. Wang graduated with a master's degree in engineering from the Department of Computer Science of Beijing University of Technology. He was an associate professor and has extensive experience in lecturing and scientific research. He has managed and was involved in a number of the State's research projects and won several awards. From January 2000 to June 2016, he was the executive director of Yuxing InfoTech Investment Holdings Limited, a company listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited.

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Shi Guang Rong

(Appointed on 10 March 2017)

Aged 57, is the non-executive Director of the Board. Mr. Shi graduated with a bachelor's degree in engineering from the Department of Automatic Control of the Beijing University of Technology. He has extensive experience in marketing and investment management for many years. He is currently the executive director of Yuxing InfoTech Investment Holdings Limited, a company listed on the GEM of the Stock Exchange.

Mr. Hsu Bin Chun

(Appointed on 12 December 2017)

Aged 48, is the non-executive Director of the Board. Mr. Hsu obtained a Master of Business Administration in Finance from California State Polytechnic University, Pomona in 2002 and a Master of Landscape Architecture from University of Southern California in 1998. He joined the Taiwan Securities Association in May 2004 and is currently the Director of the Taiwan Securities Association. He has been working in international affairs of securities industry for more than 13 years. Prior to his service at the Taiwan Securities Association, Mr. Hsu was the Director of the Internal Audit department of the Far Eastern Memorial Hospital (Far Eastern Group) from September 2002 to April 2004. Mr. Hsu is currently the consultant of iSunCloud Limited which is ultimately owned by the executive Directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wah

(Appointed on 12 January 2010)

Aged 53, is the independent non-executive Director of the Board. Mr. Leung is also the chairman of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. He is a member of Hong Kong Institute of Certified Public Accountants, a member of Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. He graduated from the University of Hong Kong with a Bachelor of Science degree. Mr. Leung has extensive experience in finance and accounting including working experience in international accounting firms, including Ernst & Young and Deloitte Touche Tohmatsu. Mr. Leung acted as an independent non-executive director of Seamless Green China (Holdings) Limited on 6 May 2013 and retired as an executive director on 28 May 2014, the share of which is listed on the GEM of the Stock Exchange. Mr. Leung was an independent non-executive director of TC Orient Lighting Holdings Limited between 1 September 2014 and 5 June 2015, the share of which is listed on the Main Board of the Stock Exchange.

Ms. Sun Ching

(Appointed on 14 November 2016)

Aged 63, is the independent non-executive Director of the Board. She is also the member of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. Ms. Sun graduated from the Department of Journalism of National Chengchi University in Taiwan with a bachelor's degree in Journalism and obtained a master's degree in Telecommunication of Michigan State University in the United States of America. She worked at Public Television Service Foundation around 20 years and has extensive experience in international public media policy, the development of public radio and television media and the media management.

Ms. Wong Mei Ling

(Appointed on 13 December 2016)

Aged 56, is the independent non-executive Director of the Board. She is also the member of the audit committee of the Board. Ms. Wong obtained a master degree of Finance of the Curtin University. Ms. Wong is a member of Hong Kong Institute of Certified Public Accountants. Ms. Wong has over 20 years of experience in accounting field. From July 2011 to January 2016, Ms. Wong was the Chief Financial Officer of Sun Television Cybernetworks Enterprise Limited.

COMPANY SECRETARY

Mr. Leung Wai Tsan Wilson

Aged 38, is the Company Secretary and Financial Controller of the Company. Mr. Leung obtained a degree of Bachelor of Business Administration in Accounting and Finance from University of Hong Kong. He is a member of the Hong Kong Certified Public Accountant. Mr. Leung has over 14 years working experience in the audit profession and commercial industry.

* *The English transliteration of the Chinese name(s), where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Corporate Governance Report

The Board is pleased to present the Corporate governance report of the Company for the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). The Group has considered the CG Code and has put in place corporate governance practices to meet the code provisions.

The Company has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2017, except for the code provision A.6.7 of the CG Code as disclosed below.

– Certain independent non-executive Director and non-executive Director, for the time when the general meetings were held in 2017, had other business engagements and thus, were not able to attend the general meetings held in 2017. The independent non-executive Director and non-executive Director were reminded to attend general meetings of the Company in future for compliance of code provisions A.6.7 as set out in the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at the date of this report, Ms. Ma Jian Ying is the chief executive officer of the Group. The position of the chairman of the Board was vacant until the appointment of Mr. Chen Ping as the chairman of the Board on 15 September 2017. Their respective responsibilities are clearly established and defined by the Board in writing. The chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures, whilst the chief executive officer, supported by the executive Directors and senior management, is responsible for managing the Group's businesses, including the implementation of major strategies and initiatives adopted by the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company. Throughout the year ended 31 December 2017, the Company complied with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the board, respectively.

BOARD OF DIRECTORS

The Board is responsible for the Group's corporate policy formulation, business strategies, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of quarterly, interim and annual accounts for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board currently comprises nine members as follows:

Executive Directors

Mr. Chen Ping *(Chairman)*
Ms. Ma Jian Ying *(Chief Executive Officer)*
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong

Non-executive Directors

Mr. Shi Guang Rong
Mr. Hsu Bin Chun

Independent non-executive Directors

Mr. Leung Wah
Ms. Sun Ching
Ms. Wong Mei Ling

The biographical information of the Directors and their relationship among the members of the Board, if any, are provided in the "Biographies of Directors and Senior Management" section of this annual report, which demonstrates a diversity of skills, experience and qualifications. Save as disclosed therein, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the members of the Board.

Each of the executive Directors has entered into a letter of employment with the Company without a specific term. Under the letter of employment, they receive a basic salary per month. Any bonus, option shares, subsequent review will be at the discretion of the Board based upon his or her performance, diligence and loyalty, as well as the Company's business result, financial standing, market conditions and/or inflationary trends and such other factors as the Company may consider relevant in its absolute discretion. Either party may terminate the employment by serving the other party not less than one month written notice or payment of an amount equivalent to one month of the basic salary and allowances in lieu of notice at any time.

Each of independent non-executive Directors has signed a letter of appointment with the Company for one-year term.

Each of the Directors are subject to retirement by rotation and/or re-election at the Company's annual general meeting in accordance with the Bye-laws. Pursuant to the Bye-laws, at least one-third of the Directors shall retire from office by rotation, and any director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Also, all Directors are subject to retirement by rotation at least once every three years. The directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election.

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations. With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the GEM Listing Rules. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

Saved as disclosed above, throughout the year ended 31 December 2017, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

During the year ended 31 December 2017, 15 Board meetings were held. The attendance of individual Directors at the meetings of the Board, its respective committees and general meeting during their tenure is as follows:

	Board *(Note 1)*	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	General Meeting *(Note 2)*
Executive Directors						
Mr. Chen Ping *(Note 3)*	5/6	N/A	N/A	N/A	N/A	N/A
Ms. Ma Jian Ying *(Note 3)*	6/6	N/A	1/1	1/1	N/A	N/A
Mr. Tsang Chun Kit Terence *(Note 4)*	5/5	N/A	N/A	N/A	N/A	N/A
Mr. Wang An Zhong	15/15	N/A	N/A	N/A	N/A	0/1
Mr. Chan Kwok Wing *(Note 5)*	10/10	N/A	5/5	2/2	2/2	1/1
Non-executive Directors						
Mr. Shi Guang Rong *(Note 6)*	12/12	N/A	N/A	N/A	N/A	0/1
Mr. Hsu Bin Chun *(Note 7)*	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Leung Wah	15/15	8/8	3/3	4/4	2/2	1/1
Ms. Sun Ching	13/15	7/8	3/3	4/4	2/2	1/1
Ms. Wong Mei Ling	15/15	8/8	N/A	N/A	N/A	0/1

Notes:

1. During the year ended 31 December 2017, saved as other meetings, the Board held 4 regular meetings.

2. The annual general meeting of the Company was held on 31 May 2017.

3. Appointed on 15 September 2017

4. Appointed on 18 October 2017

5. Resigned on 1 November 2017

6. Appointed on 10 March 2017

7. Appointed on 12 December 2017

The Directors will receive details of agenda items for decision in advance of each Board meeting. The company secretary of the Company (the "Company Secretary") is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information. All Directors could access the advice and services of the Company Secretary to ensure that the Board's procedures, and all applicable law, rules and regulations, are followed. The Company Secretary is also responsible for providing to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings. All executive Directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

BOARD COMMITTEES

In accordance with the Code, the Board has established Audit, Remuneration, Nomination and Corporate Governance Committees, each committee is chaired by an Independent Non-Executive Director. Terms of reference for each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee have been published on the websites of the GEM (http://www.hkgem.com) and the Company (http://www.8192.com.hk).

Each committee deal with matters in accordance with its terms of reference so that they could perform their functions properly, including but not limited to report back to the Board on their decisions or recommendations. All committees are provided with sufficient resources to perform their duties and have access to independent professional advice at the Company's expense if so reasonably required. The duties of the four committees are as follows:

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors. The Board is satisfied that the current mix of experience of the committee members facilitates an effective functioning of their roles. The members of the Audit Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Sun Ching
Ms. Wong Mei Ling

The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company, reviewing the Company's risk management process and system and overseeing the relationships between the Company and its independent auditor. The terms of reference of the Audit Committee are posted on the Company's website.

During the year ended 31 December 2017, the Audit Committee held eight meetings to review the results, the accounting principles and practices adopted by the Company and discuss with senior management and the independent auditor on the matters arising from audits and the effectiveness of the Company's internal control and risk management system. The record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS.

The Group's accounts for the year ended 31 December 2017 have been audited by HLB whose term of office will expire upon the forthcoming annual general meeting of the Company (the "AGM"). The Audit Committee has recommended to the Board that HLB be re-appointed as the auditors of the Company at the AGM.

Remuneration Committee

The Remuneration Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The Remuneration Committee is responsible for reviewing and advising on the remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all Directors and some senior management, who are not on the Board. The Remuneration Committee met three times during the year ended 31 December 2017 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The terms of reference of the Remuneration Committee have been reviewed with reference to the Code and are posted on the Company's website. The members of the Remuneration Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying
Ms. Sun Ching

Details of the Directors' remuneration and the five highest paid individuals during the year are set out in Note 13 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The terms of reference of the Nomination Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Nomination Committee is responsible for formulating nomination policy for consideration by the Board. It makes recommendations to the Board on the appointments or re-appointments of directors and succession planning for directors. The Nomination Committee met four times during the year ended 31 December 2017 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The members of the Nomination Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying
Ms. Sun Ching

The Board believes that building a diverse and inclusive culture is integral to the success of the Group. A truly diverse Board will include and make good use of differences in the skill, regional and industry experience, background, race, gender and other qualities of directors.

The Company has adopted a board diversity policy (the "Board Diversity Policy") in order to bring it in line with the code provisions A.3 and A.5 of the CG Code. The Board Diversity Policy sets out the general policy and measurable objectives based on a range of diversity perspectives. The Company seeks to achieve diversity of board members through the consideration of a number of factors, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has reviewed the composition of the Board under diversified perspectives. Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually.

Corporate Governance Committee

The Corporate Governance Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The terms of reference of the Corporate Governance Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Corporate Governance Committee met two times during the year ended 31 December 2017 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The members of the Corporate Governance Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying
Ms. Sun Ching

The principles of corporate governance adopted by the Board stress the importance of a quality board, sound internal controls, and transparency and accountability to all the shareholders of the Company. The Corporate Governance Committee is primarily responsible for developing and reviewing the policies and practice of corporate governance including the continuous professional development of directors and senior management, compliance with code of conduct of the Directors and the Company's policies and procedures, and making recommendations to the Board.

AUDITORS' REMUNERATION

The Company engaged HLB as the Company's independent auditor. For the year ended 31 December 2017, HLB provided the following services to the Group:

	2017 **HK$'000**	2016 HK$'000
Statutory audit service	**680**	620
Non-statutory audit service	**271**	50
	951	670

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements of the Company. In preparing the financial statements, the financial reporting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgements and estimates have been made. The Board is not aware of any material uncertainties relating to the events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the ongoing concern basis in preparing the financial statements.

The independent auditor's report, which contains the statement of the independent auditor about its reporting responsibilities on the Group's consolidated financial statements, is set out in the "Independent Auditors' Report" of this annual report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining effective internal control to safeguard the Group's assets and the shareholders' interests. The Board, through the Audit Committee, conducted an annual review of the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is of the view that the internal control system in place for the year ended 31 December 2017 is sufficient to safeguard the interests of the shareholders and the Group's assets. The Board further considers that, save as disclosed in the "Continuing Connected Transactions" subsection contained in the "Directors' Report" section in this annual report, (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for during the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors, each Director has confirmed that he has fully complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2017. Other employees of the Group who are likely to be in possession of unpublished inside information of the Company are also subject to compliance with guidelines on no less than exacting terms than the required standard of dealings set out in 5.48 to 5.67 of the GEM Listing Rules. No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive and formal induction training on or before his appointment, so as to ensure that he/she has an appropriate understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to-date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. A summary of training received by the current Directors during the relevant period according to the records maintained by the Company is as follows:

Directors		Type of trainings
Mr. Chen Ping	(appointed on 15 September 2017)	B
Ms. Ma Jian Ying	(appointed on 15 September 2017)	B
Mr. Tsang Chun Kit Terence	(appointed on 18 October 2017)	B
Mr. Chan Kwok Wing	(resigned on 1 November 2017)	B
Mr. Wang An Zhong		B
Mr. Shi Guang Rong	(appointed on 10 March 2017)	B
Mr. Hsu Bin Chun	(appointed on 12 December 2017)	B
Mr. Leung Wah		A and B
Ms. Sun Ching		A and B
Ms. Wong Mei Ling		B

Type of trainings:

A Participation in conferences, seminars or courses of formal education
B Private study of material relevant to directors' duties and responsibilities

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary, Mr. Leung Wai Tsan Wilson. Mr. Leung supports the Board by ensuring good information inflow within the Board and that board policy and procedures are followed. Mr. Leung reports to the Chief Executive Officer of the Company. Mr. Leung's biography is set out in the Biographies of Directors and Senior Management section of this annual report. During the year 2017, Mr. Leung undertook over 40 hours of professional training to update his skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders of the Company (the "Shareholders") and potential investors. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels including quarterly, interim and annual reports, announcements and circulars.

