GLOBAL MASTERMIND
環球大通

GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8063

ANNUAL REPORT
2017

*For identification purposes only

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This report, for which the directors (the "Directors") of Global Mastermind Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li

Independent Non-Executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

COMPLIANCE OFFICER

Mr. Mung Bun Man, Alan

COMPANY SECRETARY

Mr. Lee Chan Wah

AUDIT COMMITTEE

Mr. Law Kwok Ho, Kenward *(Committee Chairman)*
Mr. Tsai Yung Chieh, David
Mr. Fung Wai Ching

REMUNERATION COMMITTEE

Mr. Tsai Yung Chieh, David *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

NOMINATION COMMITTEE

Mr. Fung Wai Ching *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Tsai Yung Chieh, David

CORPORATE GOVERNANCE COMMITTEE

Mr. Mung Bun Man, Alan *(Committee Chairman)*
Mr. Fung Wai Ching
Mr. Lee Chan Wah

AUTHORIZED REPRESENTATIVES

Mr. Mung Bun Man, Alan
Mr. Lee Chan Wah

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

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Financial Summary

RESULTS

For the year ended 31 December

	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Service income from provision of travel related services	**33,907**	37,374	41,243	47,320	52,516
Interest income from money lending business	**14,331**	9,281	–	–	–
Net realised gain (loss) on securities investment	**1,221**	(3,643)	99	(356)	–
Net unrealised gain (loss) on securities investment	**5,313**	174	(2,705)	(349)	–
Sale of hotel rooms	**–**	–	15,498	1,649	–
Costs of sale of hotel rooms	**–**	–	(14,075)	(1,500)	–
Commission income from securities brokerage	**511**	–	–	–	–
Interest income from margin financing	**20**	–	–	–	–
Interest income from IPO financing	**13**	–	–	–	–
Handling and settlement income arising from securities brokerage	**767**	–	–	–	–
Other income, other gains and losses	**13,760**	6,713	7,624	8,578	3,876
Gain on disposal of investments	**–**	–	–	12,309	–
Staff costs	**(52,921)**	(39,525)	(41,121)	(37,680)	(39,057)
Depreciation and amortisation expenses	**(8,492)**	(11,342)	(10,079)	(11,227)	(12,944)
Impairment loss on intangible assets	**(16,000)**	(19,000)	(21,000)	–	–
Impairment loss on goodwill	**–**	–	–	(8,393)	(25,000)
Impairment loss on interest in a joint venture	**–**	(2,845)	–	–	–
Impairment loss on available-for-sale investments	**–**	(13,886)	(88,200)	–	–
Other expenses	**(21,894)**	(20,739)	(19,954)	(18,092)	(17,287)
Share of profit of a joint venture	**66**	701	1,853	2,071	1,100
Finance costs	**(701)**	(2,755)	(737)	(73)	–
Loss before taxation	**(30,099)**	(59,492)	(131,554)	(5,743)	(36,796)
Income tax credit (expenses)	**1,650**	3,700	5,372	208	(173)
Loss for the year	**(28,449)**	(55,792)	(126,182)	(5,535)	(36,969)

Note: As a result of changes in presentation format of the consolidated statement of profit or loss and other comprehensive income, the figures in 2015 and 2014 have been reclassified to conform to the current year's presentation.

ASSETS AND LIABILITIES

As at 31 December

	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Total assets	**732,568**	662,315	437,869	653,883	362,440
Total liabilities	**(64,512)**	(59,944)	(80,438)	(85,019)	(86,149)
Equity attributable to owner of the Company	**668,056**	602,371	357,431	568,864	276,291

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board" and the "Directors", respectively), I am pleased to present the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 to the shareholders of the Company (the "Shareholders").

RESULTS

During the year under review, the Group recorded revenue of approximately HK$50,770,000, representing an increase of about 18.0% as compared to that of last year. The increase was mainly contributed by the increase in interest income revenue from money lending business and achievement of net realised gain on securities investment for the year ended 31 December 2017. Loss attributable to owners of the Company was approximately HK$28,449,000, representing a decrease of about 49.0% as compared to that of last year. The improvement was mainly contributed by the increase in interest income derived by money lending business; achievement of net realised gain on securities investment; increase in net unrealised gain on securities investment; and the absence of impairment loss on available-for-sale investments and interest in a joint venture as compared to that of last year.

BUSINESS DEVELOPMENT

2017 was a milestone in the Group's development. During the year, the Group was granted by the Securities and Futures Commission (the "SFC") the licenses of (i) asset management (Type 9 regulated activity under the Securities and Futures Ordinance (the "SFO"), the "Asset Management Business"); (ii) dealing in securities business (Type 1 regulated activity under the SFO, the "Securities Business"); and (iii) advising on securities business (Type 4 regulated activity under the SFO, the "Advising on Securities Business"). Since September 2017, the Group commenced the financial services business. This new business segment contributed revenue of approximately HK$1,311,000, after its commencement till 31 December 2017, representing approximately 2.6% of the total revenue.

On 25 October 2017, the Company announced that in order to provide more comprehensive services to our customers and create synergistic effects with the existing Securities Business, Advising on Securities Business and Asset Management Business of the Group, the Company, through Global Mastermind Futures Limited, its indirect wholly-owned subsidiary, had already lodged application to the SFC for the licence of dealing in futures contracts (Type 2 regulated activity under the SFO).

PROSPECT

We believe that the economic outlook for 2018 remains uncertain as the global market are influenced by uncertain events, such as Brexit, geographical tensions in Middle East and North Asia, an aggressive interest rate rises by the United States Federal Reserve and an unclear United States trade policy under President Donald Trump. However, we recognise that continued uncertainty often coincides with a good opportunity to invest. Accordingly, we will look at possible business investments in order to further diversify our businesses and broaden our revenue base.

The recent overhaul of listing rules by the Stock Exchange to allow biotechnology firms and companies with multiple classes of shares to be listed in Hong Kong and planning to start a trial programme for full circulation of H Shares will enhance the development of the Hong Kong financial market which will benefit the business of the Group. The Group will strive to strengthen the development of its financial services segment and seek for development opportunities. Through these moves, we believe that the Group's income stream will be diversified and broadened in the future.

Following the expansion into money lending business in 2016, our money lending business recorded a considerable growth in 2017. In 2018, we will put more efforts to further expand this business segment in order to enhance the Group's earnings. Despite the determination for further expanding its money lending business, the Group adopts a cautious approach towards its assessment and loan approval in order to reduce its credit risk.

APPRECIATION

On behalf of the Board and management, I would like to express my sincere gratitude to all our clients, investors, suppliers, business partners and Shareholders for their continued valuable support and trust. I would also like to take this opportunity to thank all of our staff for their tireless efforts, diligence and contribution during last year.

Cheung Kwok Wai, Elton
Chairman

Hong Kong, 26 March 2018

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded loss attributable to owners of the Company of HK$28,449,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$55,792,000), representing basic loss per share of HK0.73 cent (for the year ended 31 December 2016: HK2.41 cents). Comparing with the corresponding period, the decrease in loss attributable to owners of the Company was mainly contributed by the increase in interest income derived by money lending business; achievement of net realised gain on securities investment; increase in net unrealised gain on securities investments; and the absence of impairment loss on available-for-sale investments and interest in a joint venture during the reporting period.

Revenue and profitability

An analysis of the Group's revenue for the year was as follows:

	2017 **HK$'000**	2016 HK$'000
Service income from provision of travel related services	**33,907**	37,374
Interest income from money lending business	**14,331**	9,281
Net realised gain (loss) on securities investment	**1,221**	(3,643)
Revenue derived from financial services business	**1,311**	–
	50,770	43,012

For the year ended 31 December 2017, the consolidated revenue of the Group amounted to HK$50,770,000, comprised of (i) service income from provision of travel related services of HK$33,907,000 (for the year ended 31 December 2016: HK$37,374,000); (ii) interest income from money lending business of HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000); (iii) net realised gain on securities investment of HK$1,221,000 (for the year ended 31 December 2016: net realised loss of HK$3,643,000); and (iv) revenue derived from financial services business of HK$1,311,000 (including commission income from securities brokerage; interest income from margin financing and IPO financing; and handling and settlement income arising from securities brokerage) (for the year ended 31 December 2016: Nil), representing an increase of 18.0% as compared to HK$43,012,000 for the year ended 31 December 2016. The increase was mainly contributed by interest income derived by money lending business and the net realised gain on securities investment.

The revenue arising from travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related services, related to airtickets, hotel rooms, Free Independent Traveler ("FIT") packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions ("MICE") customers refer to customers who are mainly corporate customers, convention organisers and special projects organisers who require one stop professional MICE/special project/event management services.

The revenue arising from travel agency operation in Hong Kong consists of rendering travel agency services related to air ticketing and air/hotel packages.

For the year ended 31 December 2017, approximately 66.8% or HK$33,907,000 (for the year ended 31 December 2016: HK$37,374,000) of the total revenue was derived from the provision of travel related services of which HK$31,838,000 (for the year ended 31 December 2016: HK$35,969,000) and HK$2,069,000 (for the year ended 31 December 2016: HK$1,405,000) was generated from the market in Singapore and Hong Kong respectively.

The interest income revenue derived from the provision of money lending services amounted to HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000), representing an increase of 54.4% as compared to that of last year and approximately 28.2 % of the total revenue for the year ended 31 December 2017.

For treasury management business, net realised gain of HK$1,221,000 was generated from securities investment (for the year ended 31 December 2016: net realised loss of HK$3,643,000), representing approximately 2.4 % of the total revenue for the year ended 31 December 2017.

For the newly developed financial services business, revenue of HK$1,311,000, representing approximately 2.6% of the total revenue, was generated, including (i) commission income from securities brokerage of HK$511,000; (ii) interest income from margin financing of HK$20,000; (iii) interest income from IPO financing of HK$13,000; and (iv) handling and settlement income arising from securities brokerage of HK$767,000, for the year ended 31 December 2017.

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2017 amounted to HK$13,760,000 representing an increase of 1.05 times as compared to HK$6,713,000 for the corresponding period of last year. Such increase was mainly contributed by increase in management and administrative income, interest income and incentive income.

Expenditure

For the reporting period, staff costs amounted to HK$52,921,000 (for the year ended 31 December 2016: HK$39,525,000). Depreciation and amortisation expenses amounted to HK$8,492,000 (for the year ended 31 December 2016: HK$11,342,000). Other expenses amounted to HK$21,894,000 (for the year ended 31 December 2016: HK$20,739,000).

The increase in 33.9% in staff costs was mainly attributed to (i) the provision of equity-settled share-based payment expenses of HK$10,840,000, including HK$4,132,000 and HK$6,708,000 of the provision of the equity-settled share-based payment expenses for the share options granted to a director, certain senior management and employees during the three months ended 30 June 2017 and 30 September 2017 respectively; and (ii) the increase in manpower of the newly developed financial services business.

Impairment loss on intangible assets

The management performs regular review on the carrying values of intangible assets of the acquired business to determine any potential impairment loss according to Hong Kong Accounting Standard 36 "Impairment of Assets"("HKAS 36"). If the recoverable amount of an asset (or a cash generating unit ("CGU")) is less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. According to HKAS 36, the recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use; and the value in use of an asset is; (a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and (b) applying the appropriate discount rate to those future cash flows.

The test of impairment loss on intangible assets is calculated based on the recoverable amounts of the CGUs of trade name and customer relationship in the travel business in Singapore, which were purchased as part of the acquisition of Safe2Travel Pte Ltd ("Safe2Travel") completed on 30 March 2011 and was recognised as their fair value at the date of acquisition. The recoverable amounts of the CGUs were based on their value in use and were determined with the assistance of Ascent Partners Valuation Service Limited ("Ascent Partners"), an independent professional qualified valuer not connected to the Group.

The valuations of travel business in Singapore prepared by Ascent Partners were performed by using a Discounted Cash Flow Model under the income approach which is in accordance with International Valuation Standards issued by International Valuation Standards Council.

The management also considered that the income approach (i.e. cash flow approach), which was consistently applied in prior years, as the most appropriate approach for and adopted in the valuations because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business operation.

The cost of equity was determined based on the Capital Asset Pricing Model with additional risk premium built in to reflect the risks specific to Safe2Travel, an indirect wholly-owned subsidiary of the Company, of which its principal activities are the provision of travel related services in Singapore. Weighted Average Cost of Capital ("WACC" or "discount rate") was then estimated by using the debt/equity weights of the Company and its subsidiaries. The WACC or discount rate of 15.36% (2016: 15.37%) was derived by reference to the market data of the selected guideline public companies principally located in Asia in the travel industry. Cash flows after the five-year period were extrapolated using a 1.72% (2016: 2.45%) terminal growth rate in considering the economic condition of the market.

The valuations also adopted the financial budgets approved by management covering a five-year period. In preparing the cash flows projections, management assumed there would be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of Safe2Travel and its subsidiaries.

During the six months ended 30 June 2017, the management, with the assistance of Ascent Partners, reviewed the carrying amounts of the intangible assets were higher than the respective recoverable amounts, an impairment loss of HK$10,000,000 was recognised in profit or loss during the period.

As at 31 December 2017, the management further assessed the current and expected performance of travel business in Singapore with reference to the valuation report prepared by Ascent Partners, which indicated the recoverable amounts of the CGUs, while as compared with the impairment test conducted in the second quarter of 2017, were below the respective carrying amounts of intangible assets. On this basis, an additional impairment loss on intangible assets of HK$6,000,000 was recognised.

As a result, for the year ended 31 December 2017, the Group recognised an impairment loss on intangible assets amounting to HK$16,000,000, which was the impairment loss on trade name regarding the travel business in Singapore (for the year ended 31 December 2016: an impairment loss on intangible assets of HK$19,000,000, comprised of the impairment loss on trade name and customer relationship regarding the travel business in Singapore of HK$16,425,000 and HK$2,575,000 respectively).

During the year under review, the travel segment in Singapore continued to operate under the atmosphere of a slowing global and Singapore domestic economy. As a result, the management has seen that the overall travel budgets of majority of our clients from the oil and gas companies, natural resources companies, property developers, fashion merchandising companies to multinational corporations have been reduced as compared with previous years. The reduced travel expenses of our major clients, coupled with the adoption of new travel policy by some of our corporate clients to include low cost carriers has affected our top line revenues due to the lower fares consumption. Certain of our major clients with their headquarters based on United States or Europe have been asked to change to use their respective globalised travel management companies instead of us due to globalisation requirement from their headquarters.

All of these factors have led to the actual sales and profit generated from the travel segment in Singapore to have fallen below expectation and have also led the management to adjust the cash flow projections and valuation assumptions accordingly to reflect a more stringent and competitive business environment in which we are operating.

Finance costs

The finance costs of HK$701,000 (for the year ended 31 December 2016: HK$2,755,000) was attributed to the interest on short term bank borrowings during the reporting period. The significant decrease in finance cost was mainly contributed by absence of interest on other loans in the current year.

Share of profit of a joint venture

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), an indirect wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14,000,000. DOH engages principally in the business of operating as tours and travel agents in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the Directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013 and the details of the transaction were set out in the Company's announcement dated 30 July 2013.

Based on the unaudited management accounts of DOH, the Group share a profit from the joint venture amounting to HK$66,000 for the year ended 31 December 2017 (for the year ended December 2016: HK$701,000).

At the end of the reporting period, the management of the Company, with the assistance of Ascent Partners, performed an impairment assessment on its interest in the joint venture. No impairment loss on interest in the joint venture was identified and recognised into profit or loss in the current year (for the year ended 31 December 2016: HK$2,845,000) after taking into account of its recoverable amount which is based on its value in use.

BUSINESS REVIEW

Travel business

During the year under review, the performance of the segment in travel business was not satisfactory. Although the travel business in Hong Kong recorded a growth in revenue to HK$2,069,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$1,405,000), operating under the atmosphere of a slowing global and Singapore domestic economy and fierce competition in the industry exerted pressure on the Group's travel business in Singapore which led to a decrease in the revenue of travel business in Singapore to HK$31,838,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$35,969,000).

Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000), representing an increase of 54.4% as compared to that of last year. The increase was attributable to the increase in the average monthly balance of loan receivables (excluding accrued interest receivables). The average monthly balance of loan receivables (excluding accrued interest receivables) increased from HK$118,300,000 in the year ended 31 December 2016 to HK$152,289,000 in the year ended 31 December 2017. During the year under review, the Group granted new loans in the aggregate principal amount of HK$137,126,000 to its customers and received prepayment and repayment of HK$134,915,000 from its customers. At the end of the reporting period, the directors assessed the collectability of loans receivables. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loans receivables was recognised. As at 31 December 2017, the Group's loans receivables together with accrued interest receivables amounted to HK$134,389,000 (as at 31 December 2016: HK$131,588,000). Return on loans receivables (excluding accrued interest receivables) for the year ended 31 December 2017 is 9.4% (for the year ended 31 December 2016: 7.8%).

Treasury management business

During the year under review, the Group acquired six Hong Kong equities with the aggregate market value of HK$23,642,000 (for the year ended 31 December 2016: HK$38,484,000). In addition, the Group disposed Hong Kong equities with market value of HK$31,710,000 (for the year ended 31 December 2016: HK$33,296,000) with a carrying amount of financial assets at fair value through profit or loss of HK$30,690,000 (for the year ended 31 December 2016: HK$37,383,000). Adding the dividend income from securities investment of HK$201,000 (for the year ended 31 December 2016: HK$444,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK$1,221,000 (for the year ended 31 December 2016: a net realised loss of HK$3,643,000). At 31 December 2017, the Group remeasured its equity portfolio at market prices and recorded an unrealised gain of HK$5,313,000 (for the year ended 31 December 2016: HK$174,000) arising on change in fair value of financial assets at fair value through profit or loss.

The return on financial assets at fair value through profit or loss, measured as a percentage of gains and losses arising on change in fair value, gains and losses on disposal and dividend income against the opening fair value of financial assets at fair value through profit or loss and the total investments made at cost, recorded a positive return of 12.6% for the year ended 31 December 2017 (for the year ended 31 December 2016: negative return of 5.3%).

Financial services business

During the year, the Group was granted the licences to (i) carry on Asset Management Business on 21 February 2017; and (ii) carry on Securities Business; and (iii) Advising on Securities Business on 10 April 2017. In mid-September 2017, the Group's financial services business commenced in full operation for the provision of securities brokerage, securities margin financing, advising on securities businesses and asset management services. The revenue generated from the financial services business after its commencement till the year ended 31 December 2017, was HK$1,311,000, including commission income from securities brokerage of HK$511,000; interest income from margin financing and IPO financing of HK$20,000 and HK$13,000 respectively; and handling and settlement income arising from securities business of HK$767,000. During the year under review, the Group did not generate any revenue from Asset Management Business.

On 25 October 2017, the Company announced that in order to provide more comprehensive services to its customers and create synergistic effects with its existing businesses in this segment, Global Mastermind Futures Limited ("Global Mastermind Futures"), an indirect wholly-owned subsidiary of the Company, had lodged application to the SFC for conducting Type 2 (dealing in futures contracts) regulated activity under the SFO.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the period. As at 31 December 2017, the working capital, calculated by current assets less current liabilities, of the Group was of HK$511,996,000 compared to HK$315,172,000 as at 31 December 2016.

As at 31 December 2017, the Group's current ratio was 9.0 times (as at 31 December 2016: 6.6 times), calculated by current assets of HK$575,782,000 (as at 31 December 2016: HK$371,580,000) divided by current liabilities of HK$63,786,000 (as at 31 December 2016: HK$56,408,000).

As at 31 December 2017, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 1.4%, as compared with 1.7% as at 31 December 2016.

During the year under review, net cash generated from operating activities amounted to HK$6,028,000 (for the year ended 31 December 2016: net cash used in operating activities of HK$163,613,000). Net cash generated from investing activities for the current year was HK$3,897,000 (for the year ended 31 December 2016: net cash used in investing activities of HK$88,093,000). Net cash generated from financing activities for the current year amounted to HK$66,778,000 (for the year ended 31 December 2016: net cash generated from financing activities of HK$293,172,000). As a result, cash and cash equivalents of the Group as at 31 December 2017 was HK$228,301,000, compared with HK$154,163,000 as at 31 December 2016. The increase in cash and cash equivalent was mainly contributed by the net proceeds received from the new shares subscription under general mandate completed on 3 July 2017.

For the year ended 31 December 2017, the operating cash inflow per share, divided by the weighted average of the number of shares in issue, was HK0.15 cent (for the year ended 31 December 2016: operating cash outflow per share of HK7.08 cents).

CAPITAL STRUCTURE

As at 31 December 2017, the Company has 4,262,867,050 shares of HK$0.01 each (the "Shares") in issue.

(a) Placing of shares under general mandate

On 13 June 2017, the Company and Kingston Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 710,450,000 new shares of the Company (the "Placing Share(s)"), to not less than six placees (the "Placees") at the price of HK$0.1 (the "Placing Price") per Placing Share (the "Placing"). The gross proceeds from the Placing was amounted to approximately HK$71.1 million and the net proceeds after deducting all relevant expenses from the Placing was amounted to approximately HK$68.3 million. The Placing was completed on 3 July 2017. Details of the Placing were set out in the Company's announcements dated 13 June 2017 and 3 July 2017.

(b) As at 31 December 2017, the total borrowings of the Group amounted to HK$9,516,000 (31 December 2016: HK$10,426,000), representing short term secured bank borrowings, which are repayable within one year.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

(a) Share subscription under specific mandate

On 12 October 2016, the Company and China Healthwise Holdings Limited ("China Healthwise"), a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange under stock code: 348, entered into a subscription agreement (the "China Healthwise Subscription Agreement"), pursuant to which China Healthwise had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 800,000,000 shares of the Company (the "China Healthwise Subscription Share(s)") at the price of HK$0.14 (the "China Healthwise Subscription Price") per China Healthwise Subscription Share (the "China Healthwise Subscription") under specific mandate (the "Specific Mandate"). The Specific Mandate had been approved by the shareholders of the Company at the extraordinary general meeting on 5 December 2016 and the issue and allotment of 800,000,000 China Healthwise Subscription Shares had been completed on 13 December 2016. According to the Company's circular dated 17 November 2016, the net proceeds from the China Healthwise Subscription was amounted to approximately HK$111.2 million which was intended to be used for: (i) approximately HK$62.0 million was intended to be used for the repayment of the borrowings of the Group; (ii) approximately HK$40.0 million was intended to be used for the development of the Group's newly developed Securities Business, Advising on Securities Business and Asset Management Business; and (iii) approximately HK$9.2 million was intended to be utilised for general working capital of the Group's operation in Hong Kong.