During the year ended 31 December 2017, an annual general meeting ("2017 AGM") was held. Notices of general meeting were sent to shareholders at least 20 clear business days before the annual general meeting. The Company's auditors have also attended the annual general meeting in 2017. The predecessor of Chief Executive Officer and executive Director of the Board, Mr. Chan Kwok Wing, chaired the meeting.

Shareholder Communication Policy

A written shareholder communication policy has been adopted by the Company on 21 March 2012, from which the general policy is extracted as follow:

1. The Board shall maintain its communication with the Shareholders and the potential investors as an on-going process, and shall regularly review this Policy to ensure its effectiveness.

2. The Company communicates with the Shareholders and the potential investors through various channels, including financial reports (annual, half-yearly and quarterly reports), annual general meetings and special general meetings, press release, road shows, investment conferences, announcements and circulars.

3. Information published by the Company pursuant to the GEM Listing Rules will be made available on the websites of the GEM and the Company (such as its history and developments, products and services, awards and achievements etc.) to enable the Shareholders and the potential investors to have better understanding of the Company and its latest development.

4. The Company shall ensure effective and timely dissemination of information to the Shareholders and the potential investors at all times. Any question regarding this Policy shall be directed to the Company Secretary.

Details of the Shareholder Communication Policy are published on the website of the Company.

Procedures for the Shareholders to Propose a Person for Election as a Director

The Company has also adopted procedures for Shareholders to propose a person for election as a director from which the nomination procedure is extracted as follow:

1. In accordance with bye-law 88 of the Bye-Laws, a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at a general meeting (the "Election Meeting") for which such notice is given of his intention to propose such person for election as director (the "Nominee") and also a notice signed by the Nominee of his/her willingness to be elected (the "Nominee's Notice", and together the "Running Notices") shall be lodged at the Company's head office or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

2. According to bye-law 88 of the Bye-Laws, the minimum length of the period, during which such Running Notices are given, shall be at least seven (7) days and that (if the Running Notices are submitted after the dispatch of the notice of the Election Meeting) the period for lodgement of the Running Notices shall commence on the day after the dispatch of the notice of the Election Meeting and end no later than seven (7) days prior to the date of the Election Meeting. In this connection, the Running Notices shall be lodged within the seven-day (7-day) period commencing from the day after the dispatch of the notice of the Election Meeting.

3. The Nominee's Notice must include the biographical details of the Nominee as required by Rule 17.50(2) of the GEM Listing Rules. The Nominee shall warrant in the Nominee's Notice that the information provided is true and complete and undertake that he/she will discharge his/her duties as director upon election.

Details of the Procedures for the Shareholders to propose a person for election as a director are published on the website of the Company in compliance with Rule 17.50C of the GEM Listing Rules.

Procedures for Shareholders to Propose Convening Special General Meeting

Pursuant to bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Act").

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. Such written requisition can be addressed to the Company Secretary in writing by mail to the Company's head office in Hong Kong.

If the requisition is in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholder(s) concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

Pursuant to Section 74(3) of the Act, if the directors do not within twenty-one (21) days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' Enquiries

The Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company Secretary at the Company's head office in Hong Kong.

Environmental, Social and Governance Report

Sustainability and environmental conservation is a significant issue for our customers, shareholders, government and the general public. The Group spares no effort in managing and mainlining good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach. The Group works to advance environmental and social progress and conduct business in a way that creates value for our clients and employees.

The Group is pleased to present the second environmental, social and governance report ("ESG Report"). The objective of this report is to provide the Group's stakeholders with an overview of the Group's efforts in eliminating the environmental, social and governance ("ESG") impacts arising from its daily operations.

PREPARATION BASIS AND SCOPE

The content of this ESG Report is prepared in accordance with the ESG Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to make relevant disclosure of sustainability performance in material aspects of the guide.

The scope of reporting covers the Group's core business segments in (i) rental of energy-saving air-conditioners, (ii) trading business, (iii) the operations of carbon emission trading platform and related services, (iv) money lending business and (v) securities trading business. The Group had taken the stakeholder's opinion in the determination of the reporting scope.

ENVIRONMENTAL PROTECTION

Emissions

The Group strives to achieve environmental sustainability of the business and to fulfil the obligation of reducing the impact of the operations and the resources and materials consumed each day.

The main source of emissions from the business activities of the Group is greenhouse gas emissions from the consumption of electricity. To minimise the emissions, energy saving practices had been implemented including:

- Consider to take public transport instead of driving;
- Use telephone conferencing to replace business trips; and
- Recycling toner cartridge.

Use of Resources

The Group places a high priority on the efficient use of resources. The Group strives to improve the efficient use of natural resources, including energy such as minimise waste streams and emissions and implement effective recycling program. Practical measures are implemented as follows:

A. Waste management

The Group is principally engaged in the businesses which have not produced a material level of air or water pollutants to the environment. The non-hazardous waste generated by the Group is mainly paper and office consumables. The Group encourages the staff to reduce wastes and promote a green environment for office with basic principles – Reduce, Reuse and Recycle.

B. Use of paper

The Group monitors its paper consumption and implement the following reduction measures:

– Encourage to use electronic means of communications and promote the paperless working environment;

– Recommend the shareholders to read annual report, interim reports and circular etc. on the official website to replace the need of receiving hard copies;

– Use of environmentally friendly paper;

– Adopt double sided printing for an informal document; and

– Recommend 2-on-1 page copying or printing.

C. Use of electricity

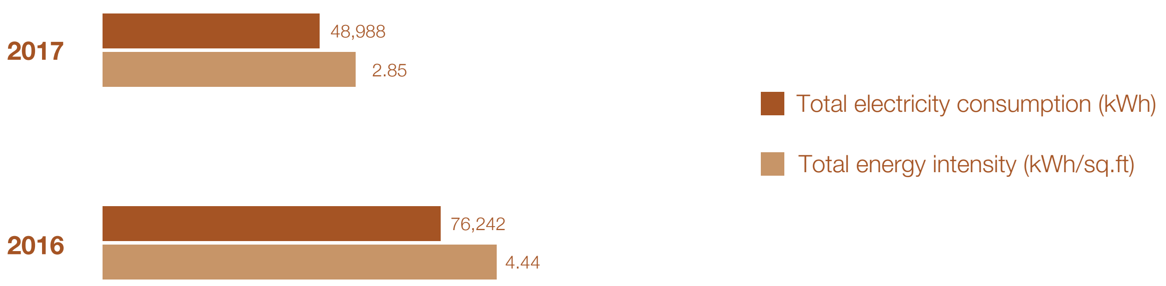
The Group's major source of carbon emissions is the use of electricity. The Group has launched the following green measures for energy conservation and reduction of carbon emission:

– Set computers as the sleep mode when they are not in use;

– Use more natural light to reduce the use of lighting devices;

– Unnecessary lighting and power supply are switched off when they are not in use; and

– Control indoor air-conditioner temperature



D. Use of water

Although the Group does not consume material amounts of water in the business activities, the Group also encourages saving water by driving behavioral changes in the workplace. Green messages are posted in pantries as reminders for using water efficiency. Employee are also encouraged to report leaking faucet or pipe to the relevant authority and turn off the tap when not in use.

The Environmental and Natural Resources

Since the Group is principally engaged in the businesses which have minimal direct impact to the environment, other than wastes generated from administrative works as well as energy use, there is no particular hazardous waste noted in our business activities.

SOCIAL

Employment

Being in the financial services industry, people are the most valuable asset that drives the long-term development and sustainability of the Group.

A. Employment care

The Group has established and implemented a set of human resources management policies and procedures in place with the aim to provide ideal working environment to its staff in order to comply with local employment laws and regulations, such as Employment Ordinance in Hong Kong. The Group's staff handbook sets out the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities.

The Group's staff handbook sets out the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The remuneration management aims to attract potential employees and motivate current staff. Employees receive social welfare benefits and other benefits. All employees are treated equally and their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, sexual orientation, disability or religious beliefs.

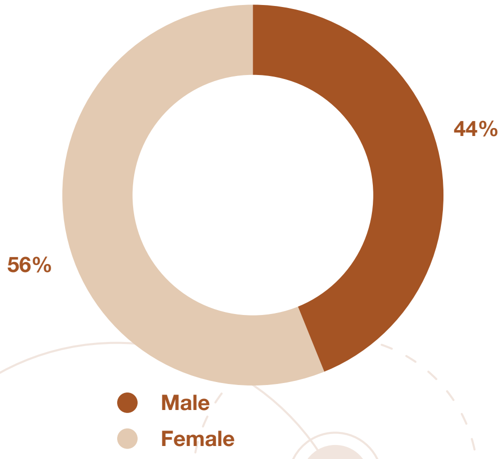
B. Employment benefit

The Group has established a comprehensive remuneration and performance appraisal policy. The Group regularly review and evaluate the performance and development of our employees. In addition to statutory employee benefits for full time staff including Mandatory Provident Fund (MPF), social security scheme and leaves for paternity, funeral and sickness, the Group also offer festival bonus, travel allowance and working meal.

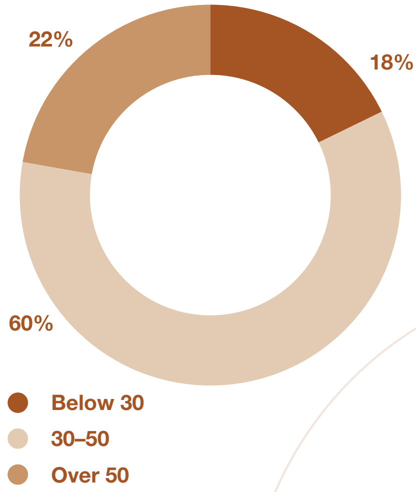
C. Communication with employees

The Group listen to the staff, value their opinion and demand with an open and cooperative attitude to maintain mutual trust. The Group keeps the staff abreast of the latest news about management policy and operational strategy by means of email, meeting and announcement. Meanwhile, face-to-face discussion is encourage to understand their views and thoughts.

Percentage of Employees by Gender 2017



Percentage of Employees by Age Group 2017



Health and Safety

In the daily operation of the Group, there is no significant hazards as compared to industries like manufacturing and mining, etc. The Group aims to enhance wellness of the employee by providing a harmonious and comfortable environment. The Group has adhered with related laws and regulations, such as Occupational Safety and Health Ordinance in Hong Kong. The Group have implemented measure in the following aspects:

A. Providing and maintaining safe working environment

Office are maintained in a good lighting conditions which enables the staffs to see comfortably and avoid possible danger. Fluorescent lights recessed into the false ceiling and fitted with louver or diffuser to control glare and distribution of light. Blinds or curtains should be used to prevent glare and control the lighting level.

Heavy manual handling work should be minimised in the office. Risk assessment should be conducted for unavoidable manual handling operations before it is undertaken.

All the fire safety equipment has to be checked and complied with the fire safety rules in the office. First aid box has been placed in the office. The items as required to be provided in the first aid box are in compliance with the regulation of Occupational Safety and Health Council as issued by the Labor Department.

B. Indoor air quality and ventilation

Smoking is prohibited in all workplace and indoor areas of the office. The indoor temperature and humidity are controlled in an optimum level to make the workplace more comfortable and help preventing bacteria from flourishing. Air outlets to be cleaned regularly in the office to reduce the dust level of indoor air and increase efficiency of the ventilation system.

Developing and Training

Since the Group is subjected to various ordinances, rules and guidelines which amended from time to time, the staff is required to update their knowledge and skills to maintain their professional competence to remain fit and proper.

The Group provides diversified on-the-job training to employees in order to enhance their professional skills and knowledge required at work. The Group also encourages self-development of employees through taking up of external training programs relevant to their jobs and attending job-related trainings or seminars. It's believed that the development of employee is crucial to the sustainable development of the business.

Labour Standards

According to the "Code of Conduct" in the Group's staff handbook, the Group strives to provide a fair, equal opportunity, respectful and pleasant work environment to all employees. All practices are designed to ensure that all individuals of the corporation are recruited, hired, compensated and retained on the basis of their qualifications, experience and/or the terms and conditions and treated equally in these respects without the consideration of race, color, creed, religious beliefs, sex, age, marital status, national origin, disability or family status.

The Group also takes effective procedures to maintain the working environment free from all forms of discrimination and harassment. There is no material risk related to the recruitment of child labour as the Group's core business requires employee equipped with specialised skills and adequate educational background. Any form of forced labour is prohibited by the Group.

The Group has been in strict compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination and Race Discrimination Ordinance.

Supply Chain Management

The suppliers are mainly engaged in the provision of electronic products and energy-saving air-conditions. The Group encourages its suppliers and service providers to maintain a high standard of business ethics on the environmental and social issues. The Group has a procurement management measures to control the quality of products and services from suppliers, to control the selection of suppliers and to evaluate suppliers. The Group is committed to cultivating good relationships with the business partners and maintaining management and control of the supply chain.

The Group performed on-site supplier audits to ensure that the goods and services provided to the Group are with high quality. The Group requires the suppliers of goods and services possess required professional skills, stable quality and good compliance on laws and regulations.

The Group encourages its employees, suppliers and customers to report any incidence involving violations and laws or regulations. There is no violation of laws and regulations found during the reporting period.

Product Responsibility

The Group is committed to provide products that are safe, environmentally friendly and energy-saving. The Group recognises that customer satisfaction is one of the most important competitive attribute of the Group. In this regards, the Group has maintained a customer service hotline to deal with customer inquiries and complaints.