As at 31 December 2017, (i) HK$62.0 million had been utilised for the repayment of the borrowings of the Group; (ii) HK$40.0 million had been utilised for the development of the Securities Business, the Advising on Securities Business; and Asset Management Business; and (iii) HK$9.2 million had been utilised as general working capital for the Group's operation in Hong Kong.

(b) Placing of shares under general mandate

As disclosed in the Company's announcement dated 13 June 2017, the net proceeds after deducting relevant expenses of the Placing of HK$68.3 million was intended to be used for (i) HK$67.0 million was intended to be used for providing a subordinated loan facility to Global Mastermind Securities Limited, an indirect wholly-owned subsidiary, (the "Subordinated Loan Facility"), in particular, to further expand its securities margin financing business; and (ii) HK$1.3 million was intended to be used for general working capital for the Securities Business and/or the Advising on Securities Business.

On 25 October 2017, the Company announced that HK$7.0 million originally allocated for the Subordinated Loan Facility was reallocated to pay part of the proposed paid-up share capital of Global Mastermind Futures, which had lodged an application to the SFC for license of dealing in futures contracts (Type 2 regulated activity under the SFO).

Furthermore, on 9 November 2017, the Company announced that HK$60.0 million originally allocated for the Subordinated Loan Facility was reallocated to increase the share capital of Global Mastermind Securities Limited.

As at 31 December 2017, (i) HK$7.0 million had been utilised to pay part of the proposed paid-up share capital of Global Mastermind Futures; (ii) HK$60.0 million had been utilised to increase the share capital of Global Mastermind Securities Limited; and (iii) HK$1.3 million had been utilised for general working capital for the Securities Business and/or the Advising on Securities Business.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognised in the profit or loss.

In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The Group will review and monitor from time to time the risk relating to foreign exchanges and forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

As at 31 December 2017, trade receivables amounting to Singapore Dollar ("SG$") 22,526,000 (equivalent to approximately HK$ 131,625,000) (31 December 2016: SG$23,324,000, equivalent to approximately HK$124,850,000) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,297,000) (31 December 2016: SG$791,000, equivalent to approximately HK$4,230,000) of the Group were pledged to secure a credit facility as at 31 December 2017.

The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$7,100,000 (equivalent to approximately HK$41,487,000) (31 December 2016: SG$6,500,000, equivalent to approximately HK$34,793,000) of which the amounts utilised as at 31 December 2017 were approximately SG$3,052,000 (equivalent to approximately HK$17,834,000) (31 December 2016: SG$3,840,000, equivalent to approximately HK$20,552,000). The banker's guarantee had been given in favour to international airlines.

As at 31 December 2017, cash collateral included in other receivables of approximately SG$565,000 (equivalent to approximately HK$3,301,000) (31 December 2016: SG$560,000, equivalent to approximately HK$2,998,000) was pledged for financial guarantees of SG$5,421,000 (equivalent to approximately HK$31,767,000) (31 December 2016: SG$3,708,000, equivalent to approximately HK$19,848,000), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2017.

FUTURE BUSINESS STRATEGIES

In the coming quarters, the travel business environment is continuing to be challenging. The Group's profitability in travel business is facing pressure from the rising costs of operations and stiff price driven competition. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor Hong Kong equity market, change the Group's equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

For the money lending business, the Group will put more efforts to further expand this business segment, Despite the management expects that a growth will be recorded in the segment in 2018, a more cautious approach has been adopted by the management during their assessment and approval of new loans in order to mitigate its credit risk.

For the financial services business, the Group will exert more marketing efforts by allocating more resources to promote our services to the customers, in order to increase and broaden the income stream in the future.

EVENTS AFTER THE REPORTING PERIOD

On 17 January 2018, Global Mastermind Investment Limited, an indirect wholly-owned subsidiary, was granted a licence to carry on Asset Management Business by the SFC.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2017 up to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces the following key risks and uncertainties. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition facing by the travel business which could impact the Group's performance.	• Continuous review of market trends and maintain a competitive position by recruiting and retaining experienced staff to provide flexible and comprehensive support services to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Regularly track and monitor the trends of macro economy and investment equity market. • Periodical review investment portfolio on a timely basis, including trading positions and activities, unrealised profit or loss and risk exposure etc. • Limit the investment loss by setting up the investment cap for each individual investment.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Fully understand customers and carry out credit quality assessment on customers before granting new loans. • Regularly monitor loan receivables and assess the recoverability of loan receivables on an ongoing basis. • Margin calls are made when the outstanding balances due from margin customers exceed their respective limits with consideration of the credibility of the customer and quality and liquidity of the stock invested. • Failure to meet margin calls may result in prohibition of further purchases of securities or liquidation of the customer's positions.

Principal risks	Description	Mitigating actions
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or failure to satisfy the capital requirements to carry out the Group's financial services business in the ordinary course.	• Regularly monitor liquidity and financial position of the Group.. • Maintain appropriate liquidity to cover commitments. • Maintain adequate liquid capital to comply with the Securities and Futures (Financial Resources) Rules. • Limit liquidity risk exposure on treasury management business by investing in securities listed on stock exchanges. • Ensure acceptable and appropriate finance in place, or believed to be available before committing investment projects. • Maintain revolving loan facility and bank overdraft facility etc to meet any contingency in operations.
Price risk	Price risk is the risk that changes in equity prices will affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates will affect the Group's income and the value of its holdings of assets.	• Continuously monitor the exchange rate trend, the Group's statement of financial position and cashflow and adopt financial instruments when appropriate, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.
People risk	People risk is the risk of loss the services of any directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees we need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job possible and maximise their satisfaction at work.

Principal risks	Description	Mitigating actions
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Closely monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement any required changes timely. • Seek legal or other specialist advice as appropriate.
Information technology risk	Information technology risk is the risk that failure of the information technology ("IT") system, operation errors of the IT system, virus and hacker attack and customer data loss and exposure, resulting in business disruption, legal proceedings from customers and/or credit card companies; loss of clients; reputational damage; and even cause investigations by regulatory authorities.	• Continuously strengthen the security system of the Group's IT system, upgrade appropriate new generation of firewall to prevent potential cyber-attacks. • Regularly backup the Group's data to reduce the impact of data loss. • Through different channel to keep informed of possible cyber-attacks and identify and implement measures to mitigate the occurrence of possible attacks. • Establish business contingency plan to ensure business continuity in the event of business disruption.

ENVIRONMENTAL POLICIES

The Group is committed to acting in an environmentally responsible manner in our business operations and promoting green measures towards environmental protection to our employees. Our Group adheres to the principle of Recycling, Reducing and Reusing. Encouraging paper recycling culture, doubled-sided printing and copying, and encouraging energy-saving culture by switching off idle lightings and electrical appliance are implemented by the Group. In order to enhance environmental sustainability, our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's business operation.

COMPLIANCE WITH REGULATIONS

During the year, the Group has complied with (i) Travel Agents Ordinance and Travel Agents Regulations applicable for its travel business in Singapore and in Hong Kong; (ii) Money Lenders Ordinance and Money Lenders Regulations for its money lending business in Hong Kong; and (iii) Securities and Futures Ordinance for its financial services businesses in Hong Kong.

For the year ended 31 December 2017, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH EMPLOYEE, CUSTOMERS, SUPPLIERS AND OTHERS

During the year under review, the Group's aggregate sales attributable to its five largest customers was less than 30% of the Group's total revenue.

In addition, the Group's aggregate purchase attributable to its five largest suppliers was also less than 30% of the Group's total purchases.

Saved as disclosed above, none of the directors, their associates or any shareholder, which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their merits, qualifications and competence.

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted the share option scheme ("Option Scheme") as an incentive to Directors and eligible participants, details of the Option Scheme is set out in note 30 of the consolidated financial statements.

MANAGEMENT CONTRACT

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

EMPLOYEES INFORMATION

As at 31 December 2017, the total number of employees of the Group was 116.

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and pension funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.

EXECUTIVE DIRECTORS

Mr. Cheung Kwok Wai, Elton ("Mr. Cheung"), aged 51, was appointed as the Chairman and executive Director on 16 December 2016. He has over 28 years of experience in the area of corporate finance and securities industries. He holds a Master Degree in Accounting and Finance from the University of Lancaster in the United Kingdom. Mr. Cheung has been appointed as an executive director of Eternity Investment Limited (Stock Code: 764) and an executive director of Man Sang International Limited (Stock Code: 938) since 1 February 2011 and 26 June 2015 respectively, both companies listed on the Main Board of the Stock Exchange. During the period from 11 October 2016 to 15 December 2016, Mr. Cheung was an executive director of China Healthwise Holdings Limited (Stock Code: 348), a company listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Cheung did not hold any directorships in other listed public companies in the last three years and did not hold any position with the Company and other members of the Group.

Mr. Mung Kin Keung ("Mr. Mung"), aged 57, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Degree of Doctor of Business Administration from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He has been appointed as an executive director of Global Mastermind Capital Limited ("GMCL", Stock Code: 905), a company listed on the Main Board of the Stock Exchange, since 9 March 2007. He has also been appointed as the vice chairman and an executive director of Hong Kong International Construction Investment Management Group Co., Limited (Stock Code: 687), a company listed on the Main Board of the Stock Exchange, since 1 February 2018. He was an executive director of Tai United Holdings Limited ("Tai United", Stock Code: 718), a company listed on the Main Board of the Stock Exchange, for the period from 22 October 2013 to 18 June 2015. Mr. Mung was appointed as an executive director of CWT International Limited ("CWT", Stock Code: 521), a company listed on the Main Board of the Stock Exchange, on 16 February 2009. He was redesignated as the vice-chairman and the co-chairman of CWT on 10 May 2010 and 24 October 2013 respectively. Mr. Mung had resigned as an executive director and the co-chairman of CWT with effect from 3 June 2015. Mr. Mung was also appointed as a co-chairman and an executive director of China Star Entertainment Limited (Stock Code: 326), a company listed on the Main Board of the Stock Exchange, for the period from 8 July 2014 to 30 April 2015. Save as disclosed above, Mr. Mung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Mung is the father of Mr. Mung Bun Man, Alan, ("Mr. Alan Mung") an executive Director and Managing Director of the Company.

Mr. Alan Mung, aged 31, was appointed as an executive Director on 24 March 2014 and the Managing Director on 16 December 2016. He is also the compliance officer of the Company, a director of certain subsidiaries of the Company, a member of each of remuneration committee ("Remuneration Committee") and nomination committee (the "Nomination Committee") and the chairman of corporate governance committee (the "Corporate Governance Committee") of the Company. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung has extensive working experience in investment and asset management. Mr. Alan Mung was appointed as an executive director of GMCL, for the period from 12 November 2010 to 3 April 2013 and has been re-appointed as an executive director of GMCL since 31 March 2014. He was an executive director of CWT for the period from 24 October 2013 to 6 February 2015 and was reappointed as a non-executive director of CWT on 5 September 2017. He was an executive director of Tai United for the period from 22 October 2013 to 29 June 2015. Save as disclosed above, Mr. Alan Mung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Alan Mung is the son of Mr. Mung, an executive Director of the Company.

Mr. Tse Ke Li ("Mr. Tse"), aged 61, was appointed as an executive Director on 26 October 2007. He is also a director of several subsidiaries of the Company. Mr. Tse has over 12 years' business management experience in a food and beverage company in Canada and investment experience in automobile trading in Canada. He also has several years' experience in property investment and trading. He specialises in marketing and business development. Save as disclosed above, Mr. Tse did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward ("Mr. Law"), aged 45, has been appointed as an independent non-executive Director and the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee on 11 December 2015. Mr. Law graduated from University of New South Wales, Australia with a Bachelor of Commerce in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has experiences in auditing, taxation and finance for over 18 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong. Save as disclosed above, Mr. Law did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Tsai Yung Chieh, David ("Mr. Tsai"), aged 50, has been appointed as an independent non-executive Director and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 11 December 2015. He graduated from University of Hong Kong with a LLB Degree. He is a practicing solicitor in Hong Kong since 2001 and is presently a partner of a firm of solicitors in Hong Kong. Save as disclosed above, Mr. Tsai did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Fung Wai Ching ("Mr. Fung"), aged 48, was appointed as an independent non-executive Director on 23 June 2014. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee, Remuneration Committee and Corporate Governance Committee. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 18 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung has been appointed as an independent non-executive director of GMCL, since 10 October 2014. He was also an independent non-executive director of Lajin Entertainment Network Group Limited (Stock Code: 8172), a company listed on GEM for the period from 25 May 2012 to 30 June 2015. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the value of the Shareholders of the Company (the"Shareholders").

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Continuous efforts are made to review and enhance the risk management and internal controls and procedures in light of changes in regulations and developments in best practices.

During the year ended 31 December 2017, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

- Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.

- Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles").

- Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the year ended 31 December 2017.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, quarterly, interim and annual results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The executive Board and senior management were delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Cheung Kwok Wai, Elton
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li

Independent Non-executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

Mr. Mung Kin Keung (an executive Director) is the father of Mr. Mung Bun Man, Alan (the Managing Director and an executive Director). Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the necessary of balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 21 to 22 herein under the section headed "Biographies of Directors".

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting and appropriate expertise. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

The Company has received written annual confirmation from each of the independent non-executive Director in respect of his independence in accordance with the independence guidelines under Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors are independent.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Articles.

Chairman and Chief Executive Officer

The Board has appointed Mr. Cheung Kwok Wai, Elton, an executive Director, as the Chairman of the Company. The Company has not appointed chief executive officer of the Company and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.

The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Board Diversity Policy

The Board has adopted on 14 August 2013 a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegates certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will review and adopt the above measurements when it reviews the composition of the Board. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2017 to the Company. The Company has also continuously updated Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

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

Name of Director	Reading professional journals and updates and/or attending seminar(s) relating to the economy, industries and regulatory, director's duties and responsibility etc.
Mr. Cheung Kwok Wai, Elton	✓
Mr. Mung Kin Keung	✓
Mr. Mung Bun Man, Alan	✓
Mr. Tse Ke Li	✓
Mr. Tsai Yung Chieh, David	✓
Mr. Law Kwok Ho, Kenward	✓
Mr. Fung Wai Ching	✓

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the Directors review the operational and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2017, the Board held 14 meetings. All Directors are given an opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	Number of meetings attended
Executive Directors:	
Mr. Cheung Kwok Wai, Elton	14/14
Mr. Mung Kin Keung	14/14
Mr. Mung Bun Man, Alan	14/14
Mr. Tse Ke Li	5/14
Independent Non-executive Directors:	
Mr. Fung Wai Ching	11/11
Mr. Tsai Yung Chieh, David	11/11
Mr. Law Kwok Ho, Kenward	10/11

Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

Board minutes are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advices and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

General Meeting

During the year ended 31 December 2017, 1 general meeting of the Company was held, being the annual general meeting held on 9 June 2017 (the "2017 AGM").

Name of Director	Number of attendance 2017 AGM
Executive Directors:	
Mr. Cheung Kwok Wai, Elton	1/1
Mr. Mung Kin Keung	0/1
Mr. Mung Bun Man, Alan	1/1
Mr. Tse Ke Li	1/1
Independent Non-executive Directors:	
Mr. Fung Wai Ching	1/1
Mr. Tsai Yung Chieh, David	1/1
Mr. Law Kwok Ho, Kenward	0/1

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. Except Mr. Mung Kin Keung and Mr. Law Kwok Ho, Kenward, who did not attend the 2017 AGM due to their other business engagement, all the Directors attended the 2017 AGM to answer questions and collect views of Shareholders.

EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive Directors, currently being Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan, Mr. Tse Ke Li. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 January 2012 which currently consists of two independent non-executive Directors, namely Mr. Fung Wai Ching (as chairman) and Mr. Tsai Yung Chieh, David, and an executive Director, namely Mr. Mung Bun Man, Alan, with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Nomination Committee is currently made available on the GEM website and the Company's website.

The functions of the Nomination Committee are to review and monitor the structure, size and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In 2017, the Nomination Committee held 1 meeting mainly reviewing the composition of the Board, assessing the independence of the independent non-executive Directors and considering the re-election of Directors in the forthcoming annual general meeting. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Fung Wai Ching *(chairman)*	1/1
Mr. Mung Bun Man, Alan	1/1
Mr. Tsai Yung Chieh, David	1/1

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 20 January 2006 which currently consists of three independent non-executive Directors, namely Mr. Tsai Yung Chieh (as chairman), Mr. Law Kwok Ho, Kenward and Mr. Fung Wai Ching, and one executive Director, namely Mr. Mung Bun Man, Alan with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Remuneration Committee is currently made available on the GEM website and the Company's website.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and to make recommendations to the Board on the remuneration of independent non-executive Directors.

During the year ended 31 December 2017, the Remuneration Committee held 1 meeting for reviewing the remuneration packages of the Directors and senior management and making their recommendations to the Board on the remuneration packages of the Directors.

Name of member	Number of meeting attended
Mr. Tsai Yung Chieh, David *(chairman)*	1/1
Mr. Law Kwok Ho, Kenward	1/1
Mr. Fung Wai Ching	1/1
Mr. Mung Bun Man, Alan	1/1

The Company adopted the old share option scheme and terminated the same pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted the a new option scheme ("Option Scheme") at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include Directors and employees as incentives or rewards for their contribution to the Group. Details of the Option Scheme are set out in the Directors' Report and note 30 to the consolidated financial statements.

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 12 and 13 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

Services rendered	Fee paid/payable HK$'000
Audit services	1,230
Non-audit services	
– Review of interim and quarterly financial information	978

AUDIT COMMITTEE

The Company established the Audit Committee on 19 October 2000 which currently consists of three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017.

The terms of reference of the Audit Committee is currently made available on the GEM website and the Company's website.

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Group's financial reporting system and internal control procedures.

During the financial year ended 31 December 2017, the Audit Committee held 4 meetings.

Name of member	Number of meeting attended
Mr. Law Kwok Ho, Kenward *(chairman)*	4/4
Mr. Tsai Yung Chieh, David	4/4
Mr. Fung Wai Ching	4/4

During the year ended 31 December 2017, the Audit Committee reviewed the first quarterly, interim, third quarterly and annual results of the Group together with the auditor of the Company; which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the GEM Listing Rules.

The Audit Committee noted the existing risk management and internal control system of the Group and also noted that reviews of the risk management and internal control system are carried out annually.

CORPORATE GOVERNANCE COMMITTEE

The Company established the Corporate Governance Committee, with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the Corporate Governance Committee comprises one executive Director, namely Mr. Mung Bun Man, Alan (as chairman), one independent non-executive Director, namely Mr. Fung Wai Ching and the Company Secretary, Mr. Lee Chan Wah.

The functions of the Corporate Governance Committee are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2017, the Corporate Governance Committee held 1 meeting to review the training and continuous professional development of Directors and to review the Company's compliance with the CG Code.

Name of member	Number of meeting attended
Mr. Mung Bun Man, Alan *(chairman)*	1/1
Mr. Fung Wai Ching	1/1
Mr. Lee Chan Wah	1/1

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group affairs. Mr. Lee Chan Wah ("Mr. Lee"), was appointed as the Company Secretary with effect from 30 September 2015.

The Company Secretary has confirmed that he has no less than 15 hours of relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all Shareholders. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The Chairman of the 2017 AGM proposed separate resolutions for each issue to be considered. Except the chairman of the Audit Committee, the chairman of the Remuneration Committee and Nomination Committee and the external auditor also attended the 2017 AGM to answer questions from the Shareholders. The annual report together with the annual general meeting circular are distributed to all the Shareholders at least 20 clear business days before the annual general meeting held.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as determined by the Board. Each general meeting, other than an annual general meeting, shall be called as an extraordinary general meeting.

Shareholders to convene an extraordinary general meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles and The Companies Law (2013 Revision) of the Cayman Islands. The procedures Shareholders can use to convene an extraordinary general meeting are set out in the document entitled "Procedures for a Shareholder to Propose a Person for Election as a Director", which is currently available on the Company's website.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by shareholders at shareholders' meeting

Shareholders should follow the procedures set out in the sub-section headed "Shareholders to convene an extraordinary general meeting" above for putting forward proposals for discussion at general meeting.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting (the "2018 AGM") will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- delivery of the quarterly, interim and annual reports to all Shareholders;
- publication of announcements on the quarterly, interim and annual results on the GEM website and the Company's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and
- the general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

No changes in the Company's constitutional documents during the year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial period, which give a true and fair view of the state of affairs of the Group, in accordance with applicable accounting standards and statutory disclosure requirements. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern as at 31 December 2017. Accordingly, the Directors have prepared the consolidated financial statements for the year ended 31 December 2017 on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems of the Group by regularly monitoring and updating the Group's risk profile and exposure, and evaluating the effectiveness of the risk management and internal control systems at least annually. The identified risks and the relevant measures have been disclosed in the Management Discussion and Analysis on pages 17 to 19 of this report.

The risk management and internal control systems of the Group are designed to manage and mitigate rather than eliminate risks of failures to achieve Group's objectives, and provide reasonable but not absolute assurance against material misstatement or loss.

To ensure the effectiveness of the Group's risk management and internal control systems, it establishes a risk register to track and document identified risks, the assessment and evaluation of the identified risks, implementation of coordinated mitigating measures, and provides on-going testing of internal control procedures.

A risk matrix is adopted to determine risk rating and the prioritisation of carrying out corrective actions (i.e. "acceptable", "set up a duration for rectification of the observable risk", "prompt rectification of the alerted risk" and "immediate rectification of the alarming risk") after evaluation of the risk by the likelihood of occurrence and the significant impact of the risk event.

The Company does not have internal audit department and in view of the Group's business and scale of operations, the Company adopts the most cost-effective method by engagement of independent professionals to conduct a review of the effectiveness of the Group's risk management and internal control systems annually.

During the year, the independent professionals have conducted reviews of the effectiveness of the Company's risk management and internal control systems including an assessment of the prevailing internal control and risk management practices of the Group and covering various aspects like financial control, operational control, compliance control and risk management, No material issues on the Group's risk management and internal control systems have been identified and reported to the Audit Committee by the outsourced independent professionals and the Company's external auditors during the year which required significant rectification measures. The Board considered that the Group's risk management and internal control systems are effective and adequate in safeguarding the assets of the Group and protecting the interests of shareholders, customers, suppliers and employees of the Group.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under the SFO, the GEM Listing Rules and the overriding principle. The Group conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong. The Group regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Meanwhile, the Group has also implemented procedures to guard against possible mishandling of inside information within the Group, including but not limited to, pre-clearance on dealing in the securities of the Company by designated members of the management; and notification of regular blackout period and securities dealing restrictions to Directors and relevant employees.