Data Privacy

Ensuring the privacy of customer information is among the Group's most important responsibilities in maintaining the reputation and trust. The Group complies with all data privacy regulations and guides staff in protecting the data and privacy of customers. Specific process for the handling and protection of customer data are set out in the relevant internal procedure manual which ensures appropriate measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected. Staff are provided with adequate training in compliance with the Personal Data (Privacy) Ordinance, to strengthen their knowledge regarding safeguarding of personal data.

Anti-corruption

The Group promotes a corporate culture of integrity and creates an ethical corporate culture and practices of anti-corruption and does not tolerate any acceptance of bribery, extortion, fraud and money laundering.

This policy sets forth procedures for customer screening and monitoring requirements, "know your client" policies, record keeping requirements, and reporting suspicious circumstances in accordance with the relevant laws, codes and guidelines issued by regulatory authorities. All the new staff are required to be trained in accordance with the code of conduct.

Community Involvement

As a responsible corporation, the Group is committed to participate in the community events and charity activities to the improvement of social well-being. The Group actively encourages staff to participate in charitable events, which would inspire more people to take part in serving the community.

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 31 to the consolidated financial statements.

BUSINESS REVIEW

The Group's business review for the year ended 31 December 2017 is set out from pages 5 to 6 of this annual report.

KEY RISK FACTORS

The principal risks faced by the Group are set out in page 10 of this annual report. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosure. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgement or consult professionals before making any investment in the securities of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

For the year ended 31 December 2017, the Group's total revenue from continuing operations decreased by 30.00% to approximately HK$193,460,000 (2016: approximately HK$276,371,000). Loss attributable to owners of the Company decreased by 31.79% to approximately HK$51,192,000 (2016: approximately HK$75,054,000). Loss per share attributable to owners of the Company for the year were approximately HK5.55 cents (2016: approximately HK$12.23 cents (restated)). The decrease in loss was mainly due to the decrease in administrative expenses, which is approximately HK$38,946,000 for the year ended 31 December 2017 (2016: approximately HK$61,376,000). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil). The current ratio was approximately 11.43 (2016: approximately 3.45). Since the Group has net cash of HK$103,376,000 (2016: net debt of HK$7,757,000), the Group's financial position remained solid.

SEGMENT INFORMATION

The analysis of the business and geographical segments of the operations of the Group are set out in Note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the five largest customers accounted for approximately 95.10% of the Group's total revenue. The five largest suppliers accounted for approximately 95.67% of the Group's total purchases. In addition, the largest customer accounted for approximately 47.52% of the Group's total revenue while the largest supplier accounted for approximately 50.35% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

Directors' Report

GROUP FINANCIAL SUMMARY

A summary of the results, and assets and liabilities of the Group announced in previous years are set out on page 3 of this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company are set out in Note 29 and Note 30 to the consolidated financial statements respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws, or laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 32 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

The Company had no reserves available for distribution to its shareholders as at 31 December 2017 (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2017, the Group entered into the following connected transaction and continuing connected transaction with Tide Digital Financial Holdings Limited ("Tide Digital") has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

(a) Connected Transaction with Tide Digital in relation to consultancy services

On 18 October 2017, the Company and Tide Digital Financial Holdings Limited ("Tide Digital") entered into a consultancy agreement (the "Consultancy Agreement") in relation to providing consultancy services for expanding the securities trading business of the Group.

Pursuant to the Consultancy Agreement, Tide Digital provides consultancy services to the Company for expanding securities business of the Group. The aggregate service fee payable by the Company will be HK$2,850,000.

(b) Continuing Connected Transaction with Tide Digital in relation to leasing services

On 7 December 2017, Tide Global Exchange Technology Limited ("Tide Global Exchange), an indirect wholly-owned subsidiary of the Company, entered into a licence agreement ("Licence Agreement") with Tide Digital in respect of the leasing of a system for developing the new global securities trading system (the "Continuing Connected Transaction").

Pursuant to the Licence Agreement, Tide Digital provides the framework and source code of its online operating trading system based on distributed ledger technology to Tide Global Exchange for developing and operating a new global trading system. Tide Digital will also provide Tide Global Exchange with technical support services to refine the global securities trading system and provision of maintenance services.

The Continuing Connected Transaction has been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the Continued Connected Transactions have been entered into:

(a) In the ordinary and usual course of business of the Group;

(b) Either on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as the case may be) independent third parties;

(c) In accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(d) Within the respective cap amounts as disclosed in the previous announcements in which the relevant Continuing Connected Transactions were disclosed.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in a letter to the Board that (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transaction has been approved by the Company's board of directors; (ii) were not entered into in all material respects in accordance with the relevant agreements governing such transactions; (iii) had exceeded the caps disclosed in the announcement of the Company dated 7 December 2017; and (iv) were not, in all material respects in accordance with the pricing policies of the Group.

Tide Digital, is ultimately owned as to 85%, by Mr. Chen Ping (*Chairman and executive Director*) and 15% by Ms. Ma Jian Ying *(Chief Executive Officer and executive Director)*. Accordingly, Tide Digital is a connected person of the Company for the purpose of Chapter 20 of the Gem Listing Rules.

During the year ended 31 December 2017, the transactions carried out pursuant to the Consultancy Agreement and Licence Agreement as following are connected transaction and continuing connected transaction exempted from the independent Shareholders' approval requirement but are still subject to the reporting and announcement requirements under the Listing Rules.

Nature of transactions	For the year ended 31 December 2017 HK$'000	Annual cap HK$'000
Consultancy fee for consultancy services by Tide Digital	1,995	1,995
License fee for leasing services of an online operating trading system	604	2,104

Apart from the aforesaid Connected Transaction and Continuing Connected Transaction entered into by the Group during the year ended 31 December 2017 which do not constitute connected transactions or continuing connected transactions under the Chapter 20 of the Gem Listing Rule are disclosed in Note 35 to the consolidated financial statements.

DIRECTORS

The Directors up to the date of this annual report were:

Executive Directors

Mr. Chen Ping *(Chairman) (appointed on 15 September 2017)*
Ms. Ma Jian Ying *(Chief Executive Officer) (appointed on 15 September 2017)*
Mr. Tsang Chun Kit *(appointed on 18 October 2017)*
Mr. Wang An Zhong

Non-executive Directors

Mr. Shi Guang Rong *(appointed on 10 March 2017)*
Mr. Hsu Bin Chun *(appointed on 12 December 2017)*

Independent non-executive Directors

Mr. Leung Wah
Ms. Sun Ching
Ms. Wong Mei Ling

Pursuant to bye-law no. 87(1) of the Company's bye-laws (the "Bye-laws"), at least one-third of the Directors shall retire from office by rotation and pursuant to bye-law no. 86(2) of the Bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In this connection, Mr. Wang An Zhong, Mr. Shi Guang Rong, Mr. Leung Wah, Ms. Sun Ching and Ms. Wong Mei Ling will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. None of the independent non-executive Directors had served the Company for more than 9 years. The Board considers the independent non-executive Directors remained independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management of the Group are set out in pages 13 to 15 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, whether 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 or at the end of the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2017, interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Percentage of the issued share capital of the Company
Mr. Shi Guang Rong	Beneficial owner	129,547,378	12.50%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2017 as defined in Section 352 of the SFO. In addition, at no time during the year had the Directors and chief executives of the Company (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

A share option scheme has been adopted and approved by the shareholders of the Company at the annual general meeting held on 9 May 2012 (the "Share Option Scheme"). The 10% limit of the Share Option Scheme (the "Scheme Mandate Limit") has been refreshed on 13 May 2015 and 3 May 2016. As at the date of this annual report, the Scheme Mandate Limit refreshed on 3 May 2016 has not yet been utilised and the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 57,576,612 shares after taking into account the effect of consolidation of the shares became effective on 8 December 2016. As at 31 December 2017, the Company has12,259,000 options outstanding which represented approximately 1.18% of the total number of issued shares of the Company as at that date.

The following table discloses movements in the Company's share options during the year ended 31 December 2017:

Category of participants	Date of share options granted	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed during the year	Outstanding at end of the year	Adjusted exercise price HK$	Exercise period
Directors	8 January 2015	5,286,375	–	–	235,744	(5,522,119)	–	1.644	8 January 2015 – 9 May 2022
	18 January 2016	11,500,000	–	–	379,500	(11,879,500)	–	0.488	18 January 2016– 9 May 2022
Employees and adviser	8 January 2015	9,784,080	–	–	546,925	(10,331,005)	–	1.644	8 January 2015 – 9 May 2022
	18 January 2016	34,237,657	–	–	1,518,000	(23,496,657)	12,259,000	0.488	18 January 2016– 9 May 2022
		60,808,112	–	–	2,680,169	(51,229,281)	12,259,000		

Adjustments were made to the exercise price and the number of shares of the Company comprised in the outstanding share options which may be allotted and issued upon exercise as a result of the right issues completed on 12 May 2017. Details of the adjustments to the outstanding share options, please refer to the announcement of the Company dated 11 May 2017.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of Shareholders	Number of shares Interested	Capacity in which shares are held	Percentage of issued share capital
Mr. Shi Guang Rong *(Note 1)*	129,547,378	Beneficial owner	12.50%
Mr. Zhu Wei Sha	84,829,408	Beneficial owner	8.19%
Yuxing InfoTech Investment Holdings Limited *(Note 2)*	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited *(Note 2)*	80,800,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited *(Note 2)*	80,800,000	Beneficial owner	7.80%

Notes:

1. Mr. Shi Guang Rong is the substantial shareholder and the non-executive Director of the Company.

2. 80,880,000 shares of the Company are held by Yuxing Technology Company Limited which is a wholly-owned subsidiary of Yuxing Group (International) Limited, which in turns is wholly owned by Yuxing InfoTech Investment Holdings Limited. By virtue of the provisions of Part XV of the SFO, each of Yuxing Group (International) Limited and Yuxing InfoTech Investment Holdings Limited was deemed to be interested in the shares of the Company in which Yuxing Technology Company Limited was interested.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other person (other than the directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company established an audit committee with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee include the review and supervision of the financial reporting process, the internal monitoring system and risk management system of the Group. As at the date of this annual report, the audit committee has three members comprising Mr. Leung Wah, Ms. Sun Ching and Ms. Wong Mei Ling, the three independent non-executive Directors. The audit committee met eight times during the year. The Group's audited financial results for the year have been reviewed by the audit committee, and it was in its opinion that (i) the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange and that (ii) the internal reporting and monitoring system of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group. During the year, no material matters were identified and reported by the audit committee to the Board.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued share as required under the GEM Listing Rules.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, except for deviations from code provisions A.2.1 and A.6.7 which is explained in the section headed "Corporate Governance Report", the Group has complied with all code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules throughout the accounting period covered by this annual report. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 40 to the consolidated financial statements.

AUDITORS

The Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), who retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of HLB as the auditors of the Company for the forthcoming year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Ma Jian Ying
Chief Executive Officer and Executive Director

Hong Kong, 26 March 2018

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF GLOBAL ENERGY RESOURCES INTERNATIONAL GROUP LIMITED
(Continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Global Energy Resources International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 114, 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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matters

Impairment assessment on intangible asset

Refer to Note 15 to the consolidated financial statements

The Group has the intangible asset of approximately HK$73,646,000 in relation to operations of Carbon Emission Trading Platform and related services segment as at 31 December 2017.

Management performed impairment assessment of the intangible asset in relation to operation of Carbon Emission Trading Platform and concluded that an impairment loss in intangible asset of approximately HK$30,866,000 was recognised for the year. This conclusion was based on value-in-use model that required significant management judgment with respect to the discount rate and underlying cash flows, in particular future revenue growth rate and capital expenditure. Independent external valuation were obtained in order to support management's estimates.

Our procedures in relation to management's impairment assessment included:

- Evaluation of the Independent valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of key assumptions based on our knowledge of the relevant industry and using our valuation experts;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data used.

We found the key assumptions were supported by the available evidence.

Impairment assessment on goodwill

Refer to Note 16 to the consolidated financial statements

The Group has the goodwill with aggregate amount approximately of HK$10,939,000 in relation to Money lending business and securities brokerage business segment.

Management performed impairment assessment of money lending business and securities trading business and concluded that there is no impairment in respect of the goodwill for the year. This conclusion was based on value-in-use model that required significant management judgment with respect to the discount rate and underlying cash flows, in particular future revenue growth rate and capital expenditure. Independent external valuation were obtained in order to support management's estimates.

Our procedures in relation to management's impairment assessment included:

- Evaluation of the independent valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of key assumptions based on our knowledge of the relevant industry and using our valuation experts;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data used.

We found the key assumptions were supported by the available evidence.

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables and loans receivable	
Refer to Notes 18 and 20 to the consolidated financial statements	
As at 31 December 2017, the Group has trade receivables amounting to approximately HK$84,806,000 and loans receivable amounting to approximately HK$40,374,000. In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition which may require management judgment.	Our procedures in relation to the management's impairment assessment of trade receivables and loans receivable included: • Discussing the Group's procedures on credit limits and credit periods given to customers with the management; • Evaluating the management's impairment assessment of trade receivables and loans receivable; and • Checking, on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables and loans receivable. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

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 DIRECTORS AND THE AUDIT COMMITTEE 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- 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.

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 auditors' 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 director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 26 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Continuing operations			
Revenue	6	**193,460**	276,371
Cost of sales		**(177,754)**	(260,418)
Gross profit		**15,706**	15,953
Other revenue	6	**17**	300
Other gains and losses	7	**(1,082)**	(1,068)
Impairment loss on intangible asset	15	**(30,866)**	(18,057)
Selling and distribution expenses		**(1,666)**	(3,424)
Administrative expenses		**(38,946)**	(61,376)
Loss from operations		**(56,837)**	(67,672)
Finance costs	8	**(797)**	(4,126)
Loss before taxation	9	**(57,634)**	(71,798)
Taxation	10	**–**	–
Loss for the year from continuing operations		**(57,634)**	(71,798)
Discontinued operation			
Loss for the year from discontinued operation	11	**–**	(13,762)
Loss for the year		**(57,634)**	(85,560)
Other comprehensive income/(loss) for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**13,883**	(8,790)
Other comprehensive income/(loss) for the year, net of income tax		**13,883**	(8,790)
Total comprehensive loss for the year		**(43,751)**	(94,350)
Loss for the year attributable to			
Owners of the Company		**(51,192)**	(75,054)
Non-controlling interests		**(6,442)**	(10,506)
		(57,634)	(85,560)
Total comprehensive loss for the year attributable to			
Owners of the Company		**(43,293)**	(84,135)
Non-controlling interests		**(458)**	(10,215)
		(43,751)	(94,350)
Loss per share attributable to owners of the Company for the year			(restated)
For continuing and discontinued operations			
– Basic and diluted (HK cents)	12	**(5.55)**	(12.23)
For continuing operations			
– Basic and diluted (HK cents)	12	**(5.55)**	(11.08)

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment	14	**37,992**	46,869
Intangible asset	15	**73,646**	104,512
Goodwill	16	**10,939**	10,939
Other assets	17	**400**	958
		122,977	163,278
Current assets			
Trade receivables	18	**84,806**	69,655
Other receivables, deposits and prepayments	19	**19,895**	23,416
Loans receivable	20	**40,374**	27,203
Financial assets at fair value through profit or loss	21	**–**	6,830
Amount due from a related company	22	**5,162**	–
Client trust bank balances	23	**1,925**	817
Cash and cash equivalents	23	**104,902**	13,925
		257,064	141,846
Current liabilities			
Trade payables	24	**12,988**	11,655
Accruals and other payables	25	**7,969**	8,100
Amounts due to related parties	26	**1,526**	290
Obligation under finance lease	27	**–**	92
Other borrowings	28	**–**	21,000
		22,483	41,137
Net current assets		**234,581**	100,709
Total assets less current liabilities		**357,558**	263,987
Non-current liability			
Obligation under finance lease	27	**–**	300
Net assets		**357,558**	263,687
Equity			
Share capital	29	**41,455**	23,031
Reserves		**324,044**	248,139
Total equity attributable to owners of the Company		**365,499**	271,170
Non-controlling interests		**(7,941)**	(7,483)
Total equity		**357,558**	263,687

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

Chen Ping
Director

Ma Jian Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital HK$'000	Capital reserve *(note (i))* HK$'000	Share premium HK$'000	Special reserve *(note(ii))* HK$'000	Statutory reserve *(note (iii))* HK$' 000	Share-based payment reserve *(note (iv))* HK$' 000	Exchange reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2016	23,031	1,030	514,940	11	324	18,775	(7,380)	(211,526)	339,205	2,732	341,937
Issuance of share options	–	–	–	–	–	16,100	–	–	16,100	–	16,100
Transaction with owners	–	–	–	–	–	16,100	–	–	16,100	–	16,100
Net loss for the year	–	–	–	–	–	–	–	(75,054)	(75,054)	(10,506)	(85,560)
Other comprehensive (loss)/income, net of income tax:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	(9,081)	–	(9,081)	291	(8,790)
Total comprehensive loss for the year	–	–	–	–	–	–	(9,081)	(75,054)	(84,135)	(10,215)	(94,350)
At 31 December 2016 and 1 January 2017	23,031	1,030*	514,940*	11*	324*	34,875*	(16,461)*	(286,580)*	271,170	(7,483)	263,687
Placing of new shares (Note 29)	4,606	-	33,279	-	-	-	-	-	37,885	-	37,885
Transaction costs relating to placing of new shares	-	-	(77)	-	-	-	-	-	(77)	-	(77)
Rights issue (Note 29)	13,818	-	89,820	-	-	-	-	-	103,638	-	103,638
Transaction costs relating to rights issue	-	-	(3,824)	-	-	-	-	-	(3,824)	-	(3,824)
Lapse of share options	-	-	-	-	-	(30,827)	-	30,827	-	-	-
Transaction with owners	18,424	-	119,198	-	-	(30,827)	-	30,827	137,622	-	137,622
Net loss for the year	-	-	-	-	-	-	-	(51,192)	(51,192)	(6,442)	(57,634)
Other comprehensive income/(loss), net of income tax:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	7,899	-	7,899	5,984	13,883
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	7,899	(51,192)	(43,293)	(458)	(43,751)
At 31 December 2017	41,455	1,030*	634,138*	11*	324*	4,048*	(8,562)*	(306,945)*	365,499	(7,941)	357,558

* The aggregated amount of these balances of approximately HK$324,044,000 (2016: approximately HK$248,139,000) in surplus is included as reserves in the consolidated statement of financial position.

Notes:

(i) The capital reserve of the Group represents a capital contribution by a shareholder company during the year ended 31 December 2007.

(ii) The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2002.

(iii) Subsidiary of the Company establish in the PRC shall appropriate 10% of its annual statutory net profit (after offsetting any prior year losses) to the statutory reserve fund account in accordance with the PRC Company law. When the balance of such reserve fund reaches 50% of the entity's share capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior year's losses or to increase capital after proper approval.

(iv) Share-based payment reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised in other operating expenses with a corresponding increase in the share-based payment reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Loss before taxation			
– from continuing operations		**(57,634)**	(71,798)
– from discontinued operation		**–**	(13,762)
		(57,634)	(85,560)
Adjustments for:			
Interest income		**(14)**	(62)
Loan interest income		**(3,196)**	(7,225)
Finance costs	8	**797**	4,126
Depreciation		**11,365**	9,658
Net (gain)/loss on financial assets at fair value through profit or loss	7	**(3,148)**	1,071
Share-based payment expenses	9	**–**	16,100
Loss on disposal of property, plant and equipment	9	**25**	332
Written off of trade receivables	11	**–**	4,406
Impairment loss on other receivables, deposits and prepayments	9	**3,645**	4,014
Written down of slow moving inventories	11	**–**	3,822
Impairment loss on other assets	9	**577**	–
Impairment loss on intangible asset	15	**30,866**	18,057
Operating loss before working capital changes		**(16,717)**	(31,261)
Increase in trade receivables		**(9,990)**	(52,932)
Decrease in other receivables, deposits and prepayments		**1,300**	7,318
(Increase)/decrease in loans receivable		**(13,000)**	5,900
(Increase)/decrease in client trust bank balances		**(1,108)**	52
Decrease in financial assets at fair value though profit or loss		**–**	5,444
Increase/(decrease) in trade payables		**963**	(2,724)
Decrease in accruals and other payables		**(593)**	(3,969)
Increase in amounts due to related parties		**1,214**	–
Cash used in operating activities		**(37,931)**	(72,172)
Loan interest received		**3,025**	7,271
Interest paid		**(797)**	(3,629)
Net cash used in operating activities		**(35,703)**	(68,530)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from investing activities			
Interest received		**14**	62
Purchase of property, plant and equipment	14	**(387)**	(147)
Proceeds from disposals of financial assets at fair value through profit or loss		**9,978**	–
Proceeds from disposals of property, plant and equipment		**646**	–
Net cash outflow from acquisition of subsidiary	33	**–**	(14,272)
Net cash generated from/(used in) investing activities		**10,251**	(14,357)
Cash flows from financing activities			
Proceeds from placing of new shares	29	**37,885**	–
Payment for transaction costs of placing of new shares	29	**(77)**	–
Proceeds from rights issues	29	**103,638**	–
Payment for transaction costs of rights issues	29	**(3,824)**	–
Repayment for obligation under finance lease		**(392)**	(88)
Repayment for bank overdrafts		**–**	(932)
Repayment for other borrowings		**(21,000)**	(9,000)
Proceeds from other borrowings		**–**	30,000
Net cash generated from financing activities		**116,230**	19,980
Net increase/(decrease) in cash and cash equivalents		**90,778**	(62,907)
Cash and cash equivalents at beginning of the year		**13,925**	82,743
Effect of foreign exchange rate changes		**199**	(5,911)
Cash and cash equivalents at end of the year		**104,902**	13,925

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

1. GENERAL INFORMATION

Global Energy Resources International Group Limited is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 3008–10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 31.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2017. A summary of the new HKFRSs are set out as below:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

New and revised HKFRSs issued but not yet effective

HKFRSs (Amendments)	Annual Improvement to HKFRSs 2015–2017 cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transaction[1]
HKFRS 4 (Amendments)	Applying to HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[2]
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Int 23	Uncertainty over Income Tax Treatment[2]

1. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3. Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.
4. Effective for annual periods beginning or after 1 January 2021.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 *Financial Instruments* (Continued)

Based on the Group's financial instruments and risk management policies at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Impairment

In general, the directors of the Company also anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. However, the directors of the Company do not anticipate that the application of the expected credit loss model of HKFRS 9 will have material impact to the opening accumulated losses at 1 January 2018.

Except for abovementioned, the directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2017.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 *Leases*

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

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of the Group's lease arrangements. These assets and liabilities are currently not required to be recognzied but certain relevant information is disclosed as commitments to these financial statement. As disclosed in Note 34, the Group's future minimum lease payments under non-cancellable operating leases for its leased premises amount to approximately HK$7,695,000 as at 31 December 2017. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result, but it is expected that certain portion of the lease commitments will be regarded to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 2 *Classification and Measurement of Share-based Payment Transactions*

The HKICPA has issued an amendment, Amendments to HKFRS 2 – *Classification and Measurement of Share-based Payment Transactions*, addressing three classification and measurement issues. The amendment addresses the accounting for cash-settled share-based payments and equity-settled awards that include a "net settlement" feature in respect of withholding taxes.

The amendments to HKFRS 2 will become effective for financial statements with annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments should be applied retrospectively.

The amendments clarified the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled share-based payment to equity-settled share-based payment. It also introduces an exception to the principles in HKFRS 2 that will require an award to be treated as if it was wholly equity-settled share-based payment, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group anticipates that the adoption of this amendment will not have a significant impact on the Group's employees are equity-settled share-based payments and the Group Is not obliged to withhold an amount for the employees' tax obligation associated with the share-based payment under the relevant tax laws in Hong Kong.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the other new and revised HKFRSs will have a significant impact on the Group's financial performance and position.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value-in-use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the end of the reporting period. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Revenue recognition

Revenue is measured at the fair value of consideration received for the rendering of services. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually when the Group has delivered the products to the customer, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Rental income of air-conditioners are recognised when the services are delivered to customers.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Brokerage and commission income on securities dealing is recognised on trade date basis when the relevant transaction is completed.

Property, plant and equipment

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the rate of 10% to 20% per annum.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment testing of non-financial assets

Property, plant and equipment and interests in subsidiaries are subject to impairment testing at the end of each reporting period. Individual assets or cash-generating units are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the asset.

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

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated statement of profit or loss and other comprehensive income when the services are delivered to customers.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets include trade receivables, other receivables and deposits, loans receivable, financial assets at fair value through profit or loss ("FVTPL"), amount due from a related company, client trust bank balances and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including trade receivables, other receivables and deposits, loans receivable, amount due from a related company, client trust bank balances and cash and cash equivalents) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or its designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group and the Company manages together and has a recent actual pattern of short-term profit making; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL *(Continued)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "fair value changes on financial assets at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 21 to the consolidated financial statements.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Impairment of financial assets

At the end of each reporting period, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– Significant financial difficulty of the debtor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

If any such evidence exists, the impairment loss is measured and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not recognised in profit or loss of the period in which the reversal occurs.

Financial liabilities

The Group's financial liabilities including (trade payables, accruals and other payables, amounts due to related parties, obligation under finance lease and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in profit or loss.

Taxation

Income tax comprises current tax payable and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profits for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Cash and cash equivalents

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

Client trust bank balances

The Group has classified the clients' monies as client trust bank balances under the current assets section of the consolidated statement of financial position and recognised a corresponding accounts payable to respective clients on grounds that is liable for any loss or misappropriation of clients' monies.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities

Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. At the end of the subsequent reporting periods, such contingent liabilities are recognised at the higher of the amount recognised in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less accumulated amortisation recognised in accordance with HKAS 18 *Revenue*.

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions

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

a) A person or a close member of that person's family is related to the Group of 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.

b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of 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); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs and short term employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

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

The employees of the Group's subsidiaries which operates in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans is limited to the fixed percentage contributions payable.

Short-term employee benefits

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

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

Share-based Payment

Share Options Granted to Employees

For grant of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share-based payment reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based Payment *(Continued)*

Share Options Granted to Employees *(Continued)*

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained earnings.

Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

Individually material operating segments are not aggregate for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of goods and services, the type of class of customers, the methods used to distribute the goods or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies which are described in Note 3 to the consolidated financial statements, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the critical judgment, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group annually reviews the useful life of an asset and its residual value, if any. The useful life is based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of trade receivables and loans receivable

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the aging of the trade debtors and loans receivable, credit history of the customers and historical write-off experience. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, an impairment loss may arise.

Impairment losses for property, plant and equipment

Property, plant and equipment are assessed at the end of each reporting period to identify indications that they may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated. The recoverable amount of the property, plant and equipment is based on value-in-use calculations. These calculations are determined based on cash flow projections with reasonable assumptions that represent management's best estimate of the range of economic conditions over the remaining useful life of the assets. Changes in facts and circumstances may result in revisions to whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

4. ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Income taxes

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax 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, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment of intangible asset

Determine whether the intangible asset is impaired requires estimation of the value-in-use. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of intangible asset at the end of the year was approximately HK$73,646,000 (2016: approximately HK$104,512,000) and an impairment loss approximately HK$30,866,000 was recognised during the year (2016: approximately HK$18,057,000). Details of the impairment testing on intangible asset are provided in Note 15 to the consolidated financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Details of the impairment testing on goodwill are provided in Note 16 to the consolidated financial statements.