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the group and an indication of likely future developments in the group's business and an analysis using financial key performance indicators, can be found in the Management Discussion and Analysis set out on pages 7 to 20 and note 35 and 36 to the consolidated financial statements of this report. These discussions form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 51.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2017 were as follows:

	2017 **HK$'000**	2016 HK$'000
Share premium	**920,537**	859,253
Capital reserve	**32,589**	32,589
Accumulated losses	**(413,541)**	(411,422)
	539,585	480,420

Under The Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and the Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years is set out on page 4.

BANK BORROWINGS

Details of bank borrowings for the year ended 31 December 2017 are set out in note 26 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review.

DIRECTORS

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

Executive Directors:

Mr. Cheung Kwok Wai, Elton
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li

Independent Non-executive Directors:

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

In accordance with Article 87(1) of the Articles, Mr. Tse Ke Li, being an executive Director and Mr. Fung Wai Ching and Mr. Tsai Yung Chieh, David, being independent non-executive Directors shall retire by rotation and, being eligible, offer themselves for re-election at the 2018 AGM.

There is no specific length of the term of office for each of the independent non-executive Directors but they are subject to retirement by rotation at least once every three years in accordance with the Articles.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at 2018 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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. The Company considers all the independent non-executive Directors are independent.

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

As at 31 December 2017, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

(a) Ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company *(Note 2)*
Mr. Mung Kin Keung *(Note 1)*	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan *(Note 1)*	Interest of controlled corporation	532,000,000	12.48%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

Notes:

1. These shares were registered in the name of and were beneficially owned by Excellent Mind Investments Limited ("Excellent Mind"), a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.

2. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 31 December 2017.

(b) Share options

Name of Director	Capacity	Number of share options of the Company held	Number of underlying shares of the Company
Mr. Cheung Kwok Wai, Elton	Beneficial owner	42,600,000	42,600,000

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as 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 the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 31 December 2017.

SHARE OPTIONS

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme ("Option Scheme") was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021. Particulars of the Option Scheme are set out in note 30 to the consolidated financial statements.

Details of movements in the Company's share options during the year ended 31 December 2017 are set out as follows:

		Number of share options				
	Share options type *(Note)*	Outstanding at 1 January 2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2017
Directors and chief executive						
– Mr. Cheung Kwok Wai, Elton	2017A	–	35,500,000	–	–	35,500,000
	2017B	–	7,100,000	–	–	7,100,000
Total directors and chief executive		–	42,600,000	–	–	42,600,000
Senior management and employees	2017A	–	177,500,000	–	–	177,500,000
	2017B	–	248,500,000	–	–	248,500,000
Total senior management and employees		–	426,000,000	–	–	426,000,000
Total		–	468,600,000	–	–	468,600,000
Exercisable at the end of the year						468,600,000

Note:

Share options type	Date of grant	Exercise period	Exercise price
2017A	12 May 2017	12 May 2017 to 11 May 2018	HK$0.114
2017B	5 September 2017	5 September 2017 to 4 September 2018	HK$0.136

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option holdings 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.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save for the contracts described under the section headed "Connected Transactions" below, no other contract of significance, to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

1. Brokerage services and margin loan financing

Name of connected person	Brokerage commission income and/or other service charges paid to the Group	Margin loan interest paid to the Group for the year	Maximum amount of margin loan for the year
	HK$	HK$	HK$
Executive Directors			
Mr. Cheung Kwok Wai, Elton	240	–	–
Mr. Mung Kin Keung	100	–	–
Directors of a subsidiary of the Group			
Mr. Man Kong Yui	3,420	1,479	3,499,917
Mr. Ho Ken Hon	3,369	1,886	2,799,933
Mr. Lee Geng Rong	3,856	107	90,907
Substantial Shareholder			
China Heathwise Holdings Limited and its associate *(Note)*	105,500	–	–

Note:

The brokerage commission income and/or other service charges was paid by Future Empire Limited to the Group. China Healthwise Holdings Limited is a substantial shareholder of the Company and thus is a connected person of the Company. As Future Empire Limited is wholly-owned by China Healthwise Holdings Limited, Future Empire Limited is an associate of the Company.

The Directors, including the independent non-executive Directors, were of the opinion that the transaction listed above were on normal commercial terms where all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were (i) less than 1% and the transaction is a connected transaction only because it involves connected persons at the subsidiary level; or (ii) less than 5% and the annual consideration was less than HK$3,000,000. The transactions were thus exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74(1)(b) or Rule 20.74(1)(c)of the GEM Listing Rules.

2. Management and Administrative Agreement

On 1 October 2016, Famous Flamingo Limited ("Famous Flamingo"), an indirect wholly-owned subsidiary of the Company, entered into a management and administrative agreement with VeloX Express Co., Limited ("VeloX"), which is 39% owned by Mr. Mung Hon Ting, Jackie ("Mr. Jackie Mung"), pursuant to which VeloX had agreed to pay a monthly management and administrative fee of HK$80,000 to Famous Flamingo for a fixed term of one year commencing from 1 October 2016 to 30 September 2017 (the "2016 Agreement"). The 2016 Agreement was extended for one year for the period from 1 October 2017 to 30 September 2018 with other terms remain unchanged (the "2017 Agreement"). During the year ended 31 December 2017, the Group received management and administrative income in an aggregate amount of HK$960,000 from VeloX (31 December 2016: HK$240,000).

Since Mr. Jackie Mung is the son and brother of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan respectively and both of them are executive Directors and substantial shareholders of the Company, Mr. Jackie Mung is a connected person of the Company. The entering of the 2016 Agreement and 2017 Agreement constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. The Directors, including the independent non-executive Directors, were of the opinion that the transaction listed above were on normal commercial terms where all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were less than 5% and the annual consideration was less than HK$3,000,000. The transaction was exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out below:

1. On 22 September 2016, Global Mastermind Capital Limited ("GMCL"), of which Mr. Mung Kin Keung is an executive director and substantial shareholder, and Mr. Mung Bun Man, Alan is an executive director, entered into an agreement with Hope Master Investments Limited ("Hope Master"), an indirect wholly-owned subsidiary of the Company. Pursuant to the agreement, Hope Maser provided management and administrative services to GMCL for the period from 23 September 2016 to 30 September 2018. For the year ended 31 December 2017, the Group received management and administrative income of approximately HK$3,990,000 (for the year ended 31 December 2016: HK$1,854,000).

2. During the year ended 31 December 2017, the Group paid secretarial fee and other office expenses in the sum of approximately HK$252,000 to GMCL (for the year ended 31 December 2016: HK$ 212,000).

3. During the year ended 31 December 2017, the Group received brokerage commission income and/or other service charges in an aggregate sum of approximately HK$332,000 from five related companies. Certain directors of the Company are the directors of these related companies.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton has an indirect interest in approximately 5.54% of the issued share of and is an executive director of Eternity Investment Limited (stock code: 764), a company incorporated in Bermuda with limited liability and its issued shares are listed on the Main Board of the Stock Exchange engaging in sale of financial assets, property investment, money lending, design and sale of jewelry products, which competes with the Group's money lending business.

Saved for the disclosed above, during the year under review, neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause significant competition with the business of the Group.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31 December 2017, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in ordinary of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company *(Note 3)*
China Healthwise Holdings Limited *(Note 1)*	Beneficial owner and held by controlled corporation	1,020,000,000	23.93%
Excellent Mind Investments Limited *(Note 2)*	Beneficial owner	532,000,000	12.48%
Mr. Mung Kin Keung *(Note 2)*	Held by controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan *(Note 2)*	Held by controlled corporation	532,000,000	12.48%

Notes:

1. China Healthwise Holdings Limited ("China Healthwise"), a company incorporated in the Caymans Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 348) is interested in 800,000,000 shares. Adding the 220,000,000 shares of the Company held by Future Empire Limited (a wholly-owned subsidiary of China Healthwise), China Healthwise is deemed to be interested in 1,020,000,000 shares by virtue of the SFO.

2. These shares are held by Excellent Mind Investments Limited ("Excellent Mind"), which is owned as to 60.00% by Mr. Mung Kin Keung and 40.00% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.

3. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 31 December 2017.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 31 December 2017 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, as at 31 December 2017 and to the best knowledge of the Directors, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

CHANGE OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

During the year, Computershare Hong Kong Investor Services Limited, who acted as the Hong Kong branch share registrar and transfer office of the Company, resigned and Tricor Secretaries Limited was appointed as the Hong Kong branch share registrar and transfer office of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting (the "2018 AGM") is scheduled to be held on Thursday, 7 June 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 4 June 2018 to Thursday, 7 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the 2018 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 June 2018.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2017.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 23 to 34 of this report.

AUDITOR

A resolution will be submitted to the 2018 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

APPRECIATION

We would like to take this opportunity to thank the management and staff members of the Group for their hard work and valuable contributions to the Group in the past year. We would also like to thank our Shareholders for their continuous support to the Group. The Group will keep on doing its best with an aim to provide good return to Shareholders.

On behalf of the Board
Cheung Kwok Wai, Elton
Chairman

26 March 2018

Deloitte. 德勤

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 51 to 116, 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, consolidated statement of changes in equity and 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

* For identification purpose only

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on intangible assets	
We identified the impairment assessment on intangible assets as a key audit matter due to the estimates required to be used to assess the recoverable amounts of the intangible assets. As detailed in notes 4, 17 and 18, in determining whether the intangible assets are impaired, the management prepared a cash flow forecast based on approved financial budgets covering a five-year period, and engaged an independent professional valuer to perform a valuation of the recoverable amount of the relevant business. The valuation is based on a cash flow forecast model for the relevant business and requires the estimation of certain assumptions, such as the discount rate, revenue growth rate and terminal growth rate.	Our procedures in relation to management's impairment assessment included: • understanding the Group's impairment testing process, including the process of how the cash flow forecast is prepared, the valuation model adopted, assumptions used and how the Group monitors the work of the independent professional valuer; • evaluating the appropriateness of the key assumptions and inputs such as revenue growth rate in the forecast, and testing the mathematical accuracy of the forecast; • evaluating the reasonableness of the budgeted sales and gross margin by considering the approved cash flow forecast and management's business plan; • evaluating the historical accuracy of the cash flow forecast prepared by management by comparing to the actual performance; and • engaging our valuation expert to evaluate the appropriateness of the key assumptions and inputs, particularly the discount rate and terminal growth rate used.