5. SEGMENT INFORMATION

Information reported to executive Directors and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

– Rental of energy-saving air-conditioners ("Rental of air-conditioners")

– Trading business

– Operations of the Carbon Emission Trading Platform ("CETP") and related services ("Operations of the CETP")

– Money lending business

– Securities trading business

The Segment of manufacturing and sales of air-conditioners and related products was discontinued during the year ended 31 December 2016. The management of the Group are in the view that the discontinued operation is less than 10% of the Group and the corresponding information for the year ended 31 December 2016 has been re-presented. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in Note 11.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2017

	Continuing operations					
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Total HK$'000
Segment revenue	4,798	182,465	–	3,196	3,001	193,460
Segment results	(12,135)	5,581	(33,515)	1,582	(4,394)	(42,881)
Other revenue						17
Other gains and losses						(8)
Net gain on financial assets at fair value through profit or loss						3,148
Central administrative costs						(17,113)
Finance costs						(797)
Loss before taxation						(57,634)

For the year ended 31 December 2016

	Continuing operations					
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Total HK$'000
Segment revenue	4,086	263,960	–	7,225	1,100	276,371
Segment results	(14,622)	2,936	(23,726)	4,542	(1,409)	(32,279)
Other revenue						300
Other gains and losses						3
Net loss on financial assets at fair value through profit or loss						(1,071)
Central administrative costs						(34,625)
Finance costs						(4,126)
Loss before taxation						(71,798)

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

All of the segment revenue reported above is generated from external customers.

The accounting policies of the operating segments are the same as the Group's accounting polices described in Note 3 to the consolidated financial statements. Segment results for the continuing operations represent the profit or loss recorded by each segment without allocation of other revenue, other gains and losses (excluding impairment loss on other assets and impairment loss on other receivables, deposits and prepayment), net gain/(loss) on financial assets at fair value through profit or loss, central administrative costs including directors' remuneration, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

For the year ended 31 December 2017

	Continuing operations					
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Total HK$'000
Segment assets	**49,510**	**83,831**	**78,791**	**58,693**	**32,847**	**303,672**
Unallocated assets						**76,369**
Total assets						**380,041**
Segment liabilities	**11,968**	**205**	**187**	**140**	**8,134**	**20,634**
Unallocated liabilities						**1,849**
Total liabilities						**22,483**

For the year ended 31 December 2016

	Continuing operations					
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Total HK$'000
Segment assets	49,185	67,386	106,740	28,530	15,981	267,822
Unallocated assets						37,302
Total assets						305,124
Segment liabilities	4,527	127	188	532	7,124	12,498
Unallocated liabilities						28,939
Total liabilities						41,437

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than assets held by the Company and its subsidiaries which the roles are investment holding companies; and

– all liabilities are allocated to reportable segments other than liabilities held by the Company and its subsidiaries which the roles are investment holding companies.

Other segment information

For the year ended 31 December 2017

	Continuing operations						
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Unallocated HK$'000	Total HK'000
Capital expenditure	–	148	–	–	193	46	387
Depreciation of property, plant and equipment	7,846	1,669	399	252	68	1,131	11,365
Impairment loss on intangible asset	–	–	30,866	–	–	–	30,866
Net gain on financial assets at fair value through profit or loss	–	–	–	–	–	3,148	3,148
Impairment loss on other assets	–	577	–	–	–	–	577
Impairment loss on other receivables, deposits and prepayments	3,645	–	–	–	–	–	3,645

For the year ended 31 December 2016

	Continuing operations						
	Rental of air-conditioners HK$'000	Trading business HK$'000	Operations of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Unallocated HK$'000	Total HK'000
Capital expenditure	13,871	–	–	–	118	29	14,018
Depreciation of property, plant and equipment	6,113	1,575	399	280	8	1,118	9,493
Equity-settled share-based payment	–	–	–	–	–	16,100	16,100
Impairment loss on intangible asset	–	–	18,057	–	–	–	18,057
Net loss on financial assets at fair value through profit or loss	–	–	–	–	10	1,061	1,071

5. SEGMENT INFORMATION *(Continued)*

Revenue from major operations

The Group's revenue from its major operations is set out in Note 6.

Geographical information

The Group's revenue from external customers for continuing operations and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Continuing operations			
	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**187,263**	268,046	**34,989**	42,413
Hong Kong	**6,197**	8,325	**87,988**	120,865
Total	**193,460**	276,371	**122,977**	163,278

The geographical location of customers is based on the location at which the services were rendered or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

Information about major customers

Continuing operations:

For the year ended 31 December 2017, approximately HK$182,465,000 or 94.3% (2016: approximately HK$263,960,000 or 95.5%) of the Group's revenue generated from continuing operations from two customers (2016: four customers (the trading business segment)). Each customer has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2017 (2016: Nil).

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue from continuing operations, are set out below:

	2017	2016
	HK$'000	HK$'000
Customer A	**–**	60,808
Customer B	**–**	103,243
Customer C	**90,525**	65,850
Customer D	**91,940**	34,059

6. REVENUE

Continuing operations:

Revenue represents the aggregate of the amounts received and receivable from third parties, interest income from provision of money lending business and commission income from provision of brokerage and related services. Revenue and other revenue recognised from continuing operations during the year are as follows:

	2017 HK$'000	2016 HK$'000
Revenue		
Rental of air-conditioners	**4,798**	4,086
Trading business	**182,465**	263,960
Operations of the CETP	**–**	–
Money lending business	**3,196**	7,225
Securities trading business	**3,001**	1,100
	193,460	276,371
Other revenue		
Interest income	**14**	43
Sundry income	**3**	257
	17	300

7. OTHER GAINS AND LOSSES

Continuing operations:

	2017 HK$'000	2016 HK$'000
Net gain/(loss) on financial assets at fair value through profit or loss		
– Realised gain on financial assets at fair value through profit or loss	**3,148**	1,256
– Unrealised loss on financial assets at fair value through profit or loss	**–**	(2,327)
	3,148	(1,071)
Exchange (loss)/gain, net	**(8)**	3
Impairment loss on other assets	**(577)**	–
Impairment loss on other receivables, deposits and prepayments	**(3,645)**	–
	(1,082)	(1,068)

8. FINANCE COSTS

Continuing operations:

	2017 HK$'000	2016 HK$'000
Interest on bank overdrafts	–	66
Interest on other borrowings		
– secured and wholly repayable within one year	320	1,030
– unsecured and wholly repayable within one year	465	3,012
Interest expenses on obligation under finance lease	12	18
	797	4,126

9. LOSS BEFORE TAXATION

Continuing operations:

	2017 HK$'000	2016 HK$'000
Loss before taxation is arrived at after charging:		
Auditors' remuneration		
– Audit services	680	620
– Non-audit services	271	50
Depreciation		
– Owned property, plant and equipment	11,256	9,356
– Leased property, plant and equipment	109	137
Cost of inventories recognised as an expense	170,054	254,828
Operating lease rentals in respect of rented premises	4,597	8,455
Loss on disposal of property, plant and equipment	25	332
Impairment loss on intangible asset	30,866	18,057
Impairment loss on other assets	577	–
Impairment loss on other receivables, deposits and prepayments	3,645	–
Equity-settled share-based payments	–	16,100
Employee benefit expenses (excluding directors' remuneration) (Note 13)		
– Salaries allowances and benefits in kind	14,231	14,581
– Contributions to retirement benefits scheme	603	773

10. TAXATION

The Company is not subject to taxes in profits, income or dividends in Bermuda. Its subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rates of 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25% (2016: 25%).

No provision for taxation has been made in the consolidated financial statements as the subsidiaries in Hong Kong and the PRC had no assessable profits for the year (2016: Nil).

	2017 HK$'000	2016 HK$'000
Current tax:		
PRC enterprise income tax	**–**	–
Hong Kong profits tax	**–**	–
	–	–

A reconciliation of the tax expenses applicable to loss before taxation at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

	2017 HK$'000	2016 HK$'000
Continuing operations		
Loss before taxation	**(57,634)**	(71,798)
Tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdiction concerned	**(10,066)**	(12,752)
Tax effect of non-deductible expenses	**10,554**	8,098
Tax effect of non-taxable income	**–**	(13)
Tax effect of estimated tax losses not recognised	**–**	4,667
Tax effect of utilisation of tax losses previously not recognised	**(488)**	–
Income tax for the year	**–**	–

Deferred taxation

Deferred taxation is calculated in full on temporary difference under the liabilities method using a principal taxation rate of 16.5% (2016: 16.5%). During the years ended 31 December 2017 and 2016, no deferred taxation was recognised by the Group.

As at 31 December 2017, the Group has estimated tax losses of approximately HK$16,050,000 (2016: HK$13,452,000) available to offset the against future taxable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit to utilise the balances.

11. DISCONTINUED OPERATION

During the year ended 2016, the board of director of the Company was approved to abandon and ceased the manufacturing and sales of air-conditioners segment.

The results and cash flows of the discontinued operation for the year are set out below:

	2016 HK$'000
Revenue	–
Cost of sales	–
Gross profit	–
Other revenue	21
Other gains and losses	(12,240)
Administrative expenses	(1,543)
Loss from operations	(13,762)
Finance costs	–
Loss before taxation	(13,762)
Taxation	–
Loss for the year from discontinued operation	(13,762)
Loss for the year attributable to	
Owners of the Company	(7,019)
Non-controlling interests	(6,743)
	(13,762)
Loss for the year from discontinued operation include the followings:	
Depreciation property, plant and equipment	165
Operating lease rentals in respect of rented premises	487
Written off of trade receivables	4,406
Impairment loss on other receivables, deposits and prepayments *(note (i))*	4,014
Written down of slow moving inventories *(note (ii))*	3,822
Employee benefit expenses	
– Salaries allowances and benefits in kind	374
– Contributions to retirement benefits scheme	54
Cash flows from discontinued operation:	
Net cash outflow from operating activities	(4,862)
Net cash outflow from investing activities	–
Net cash outflow from financing activities	–

11. DISCONTINUED OPERATION *(Continued)*

Notes:

(i) According to the assessment by the Group, the directors of the Company in the opinion that an impaired amount in relation to other receivables, deposits and prepayments from discontinued operation was likely unrecoverable and an impairment loss of approximately HK$4,014,000 was recognised in profit or loss for the year ended 31 December 2016.

(ii) Since the manufacturing and sales of air-conditioners segment was being abandoned and ceased during the year ended 31 December 2016, in the opinion of the directors of the Company, written down of slow moving inventories of approximately HK$3,822,000 has been recognised in profit or loss for the year ended 31 December 2016.

12. LOSS PER SHARE

	2017	2016 (restated)
Loss for the year attributable to the owners of the Company (HK$)		
– for continuing and discontinued operations	**(51,192,000)**	(75,054,000)
– for continuing operations	**(51,192,000)**	(68,035,000)
– for discontinued operation	**–**	(7,019,000)
Weighted average number of ordinary shares in issue *(note)*	**923,041,120**	613,766,689
Basic loss per share (HK cents)		
– for continuing and discontinued operations	**(5.55)**	(12.23)
– for continuing operations	**(5.55)**	(11.08)
– for discontinued operation	**–**	(1.15)

Note:

Basic loss per share is calculated by dividing the loss for the year attributable to the owners of the Company over the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares for the year ended 31 December 2017 are 923,041,120 ordinary shares (2016: 613,766,689 ordinary shares (restated)) in issue during the year. For the year ended 31 December 2016, the weighted average number of ordinary shares has been restated and adjusted with the effect of right issue which occurred during the current year.

The basic and diluted loss per share for the years ended 31 December 2017 and 2016 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the year was anti-dilutive.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' remuneration

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Share-based compensation HK$'000	Total HK$'000
2017					
Executive directors					
Mr. Chen Ping (a) *(Chairman)*	–	–	–	–	–
Ms. Ma Jian Ying (b) *(Chief executive officer)*	–	134	5	–	139
Mr. Chan Kwok Wing (c)	–	1,901	17	–	1,918
Mr. Wang An Zhong (d)	–	420	18	–	438
Mr. Zhao Liang (e)	–	116	–	–	116
Mr. Tsang Chun Kit, Terence (f)	–	93	4	–	97
	–	2,664	44	–	2,708
Non-executive directors					
Mr. Shi Guang Rong (g)	–	194	10	–	204
Mr. Hsu Bin Chun (h)	–	13	–	–	13
	–	207	10	–	217
Independent non-executive directors					
Mr. Leung Wah	120	–	–	–	120
Ms. Sun Ching (i)	120	–	–	–	120
Ms. Wong Mei Ling (j)	120	–	–	–	120
	360	–	–	–	360
Total	360	2,871	54	–	3,285

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Share-based compensation HK$'000	Total HK$'000
2016					
Executive directors					
Mr. Chan Kwok Wing (c) *(Chief executive officer)*	–	1,300	18	2,024	3,342
Mr. Wang An Zhong (d)	–	139	–	–	139
Mr. Zhao Liang (e)	–	600	–	2,024	2,624
Mr. Lu Zhi Qiang (k)	–	645	–	2,024	2,669
	–	2,684	18	6,072	8,774
Independent non-executive directors					
Mr. Leung Wah	120	–	–	–	120
Ms. Sun Ching (i)	16	–	–	–	16
Ms. Wong Mei Ling (j)	6	–	–	–	6
Mr. Lu Lin Yu (l)	105	–	–	–	105
Mr. Wei Zhi Hong (m)	88	–	–	–	88
Mr. Chen Fu Rong (n)	27	–	–	–	27
	362	–	–	–	362
Total	362	2,684	18	6,072	9,136

Notes:

a) Mr. Chen Ping has been appointed as executive director and chairman of the Board with effective from 15 September 2017.

b) Ms. Ma Jian Ying has been appointed as executive director with effective from 15 September 2017 and appointed as chief executive officer on 1 November 2017.

c) Mr. Chan Kwok Wing has resigned as executive director and chief executive officer with effective on 1 November 2017.

d) Mr. Wang An Zhong has been appointed as executive director with effective from 2 September 2016.

e) Mr. Zhao Liang has resigned as executive director with effective on 10 March 2017.

f) Mr. Tsang Chun Kit, Terence has been appointed as executive director with effective from 18 October 2017.

g) Mr. Shi Guang Rong has been appointed as non-executive director with effective from 10 March 2017.

h) Mr. Hsu Bin Chun has been appointed as non-executive director with effective from 12 December 2017.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

Notes: (Continued)

i) Ms. Sun Ching has been appointed as independent non-executive director with effective from 14 November 2016.

j) Ms. Wong Mei Ling has been appointed as independent non-executive director with effective from 13 December 2016.

k) Mr. Lu Zhi Qiang has resigned as executive director with effective on 2 September 2016.

l) Mr. Lu Lin Yu has resigned as independent non-executive director with effective on 14 November 2016.

m) Mr. Wei Zhi Hong has resigned as independent non-executive director with effective on 23 September 2016.

n) Mr. Chen Fu Rong has been appointed as independent non-executive director with effective from 23 September 2016 and resigned with effective on 13 December 2016.

(b) Five highest paid individuals

The five highest paid individuals during the year included one director (2016: three directors) whose emoluments are disclosed in above. The aggregate of the emoluments in respect of the other four individuals (2016: two individuals) with the highest emoluments are as follows:

	2017 HK$'000	2016 HK$'000
Basic salaries and allowances	**3,599**	1,673
Retirement benefits scheme contributions	**35**	18
Share-based compensation	**–**	3,956
	3,634	5,647

The emoluments of the other four individuals (2016: two individuals) with the highest emoluments are within the following bands:

	Number of Individuals	
	2017	2016
Nil to HK$1,000,000	**4**	–
HK$2,500,001 to HK$3,500,000	**–**	2
	4	2

During the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to any of the senior management as an inducement to join or upon joining the Group or as compensation for loss of office. No senior management waived or to waive any emoluments during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Air-conditioners equipment HK$'000	Total HK$'000
Cost					
At 1 January 2016	3,997	10,410	6,657	31,594	52,658
Acquisition of a subsidiary *(Note 33)*	–	–	35	–	35
Additions	–	–	147	13,871	14,018
Disposals	(1,151)	–	(455)	–	(1,606)
Exchange alignment	(24)	(585)	(101)	(2,665)	(3,375)
At 31 December 2016 and 1 January 2017	2,822	9,825	6,283	42,800	61,730
Additions	–	–	387	–	387
Disposals	–	(674)	(23)	(363)	(1,060)
Exchange alignment	–	640	105	3,219	3,964
At 31 December 2017	2,822	9,791	6,752	45,656	65,021
Accumulated depreciation and impairment:					
At 1 January 2016	1,370	2,059	2,187	1,460	7,076
Charge for the year	897	1,859	1,312	5,590	9,658
Disposals	(854)	–	(420)	–	(1,274)
Exchange alignment	(11)	(190)	(55)	(343)	(599)
At 31 December 2016 and 1 January 2017	1,402	3,728	3,024	6,707	14,861
Charge for the year	564	1,820	1,281	7,700	11,365
Disposals	–	(269)	(11)	(109)	(389)
Exchange alignment	1	304	69	818	1,192
At 31 December 2017	1,967	5,583	4,363	15,116	27,029
Carrying amount:					
At 31 December 2017	**855**	**4,208**	**2,389**	**30,540**	**37,992**
At 31 December 2016	1,420	6,097	3,259	36,093	46,869

As at 31 December 2017, the net carrying amount of motor vehicle held under finance lease is Nil (2016: approximately HK$514,000) (Note 27).

15. INTANGIBLE ASSET

The Group acquired an intangible asset of the using right of carbon emission trading platform (the "CETP") in 2014. CETP is an intangible asset which is dedicated to a variety of carbon emission rights and carbon derivatives electronic trading systems integrated product transactions. The platform is including members of management, financial asset management, transaction prices showing, trading orders placed and cleared. It provides a communication channel for the carbon rights registration institutions and banks, offering management and tracking the whole life cycle from entering the carbon products into the system to trading until its maturity to be written off.

	Carbon Emission Trading Platform HK$'000
Cost:	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	161,869
Accumulated impairment:	
At 1 January 2016	39,300
Impairment losses recognised in profit or loss	18,057
At 31 December 2016 and 1 January 2017	57,357
Impairment losses recognised in profit or loss	30,866
At 31 December 2017	88,223
Carrying amount:	
At 31 December 2017	**73,646**
At 31 December 2016	104,512

Note:

In the assumption of continuity or going concern convention, the CETP will create economic benefits for the Group continuously if maintenance expenses are paid periodically. The useful life of the CETP is indefinite as there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the Group. It will be tested for impairment annually, instead of amortising over its useful life, and whenever there is an indication that may be impaired.

The Group carried out a review of the recoverable amount of the CETP for the year ended 31 December 2017. The recoverable amount of CETP for the year ended 31 December 2017 was determined based on value-in-use calculations which is determined with the relief-from-royalty method and using the discounted cash flows. The impairment review of the CETP is based on the expected future cash flows and based on the financial budgets approved by management covering a 10-year period. Discount rate of 26.43% (2016: 26.66%) was applied on the value-in-use calculations. Cash flow beyond 5 years are using a steady 3% growth rate per annum. Carbon emission trading market has just started in the PRC. It will be expected a high growth rate when the market become mature in development. Owing to the high growth rate of operating revenue of the CETP, the management of the Company views that using a longer cash flow projection of ten years is more reasonable to reflect the recoverable amount of CETP.

15. INTANGIBLE ASSET *(Continued)*

Note: (Continued)

Based on the business valuation report for the CETP issued by China Intangible Asset Appraisement Co., Ltd, the value-in-use at 31 December 2017 was calculated to be lower than the carrying amount of the CETP and accordingly an impairment loss of approximately HK$30,866,000 (2016: approximately HK$18,057,000) was recognised during the year ended 31 December 2017. As the CETP has been reduced to its recoverable amount of approximately HK$73,646,000 (2016: approximately HK$104,512,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

The directors of the Company are in the opinion that the impairment loss was mainly due to downward adjustment for the projected future cash flow made by the management after taking into account of the following reasons (i) The Group's operations of CETP is still at its developing stage since the PRC market has just started. The carbon emission right trading is a relatively new industry in both Hong Kong and PRC. The awareness and market demand in this area will take time to build; and (ii) the operations of CETP business has been postponed due to the change of business plan and the management of the Company.

16. GOODWILL

	HK$'000
Cost:	
At 1 January 2016	869
Acquisition of a subsidiary *(Note 33)*	10,070
At 31 December 2016, 1 January 2017 and 31 December 2017	10,939
Accumulated impairment:	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	–
Carrying amount:	
At 31 December 2017	**10,939**
At 31 December 2016	10,939

Particular of impairment testing on goodwill is disclosed below:

Goodwill has been allocated for impairment testing purposes to the following cash-generating units ("CGU"):

– Money lending business

– Securities trading business

16. GOODWILL *(Continued)*

Before recognition of impairment losses, the carrying amount of goodwill was allocated to groups of CGUs units as follows:

	2017 HK$'000	2016 HK$'000
Money lending business	**869**	869
Securities trading business	**10,070**	10,070
	10,939	10,939

Impairment testing on cash generating unit

Money lending business

The recoverable amount of the CGU is determined based on value-in-use calculation, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-years period, and the pre-tax discount rate approximately 10.79% (2016: 11.49%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5-years period have been extrapolated using 3.0% growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

Securities trading business

The recoverable amount of the CGU is determined based on value-in-use calculation, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-years period, and the pre-tax discount rate approximately 19.39% (2016: 23.6%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5-years period have been extrapolated using 3.0% growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

The key assumptions used in the value-in-use calculations for the cash-generating units are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflect past experience.

17. OTHER ASSETS

	2017 HK$'000	2016 HK$'000
Club membership *(note (i))*	–	558
Statutory deposits *(note (ii))*	400	400
	400	958

Notes:

(i) The club membership represents entrance fee paid to a golf club held on long-term basis. During the year ended 31 December 2017, an objective evidence of impairment was considered to exist due to the permanent closure of the Golf club venue implemented by the PRC government authority. The management considered that the recoverable amount of Club membership was significantly less than its investment cost and hence an impairment loss has been made against the total cost of Golf membership during the year.

(ii) The statutory deposits represent deposits paid to exchanges and clearing houses held on long-term basis.

18. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables from securities trading business		
– Cash clients	3,414	3,352
– Margin clients	53	421
– Clearing house	2,881	3,497
	6,348	7,270
Trade receivables	78,458	62,385
	84,806	69,655

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The settlement term of trade receivables arising from securities trading business is 2 trading days after trade date. No aging analysis for securities trading business is disclosed as, in the opinion of the directors of the Company, the aging analysis for securities trading business does not give additional value in view of its business nature.

For the year ended 31 December 2017, the Group allows a credit period with average range from 30 to 180 days (2016: 30 to 180 days) to its trade customers of its trading business. The following is an aging analysis of trade receivables from other than securities trading business at the end of the reporting period based on the invoice date and net of provision for impairment:

18. TRADE RECEIVABLES *(Continued)*

	2017 HK$'000	2016 HK$'000
0 – 90 days	**43,458**	62,385
91 – 180 days	**35,000**	–
	78,458	62,385

The aging analysis of trade receivables that are past due but not impaired:

	2017 HK$'000	2016 HK$'000
0 – 90 days	**–**	58,914

As at 31 December 2017, no trade receivables (2016: approximately HK$58,914,000) was past due but not impaired. These were related to few third party customers for whom there was no recent history of default. Based on past experience, the directors of the Group are of the opinion that no provision for impairment on trade receivables is necessary for these balances as there has not been a significant change in credit quality. Accordingly, these balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

Movement in the impairment losses recognised on trade receivables:

	2017 HK$'000	2016 HK$'000
Balance at beginning	**–**	–
Impairment loss recognised on trade receivables	**–**	4,406
Written off	**–**	(4,406)
	–	–

The directors of the Company in the opinion that written off of trade receivables from discontinued operation with amounting to approximately HK$4,406,000 is due to the Group's assessment on the recoverability of these trade receivables for the year ended 31 December 2016.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Deposits paid and prepayments to suppliers	11,126	14,390
Other receivables and deposits	2,472	2,440
Value added tax receivables	6,297	6,586
	19,895	23,416

20. LOANS RECEIVABLE

	2017 HK$'000	2016 HK$'000
Loans receivable	39,000	26,000
Interest receivables	1,374	1,203
	40,374	27,203

The maturity profile of the loans receivable at the end of the reporting period, analysed by the maturity date, is as follow:

	2017 HK$'000	2016 HK$'000
Receivables:		
Within 1 year	40,374	27,203

The Group's loans receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

The loans receivable are mainly unsecured, interest bearing and are receivable with fixed terms agreed with customers. A loans receivable with principal amount of approximately HK$10,000,000 are secured by collaterals, interest bearing and are receivable with fixed term agreed with customer. They are neither past due nor impaired. The maximum exposure to credit risk at the end of period is the carrying value of the loans receivable.

Loans receivable are interest-bearing at rates of range from 9.0% to 31.8% (2016: 24.0% to 31.8%) per annum. Loans receivable includes the interest receivables of approximately HK$1,374,000 (2016: approximately HK$1,203,000) which receivable on the date of repayment. During the year ended 31 December 2017, interest income of approximately HK$3,196,000 (2016: approximately HK$7,225,000) has been recognised in the consolidated statement of profit or loss and other comprehensive income.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017 and 2016 and categorised according to the level of fair value hierarchy defined as follows:

Level 1 – Fair values measured at quoted prices (unadjusted) in active markets.

	2017 HK$'000	2016 HK$'000
Listed securities:		
Equity securities – Hong Kong (level 1)	**–**	6,830

For the disposals of financial assets at fair value through profit or loss during the year, the realised gain is recognised in the consolidated statement of profit or loss and other comprehensive income.

For fair value changes of financial assets at fair value through profit or loss, the unrealised loss on financial assets at fair value through profit or loss is recorded in the consolidated statement of profit or loss and other comprehensive income.

The fair value of all equity securities is based on their closing prices as at 31 December 2016 in an active market.

The Group pledged the financial assets at fair value through profit or loss of approximately HK$6,830,000 as collateral for other borrowings with carrying amount HK$10,000,000 for the year ended 31 December 2016.

22. AMOUNT DUE FROM A RELATED COMPANY

	Highest balance during the year	**2017 HK$'000**	2016 HK$'000
TideEx Technology Limited	5,162	**5,162**	–

The amount due from a related company is unsecured, interest free and recoverable on demand.

The directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related company.

23. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash at bank and in hand	**104,902**	13,925

The effective interest rates of the bank balances of the Group ranged from 0.01% to 0.35% (2016: 0.01% to 0.26%) per annum.

At 31 December 2017, the Group's certain bank deposits of approximately HK$1,953,000 (2016: approximately HK$3,988,000) denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Client trust bank balances from security trading business

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from the regulated activities of its securities trading business licensed by the SFC. The Group has classified these clients' monies as client trust bank balances under the current assets section to the consolidated statement of financial position and recognised the corresponding trade payable to the respective clients. The Group is not permitted to offset those payables with the clients' monies.