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TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
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Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivable	
We identified the impairment of trade receivables as a key audit matter due to the use of judgement and estimates by the management on assessing the recoverability of the outstanding amounts. As disclosed in notes 4 and 20 to the consolidated financial statements, in determining the carrying value of the trade receivables, management takes into accounts the debtors' payment history including default or delay in payments, settlement record, ageing analysis and subsequent settlement record.	Our procedures in relation to management's assessment of impairment of trade receivables included: • understanding the credit control and application of the provision policy on the recoverability of receivables procedures implemented by management, including periodic review of aged receivables on assessment on recoverability of these receivables; • testing the accuracy of the trade receivables ageing report, on a sample basis, by tracing to supporting documents; • examining, on a sample basis, the historical settlement records of those customers of which there are past due receivables; • tracing settlement during the year to bank receipts on a sample basis; and • tracing post year end settlements to bank receipts on a sample basis.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of loan receivables	
We identified the assessment of recoverability of loan receivables as a key audit matter as it requires the applications of judgement and use of significant management estimates. As disclosed in notes 4 and 21 to the consolidated financial statements, in determining the recoverability of the loan receivables, management takes into account the credit quality, value of collaterals and likelihood of collection. If the management overestimate the recoverability of the loan receivable, this may result in further impairment being recognised in later periods.	Our procedures in relation to the recoverability of loan receivables included: • understanding the system implemented by management on assessing borrowers' credit worthiness, fair value of the collaterals and financial capability prior to granting the loans; • evaluating management's process and methodology for assessing the recoverability of the loan receivable; • assessing the management process of carrying out the ongoing monitoring of the loan recoverability by checking to the public available information of the borrowers and the fair value of the underlying collateral; • assessing the repayment records on interest repayment, and tracing, on a sample basis, to the bank receipts; and • tracing a sample of the settlement during the year to bank receipts; and • tracing a sample of the post year and subsequent settlements to bank receipts.

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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 auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

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

The engagement partner on the audit resulting in the independent auditor's report is Wong Lam Ching.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Service income from provision of travel related services		**33,907**	37,374
Interest income from money lending business		**14,331**	9,281
Commission income from securities brokerage		**511**	–
Interest income from margin financing		**20**	–
Interest income from IPO financing		**13**	–
Handling and settlement income arising from securities brokerage		**767**	–
Net realised gain (loss) on securities investment	5	**1,221**	(3,643)
Net unrealised gain on securities investment	5	**5,313**	174
Other income, other gains and losses	7	**13,760**	6,713
Staff costs		**(52,921)**	(39,525)
Depreciation and amortisation expenses		**(8,492)**	(11,342)
Impairment loss on intangible assets	17	**(16,000)**	(19,000)
Impairment loss on interest in a joint venture	19	**–**	(2,845)
Impairment loss on available-for-sale investments	8	**–**	(13,886)
Other expenses		**(21,894)**	(20,739)
Finance costs	9	**(701)**	(2,755)
Share of profit of a joint venture	19	**66**	701
Loss before tax		**(30,099)**	(59,492)
Income tax credit	10	**1,650**	3,700
Loss for the year	11	**(28,449)**	(55,792)
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a subsidiary		**13,410**	(3,133)
Share of exchange difference of a joint venture		**1,495**	(682)
Fair value loss on available-for-sale investments		**–**	(13,886)
Reclassification adjustment upon impairment on available-for-sale investments		**–**	13,886
Total comprehensive expense for the year		**(13,544)**	(59,607)
Loss for the year attributable to owners of the Company		**(28,449)**	(55,792)
Total comprehensive expense for the year attributable to owners of the Company		**(13,544)**	(59,607)
Loss per share (HK cents)			
Basic	15	**(0.73)**	(2.41)
Diluted	15	**(0.73)**	N/A

Consolidated Statement of Financial Position

At 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	16	**134,996**	138,034
Intangible assets	17	**4,283**	20,832
Interest in a joint venture	19	**14,288**	12,727
Loan receivables	21	**3,219**	119,142
		156,786	290,735
Current assets			
Trade and other receivables	20	**171,558**	172,387
Loan receivables	21	**131,170**	12,446
Financial assets at fair value through profit or loss	22	**26,619**	28,354
Pledged bank deposits	23	**1,297**	4,230
Bank trust account balances	24	**16,837**	–
Bank balances and cash	23	**228,301**	154,163
		575,782	371,580
Current liabilities			
Trade and other payables	25	**51,493**	44,647
Tax payables		**2,777**	1,335
Bank borrowings	26	**9,516**	10,426
		63,786	56,408
Net current assets		**511,996**	315,172
Total assets less current liabilities		**668,782**	605,907
Non-current liabilities			
Deferred tax liabilities	27	**726**	3,536
		668,056	602,371
Capital and reserves			
Share capital	29	**42,629**	35,524
Share premium and reserves		**625,427**	566,847
		668,056	602,371

The consolidated financial statements on pages 51 to 116 were approved and authorised for issue by the board of directors on 26 March 2018 and are signed on its behalf by:

Mung Kin Keung
DIRECTOR

Mung Bun Man, Alan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note 1)	Share options reserve HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	7,646	582,584	32,589	–	–	(28,443)	(236,945)	357,431
Loss for the year	–	–	–	–	–	–	(55,792)	(55,792)
Exchange differences arising on translation of a subsidiary	–	–	–	–	–	(3,133)	–	(3,133)
Share of exchange difference of a joint venture	–	–	–	–	–	(682)	–	(682)
Fair value loss on available-for-sale investments (note 8)	–	–	–	–	(13,886)	–	–	(13,886)
Reclassification adjustment upon impairment on available-for-sale investments (note 8)	–	–	–	–	13,886	–	–	13,886
Total comprehensive expense for the year	–	–	–	–	–	(3,815)	(55,792)	(59,607)
Issue of ordinary shares	27,878	282,906	–	–	–	–	–	310,784
Transaction costs attributable to issue of ordinary shares	–	(6,237)	–	–	–	–	–	(6,237)
At 31 December 2016 and 1 January 2017	35,524	859,253	32,589	–	–	(32,258)	(292,737)	602,371
Loss for the year	–	–	–	–	–	–	(28,449)	(28,449)
Exchange differences arising on translation of a subsidiary	–	–	–	–	–	13,410	–	13,410
Share of exchange difference of a joint venture	–	–	–	–	–	1,495	–	1,495
Total comprehensive income (expense) for the year	–	–	–	–	–	14,905	(28,449)	(13,544)
Issue of ordinary shares	7,105	63,940	–	–	–	–	–	71,045
Transaction costs attributable to issue of ordinary shares	–	(2,656)	–	–	–	–	–	(2,656)
Recognition of equity-settled share-based payments (note 30)	–	–	–	10,840	–	–	–	10,840
At 31 December 2017	42,629	920,537	32,589	10,840	–	(17,353)	(321,186)	668,056

Note:

(1) The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	NOTE	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Loss before tax		(30,099)	(59,492)
Adjustments for:			
Depreciation of property, plant and equipment		6,480	3,450
Loss on disposal of property, plant and equipment		7	–
Amortisation of intangible assets		2,012	7,892
Equity-settled share-based payment expenses		10,840	–
Interest income		(3,999)	(1,783)
Interest expense		701	2,755
Share of profit of a joint venture		(66)	(701)
Impairment loss on intangible assets		16,000	19,000
Impairment loss on interest in a joint venture		–	2,845
Impairment loss on available-for-sale investments		–	13,886
Fair value changes on investment securities		(6,333)	3,913
Operating cash flows before movements in working capital		(4,457)	(8,235)
Decrease (increase) in trade and other receivables		12,797	(10,774)
Increase in bank trust account balances		(16,837)	–
Increase in loan receivables		(2,801)	(131,588)
Decrease (increase) in financial assets at fair value through profit or loss		8,068	(5,189)
Increase (decrease) in trade and other payables		9,258	(7,827)
Cash generated from (used in) operating activities		6,028	(163,613)
Income tax paid		–	–
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		6,028	(163,613)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,287)	(1,726)
Proceeds from disposal of property, plant and equipment		5	–
Net cash outflows arising on acquisition of subsidiaries	28	–	(136,716)
Interest received		3,999	1,783
Withdrawal of pledged bank deposits		3,180	15,652
Proceeds from sale of available-for-sale investments		–	32,914
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		3,897	(88,093)
FINANCING ACTIVITIES			
New bank borrowings and other loans raised		9,516	92,426
Repayment of bank borrowings		(10,426)	–
Repayment of advances drawn on trade receivables with full recourse		–	(19,046)
Repayment of other loans		–	(82,000)
Proceeds from issue of ordinary shares		71,045	310,784
Transaction costs attributable to issue of ordinary shares		(2,656)	(6,237)
Interest paid		(701)	(2,755)
NET CASH GENERATED FROM FINANCING ACTIVITIES		66,778	293,172
NET INCREASE IN CASH AND CASH EQUIVALENTS		76,703	41,466
CASH AND CASH EQUIVALENTS AT 1 JANUARY		154,163	112,724
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(2,565)	(27)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash		228,301	154,163

1. GENERAL

Global Mastermind Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 3108, 31/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (the "Group") are the provision and operation of travel business, treasury management (i.e. securities investing) business, money lending business and securities brokerage business.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	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.

A reconciliation between the opening and closing balances of these items is provided in note 37. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 37, 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)*

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance contracts[4]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) – Int 23	Uncertainty over income tax treatments[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014 – 2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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

HKFRS 9 "Financial instruments"

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

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting 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.

- 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.

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

Classification and measurement

Debt instruments classified as loan receivables carried at amortised cost as disclosed in notes 21: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

All other financial assets and financial liabilities will also continue to be measured on the same bases as are currently measured under HKAS 39.

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

HKFRS 9 "Financial instruments" *(Continued)*

Impairment

In general, the directors of the Company 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.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would not be increased materially as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables and loan receivables. Such further impairment recognised under expected credit loss model would increase the opening accumulated losses at 1 January 2018.

Except for the expected credit loss model that may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost, the Directors of the Company do not expect any other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

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

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

HKFRS 15 "Revenue from contracts with customers" *(Continued)*

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.

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.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

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

HKFRS 16 "Leases" *(Continued)*

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$10,230,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$966,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

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 controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profits or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue from travel and other travel related services is recognised when the services are rendered.

Commission and brokerage income on brokerage business are recognised as revenue on a trade date basis when the relevant contracts are executed.

Handling and settlement fee income are recognised with the relevant transactions have been arranged or the relevant services have been rendered.

Net realised gain or loss on securities investment represents the proceeds from the sale of securities investment less the carrying amounts of respective securities investment measured at fair value at the end of last financial year, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the securities investment at the end of the reporting period.

Dividend income from investments is recognised when the right to receive payment has been established.

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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 lessee

Operating lease payments, including the cost of acquiring land held under operating leases, 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.

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.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the property payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of joint arrangements that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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 recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale financial assets and loans and receivables. 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.

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 relevant 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.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from 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 net realised loss on securities investment or unrealised gain on securities investment line items, as appropriate. Fair value is determined in the manner described in note 22.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale monetary debt instruments relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

(a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(b) those that the entity upon initial recognition designates as available for sale; or

(c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial recognition, loans and receivables (including loan receivables, trade and other receivables, pledged bank deposits, bank trust account balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

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 instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loan receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or a loan receivable is considered uncollectible, it is written off to profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities of the Group include trade and other payables and bank borrowings, which are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest 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 options 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 options reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 on-going 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount of the cash generating units ("CGUs") to which intangible assets has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and certain assumptions such as the discount rate, revenue growth rate and terminal growth rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2017, the carrying amount of intangible assets is approximately HK$4,283,000 (net of accumulated impairment losses of HK$56,000,000) (2016: HK$20,832,000 (net of accumulated impairment losses of HK$40,000,000)).

Estimated impairment of trade receivables

The policy for allowance for bad or doubtful debts of the Group is based on the evaluation of collectability of amount based on management's estimate. In determining the impairment allowance for trade receivables, the management considers any changes in the creditability of its customers and assesses the recoverable amount of each individual receivables at the end of the reporting period based on objective evidence such as likelihood of collection of debts on an individual basis as well as on a collective basis, with reference to the debtor's payment history including default or delay in payments, settlement records, subsequent settlements and ageing analysis.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Where the actual future cash flows are less than expected, a further impairment loss may arise. As at 31 December 2017, the carrying amount of trade receivables from travel business is approximately HK$140,911,000 (2016: HK$138,791,000).

Recoverability of loan receivables

Management regularly reviews the recoverability of the loan receivables. Appropriate impairment loss for estimated irrecoverable amount is recognised in profit or loss when there is objective evidence that the amount is not recoverable.

In determining whether an allowance for bad and doubtful debts is required, the Group takes into consideration the credit quality of borrowers, value of collaterals and likelihood of collection. Specific allowance is made for the loan receivables that are unlikely to be collected and is recognised on the difference between the carrying amount of loan receivables and the present value of estimated future cash flow discounted using the original effective interest rate. Where the actual future cash flows are less than expected, a further impairment loss may arise. As at 31 December 2017, the carrying amount of loan receivables is HK$134,389,000 (2016: HK$131,588,000).

5. NET GAIN (LOSS) ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial year, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	2017 **HK$'000**	2016 HK$'000
Net realised gain (loss) on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**31,710**	33,296
Carrying amount of financial assets at fair value through profit or loss	**(30,690)**	(37,383)
	1,020	(4,087)
Dividend income from financial assets at fair value through profit or loss	**201**	444
	1,221	(3,643)
Net unrealised gain on financial assets at fair value through profit or loss	**5,313**	174
	6,534	(3,469)

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing segment performance focuses on the respective types of services rendered or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

During the year ended 31 December 2016, the Group commenced to develop a money lending business in Hong Kong. In addition, during the year ended 31 December 2017, the Group commenced to engage in brokerage business. These resulted a new operating segment in 2016 and 2017, respectively.

The Group's operations are currently organised into four (2016: three) reporting and operating segments under HKFRS 8, namely travel business, treasury management business, money lending business and brokerage business (2016: travel business, treasury management business and money lending business).

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

	Segment revenue		Segment (losses) profits	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Travel business	**33,907**	37,374	**(13,376)**	(23,411)
Treasury management business	**1,221**	(3,643)	**6,516**	(17,362)
Money lending business	**14,331**	9,281	**8,214**	4,421
Brokerage business	**1,311**	–	**(7,403)**	–
Total	**50,770**	43,012	**(6,049)**	(36,352)
Share of profit of a joint venture			**66**	701
Impairment loss on interest in a joint venture			**–**	(2,845)
Unallocated income			**5,066**	2,484
Unallocated expenses			**(27,532)**	(19,780)
Loss for the year			**(28,449)**	(55,792)

All of the segment revenue reported above are from external customers.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment (losses) profits represent the (losses incurred) profits earned by each segment without allocation of share of profit of a joint venture, impairment loss on interest in a joint venture, unallocated income (which mainly includes bank interest income of head office and management and administrative fee income), unallocated expenses (which mainly include central administration costs and directors' salaries). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	2017	2016
	HK$'000	HK$'000
Segment assets		
Travel business	**182,124**	199,812
Treasury management business	**27,755**	38,324
Money lending business	**185,756**	136,516
Brokerage business	**112,768**	–
Total segment assets	**508,403**	374,652
Interest in a joint venture	**14,288**	12,727
Unallocated bank balances and cash	**78,147**	137,553
Unallocated assets	**131,730**	137,383
Consolidated assets	**732,568**	662,315
Segment liabilities		
Travel business	**38,085**	41,625
Money lending business	**2,495**	872
Brokerage business	**17,798**	–
Total segment liabilities	**58,378**	42,497
Unallocated liabilities	**6,134**	17,447
Consolidated liabilities	**64,512**	59,944

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

- all assets are allocated to operating and reportable segments other than interest in a joint venture, certain property, plant and equipment, certain deposits and prepayments and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain accruals and other payables.

6. SEGMENT INFORMATION *(Continued)*

Other information

Amounts included in the measure of segment results and segment assets:

	Travel business HK$'000	Treasury management business HK$'000	Money lending business HK$'000	Brokerage business HK$'000
For the year ended 31 December 2017				
Additions to non-current assets (Note)	**114**	**–**	**–**	**3,095**
Depreciation for property, plant and equipment	**935**	**–**	**–**	**776**
Impairment loss on intangible assets	**16,000**	**–**	**–**	**–**
Amortisation of intangible assets	**2,012**	**–**	**–**	**–**
Interest income	**3,883**	**–**	**–**	**1**
Finance costs	**701**	**–**	**–**	**–**
For the year ended 31 December 2016				
Additions to non-current assets (Note)	256	–	–	9
Depreciation for property, plant and equipment	937	–	–	1
Impairment loss on intangible assets	19,000	–	–	–
Amortisation of intangible assets	7,892	–	–	–
Impairment loss on available-for-sale investments	–	13,886	–	–
Interest income	1,775	–	–	–
Finance costs	218	–	–	–

Note: Additions to non-current assets represent the additions to property, plant and equipment.

Geographic information

The Group operates in three principal geographical areas – Singapore, Hong Kong and Malaysia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		Non-current assets (Note)	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Singapore	**31,838**	35,969	**5,839**	23,042
Hong Kong	**18,932**	7,043	**133,440**	135,824
Malaysia	**–**	–	**14,288**	12,727
	50,770	43,012	**153,567**	171,593

Note: Non-current assets excluded loan receivables.

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2017 HK$'000	2016 HK$'000
Customer A arising from money lending business (Note)	5,500	N/A

Note: Revenue from this customer is less than 10% of the Group's revenue in 2016.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Management and administrative income	4,950	2,477
Interest income	3,999	1,783
Incentives income	3,361	1,226
Commercial credit card rebate	454	85
Employment credits from government grants	212	898
Net exchange gain	163	176
Loss on disposal of property, plant and equipment	(7)	–
Others	628	68
	13,760	6,713

8. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

The Group's available-for-sale investments were stated at fair value which have been determined based on the quoted market bid prices available on the Stock Exchange.

In September 2016, the Group disposed of all of its available-for-sale investments, and the cumulative loss on fair value of HK$13,886,000 previously accumulated in the investments revaluation reserve was reclassified to profit or loss accordingly during the year ended 31 December 2016.

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on short term bank borrowings (note 26)	701	218
Interest on other loans	–	2,537
	701	2,755

10. INCOME TAX CREDIT

	2017 HK$'000	2016 HK$'000
The tax charge (credit) comprises:		
Hong Kong Profits Tax		
– current tax	1,675	872
– overprovision in prior years	(263)	–
	1,412	872
Deferred taxation – current year (note 27)	(3,062)	(4,572)
	(1,650)	(3,700)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore for both years.

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
Loss before tax	(30,099)	(59,492)
Tax at domestic income tax rate of 16.5% (2016: 17%) (Note)	(4,966)	(10,114)
Tax effect of expenses not deductible for tax purpose	2,870	4,063
Tax effect of income not taxable for tax purpose	(1,407)	(350)
Tax effect of share of profit of a joint venture	(11)	(119)
Tax effect of tax losses not recognised	2,245	2,880
Tax effect of deductible temporary differences not recognised	136	108
Overprovision in respect of prior years	(255)	–
Effect of tax exemptions granted to a Singapore subsidiary	(141)	(140)
Utilisation of tax losses previously not recognised	(23)	(3)
Effect of different tax rates of subsidiary operating in other jurisdiction	(98)	(25)
Income tax credit for the year	(1,650)	(3,700)

Note: The domestic tax rate which is Hong Kong Profits Tax rate (2016: Singapore Corporate Income Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

11. LOSS FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Loss for the year has been arrived at after charging:		
Depreciation for property, plant and equipment	6,480	3,450
Amortisation of intangible assets	2,012	7,892
Operating lease payment for office premises	4,420	4,570
Auditors' remuneration	1,297	1,598
Directors' emoluments (note 12)	1,713	750
Salaries and allowances (excluding directors)	37,698	35,124
Retirement benefits scheme contribution (excluding directors)	3,573	3,651
Equity-settled share-based payment expenses (excluding directors)	9,937	–
Total staff costs	52,921	39,525

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2016: eight) directors, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, were as follows:

2017

Name of director	Notes	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
Executive directors:						
Cheung Kwok Wai, Elton	(i)	120	–	6	903	1,029
Mung Kin Keung		60	–	3	–	63
Mung Bun Man, Alan	(ii)	60	–	3	–	63
Tse Ke Li		360	–	18	–	378
Independent non-executive directors:						
Law Kwok Ho, Kenward		60	–	–	–	60
Tsai Yung Chieh, David		60	–	–	–	60
Fung Wai Ching		60	–	–	–	60
		780	–	30	903	1,713

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

2016

Name of director	Notes	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Total HK$'000
Executive directors:					
Cheung Kwok Wai, Elton	(i)	5	–	–	5
Mung Kin Keung		60	–	3	63
Mung Bun Man, Alan	(ii)	60	–	3	63
Tse Ke Li		360	–	18	378
Leung Wai Man	(iii)	58	–	3	61
Independent non-executive directors:					
Law Kwok Ho, Kenward		60	–	–	60
Tsai Yung Chieh, David		60	–	–	60
Fung Wai Ching		60	–	–	60
		723	–	27	750

Notes:

(i) Appointed as the chairman and executive director on 16 December 2016
(ii) Appointed as the managing director on 16 December 2016
(iii) Resigned on 16 December 2016

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and subsidiaries of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors waived any emoluments for the years ended 31 December 2017 and 2016.

The Company has not appointed chief executive officer and the roles and functions of chief executive officer have been performed by the above executive directors of the Company collectively.

13. EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2016: none) were directors of the Company whose emoluments are in note 12 above. The emoluments of the five (2016: five) highest paid individuals were as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and other benefits	**4,218**	5,319
Performance related bonuses	**746**	1,250
Contribution to retirement benefits scheme	**88**	224
Equity-settled share-based payment expenses	**5,090**	–
	10,142	6,793

The emoluments were within the following bands:

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

14. DIVIDENDS

No dividend was paid, declared or proposed for the years ended 31 December 2017 and 2016, nor has any dividend been proposed since the end of the reporting periods.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2017	2016
	HK$'000	HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(28,449)**	(55,792)

	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**3,906,669**	2,310,576

Note: Since there was no bonus element included in the rights issue completed in February 2016 (note 29(a)), no adjustment was applied to the loss per share in this regard.