24. TRADE PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables from securities trading business		
– Cash clients	**4,787**	4,110
– Clearing house	**2,913**	2,667
	7,700	6,777
Trade payables	**5,288**	4,878
	12,988	11,655

For securities trading business, the settlement terms of trade payables to Cash clients and Clearing house is 2 trading days after trade date. No aging analysis for securities trading business is disclosed as, in the opinion of the directors of the Company, the aging analysis does not give additional value in view of its business nature.

The Group was granted by its trade suppliers for credit periods ranging from 30 to 180 days. Based on the invoice dates, the aging analysis of the trade payables from other than securities trading business were as follows:

	2017 HK$'000	2016 HK$'000
0 – 90 days	**–**	91
91 – 180 days	**–**	–
181 – 365 days	**96**	–
Over 365 days	**5,192**	4,787
	5,288	4,878

25. ACCRUALS AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Accruals	**1,757**	1,813
Receipt in advances	**4,439**	4,129
Other payables	**1,773**	1,661
Interest payables	**–**	497
	7,969	8,100

26. AMOUNTS DUE TO RELATED PARTIES

The amounts due to related parties are unsecured, interest-free and repayable on demand.

An amounting of approximately HK$1,214,002 due to related companies which the directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related companies.

27. OBLIGATION UNDER FINANCE LEASE

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Obligation under finance lease:				
Within one year	**–**	106	**–**	92
In the second to fifth years, inclusive	**–**	319	**–**	300
	–	425	**–**	392
Less: future finance charges	**–**	(33)	**–**	–
	–	392	**–**	392

The Group has leased the motor vehicle under finance leases and the lease term in 5 years. The annual effective interest rates of the obligation under finance lease at the end of the reporting period is 2.15% per annum. The obligation under finance lease is denominated in Hong Kong dollars and its carrying amount approximate its fair value. The Group's obligation under finance lease is secured by the lessors' title to the leased assets.

During the year ended 31 December 2017, the Group is early repaid all the remaining outstanding balance of the obligation under finance lease. As at 31 December 2016, the obligation under finance lease of the Group with carrying amounts of approximately HK$392,000 were secured by the lessor's charge over the leased assets with carrying amount of approximately HK$514,000.

28. OTHER BORROWINGS

	2017 HK$'000	2016 HK$'000
Carrying amount repayable:		
Other borrowings due within one year	–	21,000

As at 31 December 2016, the Group entered into four loan agreements with the independent third parties for borrowing of approximately HK$21,000,000, in which principal amount of HK$10,000,000 secured by the financial assets at fair value through profit or loss held by the Group. The remaining principal balance of outstanding borrowings were unsecured. The other borrowings carries a fixed interest rate range from 3.0% to 3.5% per month.

29. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.005 each at 1 January 2016	7,000,000	35,000
Share consolidation *(note 1)*	(6,125,000)	–
Increase during the year *(note 2)*	4,125,000	165,000
Ordinary shares of HK$0.04 each at 31 December 2016, 1 January 2017 and 31 December 2017	**5,000,000**	**200,000**
Issued and fully paid:		
Ordinary shares of HK$0.005 each at 1 January 2016	4,606,129	23,031
Share consolidation *(note 1)*	(4,030,363)	–
Ordinary shares of HK$0.04 each at 31 December 2016 and 1 January 2017	575,766	23,031
Placing of new shares *(note 3)*	115,153	4,606
Right issue of new shares *(note 4)*	345,460	13,818
Ordinary shares of HK$0.04 each at 31 December 2017	**1,036,379**	**41,455**

Notes:

(1) Pursuant to the share consolidation became effective on 8 December 2016, the authorised share capital of the Company are HK$200,000,000 divided into 5,000,000,000 consolidated shares of HK$0.04 each and the issued share capital of the Company was consolidated from 4,606,129,000 shares of HK$0.005 each to 575,766,125 consolidated shares of HK$0.04 each.

(2) Upon the share consolidation became effective on 8 December 2016, the authorised share capital of the Company increased from HK$35,000,000 divided into 875,000,000 consolidated shares to HK$200,000,000 divided into 5,000,000,000 consolidated shares by the creation of an additional 4,125,000,000 consolidated shares.

29. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(3) On 4 January 2017, the Company and the subscribers entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribers for a total of 115,153,225 Shares at the subscription price of HK$0.329 per subscription share. The net proceeds raised from the subscription in aggregate amount was approximately HK$37,808,000.

(4) On 29 March 2017, the Company entered into an underwriting agreement with an underwriter by issuing 345,459,675 rights shares on the basis of one right share for every two shares at subscription price of HK$0.3. All conditions set out in the underwriting agreement have been fulfilled on 5 May 2017, and the dealings in the rights shares were commenced on the Stock Exchange on 15 May 2017. The net proceeds raised from the rights issues in aggregate amount was approximately HK$99,814,000.

30. SHARE OPTION SCHEME

The Share Option Scheme

Pursuant to an ordinary resolution passed in the annual general meeting held on 9 May 2012 ("Adoption Date"), the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

Eligible participants of the Share Option Scheme include the following:

(i) any employee (whether full time or part time employee, including any executive directors) of the Group or any entity in which the Group holds any equity interest (the "Invested Entity");

(ii) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliances or other business arrangement, or otherwise, to the development and growth of the Group.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

The number of shares which may be issued under the Share Option Scheme is subject to the following limitations:

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the total number of Shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption.

Pursuant to an ordinary resolution passed in the annual general meeting held on 13 May 2015 (the "2015 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of the issued shares of the Company as at the date of the 2015 AGM, under the Share Option Scheme. After the refreshment of the scheme mandate limit, a total of 383,844,900 share options (the "Scheme Mandate Limit") is available for issue under the Share Option Scheme as at the date of the 2015 AGM which represented 10% of the total number of the issued shares of the Company as at the date of the 2015 AGM. As at the date of this annual report, the Scheme Mandate Limit was fully utilised for the upward adjustment of 17,943,640 share options after the open offer completed in 2015 and for the grant of 365,901,260 of share options to certain eligible participants on 18 January 2016, subject to acceptance of the eligible participants, under the Share Option Scheme.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options). In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Adjusted exercise price
8 January 2015	Vested upon granted	8 January 2015 to 9 May 2022	HK$0.250	HK$1.644
18 January 2016	Vested upon granted	18 January 2016 to 9 May 2022	HK$0.065	HK$0.488

Note:

For the share options granted on 18 January 2016 and 8 January 2015, the exercise price per share as at 31 December 2017 had been adjusted with the effects of the rights issue completed in May 2017. Further details are set out in Note 29 to the consolidation financial statements.

The exercise price of share options was adjusted subsequent to the completion of open offer on 24 April 2015 and share consolidation on 8 December 2016.

During the year ended 31 December 2016, the Company granted 365,901,260 share options to the certain Directors, employees and consultant of the Company under the Share Option Scheme at the subscription price of HK$0.065 per share option which were vested immediately and exercisable for the period between 18 January 2016 and 9 May 2022 (both dates inclusive) on 18 January 2016. As a result of the share consolidation which completed on 8 December 2016, the said outstanding 365,901,260 share options were adjusted to 45,737,657 share options conferring holders thereof to subscribe for up to a total of 45,737,657 Shares, and the share options remained outstanding as at 31 December 2016. The subscription price per share option was adjusted from HK$0.065 to HK$0.520 per share option after taking into account of the effect of share consolidation in December 2016.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

Note: (Continued)

The inputs into the model as grant date were as follows:

Grant date:	18 January 2016	8 January 2015
Share price at the grant date:	HK$0.064	HK$0.216
Exercise price:	HK$0.065	HK$0.250
Expected volatility:	80.08%	100.91%
Risk-free rate:	1.144%	1.53%
Option period:	6.30 years	7.33 years
Fair value per option:	HK$0.044	HK$0.178

Expected volatility was determined by using the historical volatility of the Company's share price over the expected option period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

As the fair value of the services received could not be estimated reliably by the Company, the fair value of services received in return for share options granted on 18 January 2016 and 8 January 2015 were measured by reference to the fair value of share options granted and determined by an independent professionally qualified valuer. The estimate of the fair value of the share options granted were measured based on Black-Scholes Option Pricing Model. The contractual life of the share option is used as an input into this mode. Expectations of early exercise multiple are incorporated into the Black-Scholes Option Pricing Model.

During the year ended 31 December 2016, the share-based payments of approximately HK$16,100,000 were charged to the consolidated statement of profit or loss and other comprehensive income.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

Details of the terms and movements of the share options granted pursuant to the Share Option Scheme are as follows:

2017

Category of grantee	Date of grant	Exercise price HK$	Exercise price per share after adjustments HK$	Number of share options outstanding at 1 January '000	Granted during the year '000	Reclassification of category during the year '000	Adjusted during the year '000	Lapsed during the year '000	Number of share options outstanding at 31 December '000
Directors									
Mr. Chan Kwok Wing	8 January 2015	0.250	1.644	3,572	–	–	236	(3,808)	–
(resigned on 1 November 2017)	18 January 2016	0.065	0.488	5,750	–	–	380	(6,130)	–
Mr. Zhao Liang	8 January 2015	0.250	1.644	1,714	–	–	–	(1,714)	–
(resigned on 10 March 2017)	18 January 2016	0.065	0.488	5,750	–	–	–	(5,750)	–
				16,786	–	–	616	(17,402)	–
Employees and consultant	8 January 2015	0.250	1.644	9,784	–	–	547	(10,331)	–
	18 January 2016	0.065	0.488	34,238	–	–	1,518	(23,497)	12,259
				44,022	–	–	2,065	(33,828)	12,259
				60,808	–	–	2,681	(51,230)	12,259
Exercisable at the end of the year									12,259

2016

Category of grantee	Date of grant	Exercise price HK$	Exercise price per share after adjustments HK$	Number of share options outstanding at 1 January '000	Granted during the year '000	Reclassification of category during the year '000	Adjusted during the year '000	Lapsed during the year '000	Number of share options outstanding at 31 December '000
Directors									
Mr. Chan Kwok Wing	8 January 2015	0.250	1.752	28,575	–	–	(25,003)	–	3,572
(resigned on 1 November 2017)	18 January 2016	0.065	0.520	–	46,000	–	(40,250)	–	5,750
Mr. Lu Zhi Qiang	8 January 2015	0.250	1.752	28,575	–	(28,575)	–	–	–
(resigned on 2 September 2016)	18 January 2016	0.065	0.520	–	46,000	(46,000)	–	–	–
Mr. Zhao Liang	8 January 2015	0.250	1.752	13,716	–	–	(12,002)	–	1,714
(resigned on 10 March 2017)	18 January 2016	0.065	0.520	–	46,000	–	(40,250)	–	5,750
				70,866	138,000	(74,575)	(117,505)	–	16,786
Employees and consultant	8 January 2015	0.250	1.752	49,698	–	28,575	(68,489)	–	9,784
	18 January 2016	0.065	0.520	–	227,901	46,000	(239,663)	–	34,238
				49,698	227,901	74,575	(308,152)	–	44,022
				120,564	365,901	–	(425,657)	–	60,808
Exercisable at the end of the year									60,808

31. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name of Subsidiary	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Indirectly	Principal activities and place of operations
8192 Limited	Hong Kong, limited liability company	HK$1	100%	–	Provision of services in Hong Kong
Leading Ocean Limited	British Virgin Islands	US$1	100%	–	Investment holding in Hong Kong
SINO CMB (Group) Holding Company Limited	Hong Kong, limited liability company	HK$1	–	100%	Securities investment in Hong Kong
Sino Unique Limited	British Virgin Islands	US$1	100%	–	Investment holding in Hong Kong
China Glory International Holdings Limited	Hong Kong, limited liability company	HK$1	–	100%	Inactive
Global Environmental Engineering Company Limited	British Virgin Islands	US$10,000	100%	–	Investment holding in Hong Kong
Hong Kong Environmental Engineering Holdings Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding in Hong Kong
Hong Kong Environmental Engineering & Services Limited	Hong Kong, limited liability company	HK$1	–	100%	Inactive
Hong Kong Environmental Engineering Company Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding and administrative services in Hong Kong
蔚藍環保技術服務(深圳)有限公司	The PRC, limited liability company	HK$50,000,000	–	100%	Trading business in the PRC
Energy China Investment Company Limited	Hong Kong, limited liability company	HK$50,000	100%	–	Investment holding and marketing services in Hong Kong
中達博誠能源科技(深圳)有限公司	The PRC, limited liability company	HK$132,000,000	–	100%	Investment holding and trading business in the PRC

31. SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries at 31 December 2017 are as follows: *(Continued)*

Name of Subsidiary	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Percentage of issued capital held by the Company Indirectly	Principal activities and place of operations
深圳市順天運環保科技有限公司	The PRC, limited liability company	RMB20,000,000	–	51%	Rental of air-conditioners in the PRC
深圳市瑞風節能環保設備有限公司	The PRC, limited liability company	RMB5,000,000	–	51%	Inactive
Wonderful Dream Limited	British Virgin Islands	US$1	100%	–	Investment holding in Hong Kong
Vax Limited	British Virgin Islands	US$1,000	–	100%	Investment holding in Hong Kong
Hong Kong Carbon Emission Trading Limited	Hong Kong, limited liability company	HK$10,000	–	100%	Operations of carbon emission trading platform in Hong Kong
Instant Wealth Global Limited	British Virgin Islands	US$1	100%	–	Investment holding in Hong Kong
Force Green Limited	British Virgin Islands	US$1	–	100%	Investment holding in Hong Kong
United Property Finance Limited	Hong Kong, limited liability company	HK$4	–	100%	Money lending in Hong Kong
Triplezoom Investments Limited	British Virgin Islands	US$1	100%	–	Investment holding in Hong Kong
Sea Horizon Global Limited	British Virgin Islands	US$1	–	100%	Investment holding in Hong Kong
Hing Lee Securities Limited	Hong Kong, limited liability company	HK$28,000,000	–	100%	Securities trading in Hong Kong
Even Reward Limited	British Virgin Islands	US$1,000	100%	–	Investment holding in Hong Kong
Tide Global Exchange Technology Limited	Hong Kong, limited liability company	HK$5,800,000	–	51%	Securities trading in Hong Kong
Tide Global Carbon Emission Trading Limited	Hong Kong, limited liability company	HK$5,800,000	–	60%	Operations of carbon emission trading platform in Hong Kong

31. SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries at 31 December 2017 are as follows: *(Continued)*

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year. The financial statements of the above subsidiaries have been audited by HLB Hodgson Impey Cheng Limited, Hong Kong for statutory purpose and/or for the purpose of group consolidation.

Details of non-wholly owned subsidiary that has material non-controlling interests:

Name of subsidiary	Place of incorporation/ registration and operation	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests		Accumulated non-controlling interests	
			2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
深圳市順天運環保科技有限公司	The PRC	49%	**(6,321)**	(8,838)	**(14,401)**	(7,345)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017 HK$'000	2016 HK$'000
Non-current assets	**36,160**	43,589
Current assets	**17,709**	20,092
Current liabilities	**(80,090)**	(75,505)
Equity attributable to owners of the Company	**(11,820)**	(4,479)
Non-controlling interests	**(14,401)**	(7,345)

31. SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiary that has material non-controlling interests: *(Continued)*

	2017 HK$'000	2016 HK$'000
Revenue	**4,804**	4,137
Expenses	**(17,703)**	(22,173)
Loss for the year	**(12,899)**	(18,036)
Loss attributable to owners of the Company	**(6,578)**	(9,198)
Loss attributable to owners of the non-controlling interests	**(6,321)**	(8,838)
Loss for the year	**(12,899)**	(18,036)
Other comprehensive (loss)/income attributable to owners of the Company	**(763)**	219
Other comprehensive (loss)/income attributable to owners of the non-controlling interests	**(735)**	211
Other comprehensive (loss)/income for the year	**(1,498)**	430
Total comprehensive loss attributable to owners of the Company	**(7,341)**	(8,979)
Total comprehensive loss attributable to owners of the non-controlling interests	**(7,056)**	(8,627)
Total comprehensive loss for the year	**(14,397)**	(17,606)
Dividend paid to non-controlling interests	**–**	–
Net cash (outflow)/inflow from operating activities	**(755)**	14,911
Net cash inflow/(outflow) from investing activities	**204**	(13,871)
Net cash (outflow)/inflow	**(551)**	1,040

Significant restriction

Cash at bank and in hand dominated in RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide restrictions on exporting capital from the PRC, other than through normal dividend.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**748**	1,324
Interests in subsidiaries		**330,363**	261,998
		331,111	263,322
Current assets			
Other receivables, deposits and prepayments		**1,119**	1,114
Cash and cash equivalents		**2,826**	494
		3,945	1,608
Current liabilities			
Accruals and other payables		**646**	1,116
Other borrowings		**–**	21,000
		646	22,116
Net current assets/(liabilities)		**3,299**	(20,508)
Total assets less current liabilities		**334,410**	242,814
Net assets		**334,410**	242,814
Equity			
Share capital	29	**41,455**	23,031
Reserves		**292,955**	219,783
Total equity		**334,410**	242,814

The financial statements were approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

Chen Ping
Director

Ma Jian Ying
Director

32. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserves movement

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	514,940	1,030	742	18,775	(219,753)	315,734
Issuance of share options	–	–	–	16,100	–	16,100
Net loss for the year	–	–	–	–	(112,051)	(112,051)
At 31 December 2016 and 1 January 2017	514,940	1,030	742	34,875	(331,804)	219,783
Placing of new shares	33,279	–	–	–	–	33,279
Transaction costs relating to placing of new shares	(77)	–	–	–	–	(77)
Rights issue	89,820	–	–	–	–	89,820
Transaction costs relating to rights issue	(3,824)	–	–	–	–	(3,824)
Lapse of share options	–	–	–	(30,827)	30,827	–
Net loss for the year	–	–	–	–	(46,026)	(46,026)
At 31 December 2017	**634,138**	**1,030**	**742**	**4,048**	**(347,003)**	**292,955**

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation in 2002 and the nominal amount of the Company's shares issued for the acquisition.

33. ACQUISITION OF SUBSIDIARY

Acquisition of Hing Lee Securities Limited

On 15 December 2015, the Group entered into a sale and purchase agreement for the acquisition of 100% equity interest of Hing Lee Securities Limited from independent third parties for a maximum cash consideration of HK$20,070,000. The acquisition was completed on 29 July 2016 with a final cash consideration of approximately HK$20,039,000 subject to consideration adjustment clause in sale and purchase agreement. Hing Lee Securities Limited is principally operating the securities trading business in Hong Kong.

The fair value of the identifiable assets and liabilities acquired and the goodwill arising are as follows:

	Notes	HK$'000
Property, plant and equipment	14	35
Other assets		400
Trade and other receivables		17,181
Client trust bank balances		869
Bank balances		2,767
Accruals and other payables		(10,351)
Bank overdrafts		(932)
Total identifiable net liabilities at fair value		9,969
Goodwill	16	10,070
		20,039
Satisfied by:		
Cash		20,039
Net cash outflow in respect of acquisition of subsidiary:		
Cash consideration		(20,039)
Earnest money and deposit paid		3,000
Cash consideration paid in current years		(17,039)
Add: Cash balance acquired		2,767
		(14,272)

Included in the loss for the year of approximately HK$1,356,000 and revenue for the year of approximately HK$1,100,000 attributable to the Group during the year ended 31 December 2016. Has these business combination been effected at 1 January 2016, the loss for the year of approximately HK$2,366,000 and revenue for the year of approximately HK$2,116,000 attributable to the Group.

34. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the total future minimum lease payments of the Group under non-cancellable operating lease which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	4,532	4,203
In the second to fifth year inclusive	3,163	6,888
	7,695	11,091

The Group leases premises under operating leases. Leases are mainly negotiated at terms which range from two to three years (2016: two to three years), without any option to renew the lease terms at the expiry date and do not include any contingent rentals.

35. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions during the reporting period.

(a) Transaction with related parties:

	2017 HK$'000	2016 HK$'000
Administrative cost paid (Note)	1,793	–
Consultancy fee expense paid (Note)	1,995	–
Licence fee paid (Note)	604	–

Note: The directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related company.

For the transactions constitute non-exempted connected transactions under the Listing Rules, please refer to the sections "Connected Transaction" and "Continuing Connected Transactions" under the "Report of the Directors".

35. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management personnel compensation

The remuneration of directors and other members of key management during the year was as follows:

	2017 **HK$'000**	2016 HK$'000
Salary and other short-term employee benefits	**6,413**	6,306
Employer's contribution to retirement scheme	**108**	72
Share-based compensation	**–**	12,052
	6,521	18,430

36. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest risk and certain other price risks, which result from both its operating and investing activities. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether these changes are caused by factors specific to the individual financial instrument or its issuers, or factors affecting all similar financial instrument traded in the market. The Group does not have written risk management policies and guidelines. However, the directors closely monitor and focus on actively securing the Group's short to medium term cash flows by minimising the exposure to financial market.

The Group does not actively involve in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

(i) Interest rate risk

The Group's exposure to changes in interest rates mainly due to cash and cash equivalents which earn interest at floating rates. However, the directors are of the opinion that the sensitivity of the Group's result for the year to the reasonably possible change in interest rate in the coming twelve months is considered as minimal.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(ii) Foreign currency risk

The Group mainly operates in Hong Kong and the PRC. The functional currencies of the Company and its subsidiaries are mainly HK$ and RMB with certain of their business transactions being settled in RMB. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As the functional currency of the PRC subsidiary is also RMB, thus, the management considered the foreign exchange exposure is minimal. The Group currently has not entered into any contracts to hedge its foreign currency risk. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise. The sensitivity analysis of 5% change in foreign currency rates as followings:

Sensitivity analysis

	Liabilities		Assets	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
RMB	**12,173**	11,292	**133,341**	130,281
Increase in loss for the year			**6,058**	5,949

(iii) Credit risks

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfil its obligation which results in financial loss. The carrying amounts of cash and cash equivalents and trade and other receivables and loans receivable included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

In respect of loans receivable, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount. In addition, the Group reviews the recoverable amount of each individual's loans receivable at the end of each reporting period to ensure that adequate impairment loss are made for irrecoverable amounts. As at 31 December 2017, based on past experience, the directors of the Company are of the opinion that no provision for impairment on individual loans is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks *(Continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arises when the Group has significant exposure to individual customers. The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the largest receivable was approximately 48.6% (2016: approximately 52.2%) of the Group's total trade receivables. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

In relation to the Group's deposit with bank, the Group limits its exposure to credit risk by placing deposits with financial institution with high credit rating and no recent history of default. The directors consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings are changed. As at 31 December 2017 and 2016, the Group has no significant concentration of credit risk in relation to deposit with bank.

(iv) Price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate remains as 15% in the current year as a result of the volatile financial market. As at 31 December 2017, no investment in listed equity securities held by the Group. If equity prices had been higher/lower 15% – Post-tax loss for the year ended 31 December 2017 would decrease/increase by approximately HK$Nil (2016: approximately HK$855,000). This is mainly due to the changes in fair value of listed equity securities.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(v) Liquidity risks

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs are identified monthly.

The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The following table details the remaining contractual maturities of the Group's financial liabilities which are based on contractual undiscounted cash flows are summarised below:

	Weighted average effective interest rate %	Total carrying amount HK$'000	Total undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
At 31 December 2017					
Trade payables	–	12,988	12,988	12,988	–
Accruals and other payables	–	3,530	3,530	3,530	–
Amounts due to related parties	–	1,526	1,526	1,526	–
		18,044	18,044	18,044	–
At 31 December 2016					
Trade payables	–	11,655	11,655	11,655	–
Accruals and other payables	–	3,971	3,971	3,971	–
Amounts due to related parties	–	290	290	290	–
Obligation under finance lease	2.15	392	425	106	319
Other borrowings	39.14	21,000	21,000	21,000	–
		37,308	37,341	37,022	319

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(vi) Fair values of financial instrument

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets are measured at fair value on a recurring basis.

Financial assets	Fair value as at 31 December 2017 HK$'000	Fair value as at 31 December 2016 HK$'000	Fair value hierarchy	Valuation Techniques and key inputs	Significant unobservable inputs
Financial assets at FVTPL equity securities listed in Hong Kong	–	6,830	Level 1	Quoted bid prices in an active market	N/A

Except as disclosed as above, the Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximates to their fair values.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(vii) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2017 and 2016 may be categorised as follows. See Note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

(i) Financial assets

	2017 HK$'000	2016 HK$'000
Financial assets at FVTPL	**–**	6,830
Client trust bank balances	**1,925**	817
Cash and cash equivalents	**104,902**	13,925
Loans and receivables:		
Trade receivables	**84,806**	69,655
Other receivables and deposits	**2,472**	2,440
Loans receivable	**40,374**	27,203
Amount due from a related company	**5,162**	–
	239,641	120,870

(ii) Financial liabilities

Financial liabilities at amortised cost:

	2017 HK$'000	2016 HK$'000
Current liabilities:		
Trade payables	**12,988**	11,655
Accruals and other payables	**3,530**	3,971
Amounts due to related parties	**1,526**	290
Obligation under finance lease	**–**	392
Other borrowings	**–**	21,000
	18,044	37,308

38. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern;

(ii) to provide an adequate return to the owners of the Company;

(iii) to support the Group's sustainable growth; and

(iv) to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners of the Company; return capital to owners of the Company; issue new shares; or sell assets to reduce debt.

Gearing ratio

The directors reviewed the capital structure on an annual basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

	2017 **HK$'000**	2016 HK$'000
Debts *(note 1)*	**1,526**	21,682
Cash and cash equivalents	**(104,902)**	(13,925)
Net (cash)/debt	**(103,376)**	7,757
Equity *(note 2)*	**365,499**	271,170
Net debt to equity ratio	**N/A**	0.03

Notes:

1. Debt comprises amounts due to related parties, obligation under finance lease and other borrowings as detail in Notes 26, 27 and 28 respectively.

2. Equity includes all capital and reserves attributable to owners of the Company.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financial activities:

	Other borrowings HK$'000	Obligation under finance lease HK$'000	Total HK$'000
At 1 January 2017	21,000	392	21,392
Repayment for other borrowings	(21,000)	–	(21,000)
Repayment for obligation under finance lease	–	(392)	(392)
At 31 December 2017	**–**	**–**	**–**

40. EVENTS AFTER THE REPORTING PERIOD

(i) On 11 January 2018, the Company has granted 54,876,000 share options in which of 35,208,000 share options are granted to executive directors and non-executive directors of the Company under the Company's share option scheme adopted on 9 May 2012. Each of options shall entitle its holders to subscribe for one ordinary share of HK$0.04 each in the capital of the Company.

(ii) On 26 January 2018, an indirectly wholly owned subsidy of the Company and Crebit Management Limited entered into the Crebit Token Purchase Agreement to purchase certain crypto. The Company shall receive Crebit Token 117,000 with consideration of Ethereum 18, approximately HK$150,000. Crebit Management Limited is a connected person of the Company and the entering into of the Crebit Token Purchase Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules accordingly. The Crebit Token received by the Group shall be used as tokens to pay the service fees of the Crebit Global P2P lending business platform. On 14 March 2018, the Group announced an indirectly wholly owned subsidy of the Company has acquired an aggregate of 3,235.37units of Ether, a cryptocurrency, in the open market for an aggregate consideration of approximately HK$19,397,000. Further detail please refer to the announcement dated on 26 January 2018 and 14 March 2018.

41. AUTHORISATION OF ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.