The computation of diluted loss per share for the year ended 31 December 2017 does not assume the conversion of the Company's outstanding share options as at 31 December 2017 since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share for the year ended 31 December 2016 was not presented as there were no dilutive potential ordinary shares in issue during the year.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST						
At 1 January 2016	–	3,355	4,999	3,174	1,074	12,602
Additions	–	1,089	–	335	302	1,726
Acquisition of subsidiaries (Note 28)	136,636	–	–	–	–	136,636
Disposals	–	–	–	(2)	–	(2)
Exchange difference arising on translation	–	(43)	(68)	(69)	(90)	(270)
At 31 December 2016	136,636	4,401	4,931	3,438	1,286	150,692
Additions	–	2,346	–	86	855	3,287
Disposals	–	–	–	(20)	–	(20)
Exchange difference arising on translation	–	170	269	271	99	809
At 31 December 2017	136,636	6,917	5,200	3,775	2,240	154,768
DEPRECIATION						
At 1 January 2016	–	2,501	3,249	2,881	790	9,421
Provided for the year	2,204	423	443	181	199	3,450
Eliminated on disposals	–	–	–	(2)	–	(2)
Exchange difference arising on translation	–	(28)	(35)	(65)	(83)	(211)
At 31 December 2016	2,204	2,896	3,657	2,995	906	12,658
Provided for the year	4,407	1,202	318	240	313	6,480
Eliminated on disposals	–	–	–	(8)	–	(8)
Exchange difference arising on translation	–	139	167	265	71	642
At 31 December 2017	6,611	4,237	4,142	3,492	1,290	19,772
CARRYING VALUES						
At 31 December 2017	130,025	2,680	1,058	283	950	134,996
At 31 December 2016	134,432	1,505	1,274	443	380	138,034

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the remaining term of lease
Leasehold improvements	20% or over the term of the lease, whichever is shorter
Motor vehicle	10% – 20%
Furniture, fixtures and equipment	15% – 33%
Computer equipment	30% – 33%

At 31 December 2017 and 2016, no property, plant and equipment has been pledged as security.

17. INTANGIBLE ASSETS

The intangible assets were purchased as part of the acquisition of the Safe2Travel Pte Ltd ("Safe2Travel") in prior years and were recognised at their fair value at the date of acquisition.

The directors of the Company are of the opinion that the Group has the ability to use the trade name continuously. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trade name has no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group.

As a result, the trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Other than the trade name, the customer relationship has an estimated useful life of 7 years and is amortised on a straight-line basis.

17. INTANGIBLE ASSETS *(Continued)*

	Trade name HK$'000	Customer relationship HK$'000	Total HK$'000
COST			
At 1 January 2016	51,205	55,879	107,084
Exchange difference arising on translation	(1,168)	(1,275)	(2,443)
At 31 December 2016	50,037	54,604	104,641
Exchange difference arising on translation	4,585	5,003	9,588
At 31 December 2017	54,622	59,607	114,229
AMORTISATION AND IMPAIRMENT			
At 1 January 2016	15,547	43,371	58,918
Provided for the year	–	7,892	7,892
Impairment loss recognised in the year	16,425	2,575	19,000
Exchange difference arising on translation	(811)	(1,190)	(2,001)
At 31 December 2016	31,161	52,648	83,809
Provided for the year	–	2,012	2,012
Impairment loss recognised in the year	16,000	–	16,000
Exchange difference arising on translation	3,178	4,947	8,125
At 31 December 2017	50,339	59,607	109,946
CARRYING VALUES			
At 31 December 2017	4,283	–	4,283
At 31 December 2016	18,876	1,956	20,832

As of 31 December 2017, the management reviewed the current and expected performance of the travel business indicated that the carrying amounts of the CGUs were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK$16,000,000 (2016: HK$19,000,000) was recognised during the year ended 31 December 2017. The impairment loss was allocated to the trade name of HK$16,000,000 (2016: the trade name of HK$16,425,000 and the customer relationship of HK$2,575,000 on a pro-rata basis) and was presented on the face of consolidated statement of profit or loss and other comprehensive income.

Details of the impairment test on the recoverable amount of the CGUs of the travel business in Singapore, to which the intangible assets are allocated, are set out in note 18.

18. IMPAIRMENT TESTING ON INTANGIBLE ASSETS

For the impairment testing, goodwill, trade name and the customer relationship are allocated to the Group's CGUs identified according to business segment which is the travel business segment.

The recoverable amount of the travel business's CGUs was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discounted at a discount rate of 15.36% (2016: 15.37%). Cash flows after the five-year period were extrapolated using a 1.72% (2016: 2.45%) terminal growth rate in considering the economic condition of the market.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows based on the above financial budgets including the budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore have fallen below expectation due to slowing global and local economy in Singapore, and therefore the management has revised the cash flow projections. On this basis, the directors of the Company concluded that an impairment loss of HK$16,000,000 (2016: HK$19,000,000) was recognised in profit or loss during the year ended 31 December 2017.

19. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH, which is incorporated in Malaysia with limited liability, engages principally in the business of operating as an organiser of tours and travel agent in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee as its share of results which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013.

As the Participation Agreement requires the consent of both parties on major decision in the operation and control of DOH, DOH is treated as a joint venture of the Group accordingly.

19. INTEREST IN A JOINT VENTURE *(Continued)*

Details of the Group's investment in a joint venture are as follows:

	2017 HK$'000	2016 HK$'000
Cost of investment in a joint venture	**14,000**	14,000
Share of post-acquisition profits and other comprehensive income	**5,791**	5,725
Accumulated impairment loss recognised	**(2,845)**	(2,845)
Exchange difference arising on translation	**(2,658)**	(4,153)
	14,288	12,727

The interest in the joint venture is accounted for using equity method.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

DOH

	2017 HK$'000	2016 HK$'000
Current assets	**24,258**	21,002
Non-current assets	**3,896**	4,181
Current liabilities	**11,364**	10,699
Non-current liabilities	**915**	343

19. INTEREST IN A JOINT VENTURE *(Continued)*

DOH *(Continued)*

Current assets mainly comprise of trade and other receivables of HK$19,843,000 (2016: HK$17,444,000) and cash and cash equivalents of HK$2,193,000 (2016: HK$683,000). Current liabilities mainly comprise of trade and other payables of HK$10,670,000 (2016: HK$7,650,000) and obligations under finance leases of HK$317,000 (2016: HK$578,000). Non-current assets represented the property, plant and equipment of HK$3,887,000 (2016: HK$4,173,000). Non-current liabilities represented the obligations under finance leases of HK$915,000 (2016: HK$343,000).

	2017 HK$'000	2016 HK$'000
Revenue	**38,534**	36,458
Profit for the period	**74**	779
Other comprehensive income	**–**	–
Total comprehensive income for the year	**74**	779
Dividends received from the joint venture during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 HK$'000	2016 HK$'000
Net assets	**15,875**	14,141
Proportion of the Group's ownership interest	**90%**	90%
Effect of fair value adjustment at acquisition	**2,845**	2,845
Accumulated impairment loss recognised on interest in a joint venture	**(2,845)**	(2,845)
Carrying amount of the Group's interest	**14,288**	12,727

Significant restriction

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

20. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Accounts receivables from brokerage business:		
– Margin clients (Note i)	784	–
– Clearing house (Note ii)	623	–
Trade receivables from travel business	140,911	138,791
Brokers receivables	494	9,744
Deposits, prepayments and other receivables	28,746	23,852
	171,558	172,387

Notes:

(i) Loans to securities margin clients are secured by clients' pledged securities with fair value of HK$1,254,000 (2016: nil) as at 31 December 2017. The loans are repayable on demand subsequent to settlement date and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

(ii) The normal settlement terms of accounts receivables from cash clients and clearing house are two trading days after trade date. As at 31 December 2017, accounts receivables from cash clients was nil. Accounts receivables from cash clients which are neither past due nor impaired represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

For the travel business, the Group allows an average credit period range from 60-90 days to its customers of the travel business. The following is an aged analysis of receivables from travel business presented based on the invoice date at the end of the reporting period.

	2017 HK$'000	2016 HK$'000
0-30 days	84,107	83,664
31-60 days	11,056	9,050
61-90 days	7,658	6,749
91-180 days	18,734	22,140
181-365 days	19,356	17,188
	140,911	138,791

Trade receivables from travel business comprise of the gross amounts billed to customers.

These receivables from travel business relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2017, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of approximately HK$38,090,000 (31 December 2016: HK$39,328,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The average age of these receivables is 136 days (2016: 129 days).

Aging of trade receivables from travel business which are past due but not impaired

	2017 HK$'000	2016 HK$'000
91-180 days	18,734	22,140
181-365 days	19,356	17,188
Total	38,090	39,328

21. LOAN RECEIVABLES

	2017 HK$'000	2016 HK$'000
Fixed-rate loan receivables	132,142	130,000
Accrued interest receivables	2,247	1,588
	134,389	131,588
Analysed as:		
Current portion	131,170	12,446
Non-current portion	3,219	119,142
	134,389	131,588

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum for both years. The loans are respectively repayable in two months to five years (31 December 2016: two to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

21. LOAN RECEIVABLES *(Continued)*

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment also includes evaluation of collectability and ageing analysis of accounts and on the management's judgment, including the current creditworthiness, collateral and past collection history of each borrower. In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted up to the reporting date. This includes assessing the credit history of the business, such as financial difficulties or default in payments and current market conditions.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment.

As at 31 December 2017, included in the Group's loan receivables balance, an aggregate carrying amount of loan receivable (including principal amount of HK$15,000,000 and outstanding interest of approximately HK$370,000) of HK$15,370,000 (2016: nil) which was past due on the repayment date after the year ended pursuant to the related loan agreement for which the Group has not provided for impairment loss as the Group received the full settlement in March 2018 before the date of this report.

For the remaining balance of HK$119,019,000 (2016: HK$131,588,000), the management of the Group considered the secured and guaranteed loan of approximately HK$55,000,000 are recoverable given the personal guarantee and the securities pledged being sufficient to cover the loan receivable, and as for the unsecured loans of approximately HK$64,019,000, the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history. Management believes that no impairment allowance is necessary in respect of the remaining loans receivable as there is no significant change in credit quality of borrowers and these balances are still considered fully recoverable.

As at 31 December 2017 and 2016, no impairment loss was identified. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of money lending.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, comprise:

	2017 **HK$'000**	2016 HK$'000
Listed equity securities in Hong Kong, held for trading (Note)	**26,619**	28,354

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 31 December 2017 and 2016, no financial assets at fair value through profit or loss have been pledged as security.

23. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

Pledged bank deposits and bank balances carry interest at market rates which range from 0.15% to 0.35% (2016: 0.15% to 0.35%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2017	2016
	HK$'000	HK$'000
United States dollars ("USD")	**44**	45
Australian dollar ("AUD")	**250**	1,120
New Zealand dollar ("NZD")	**195**	218
Renminbi ("RMB")	**19**	60

24. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its brokerage business. The Group has classified the clients' monies as bank trust account balances under the current assets section in the consolidated statement of financial position and recognised the corresponding payable to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

25. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Accounts payables from brokerage business:		
– Cash clients	**11,562**	–
– Margin clients	**5,705**	–
– Clearing house	**286**	–
Trade payables from travel business	**17,753**	16,036
Accruals	**8,504**	8,060
Deposits received	**2,951**	4,730
Other payables	**4,732**	15,821
	51,493	44,647

For the brokerage business, the normal settlement terms of accounts payables to clients and clearing house are two trading days after trade date. No ageing analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of brokerage business.

25. TRADE AND OTHER PAYABLES *(Continued)*

For the travel business, the following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2017 HK$'000	2016 HK$'000
0-30 days	**17,396**	15,688
31-60 days	**26**	48
61-90 days	**45**	110
Over 90 days	**286**	190
	17,753	16,036

The average credit period from trade suppliers of the travel business is 30 days.

26. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
Short term secured bank borrowings, repayable within one year	**9,516**	10,426
The Group's secured bank borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	**9,516**	10,426

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 31 December 2017, the bank borrowings carry variable interest rates ranging from 3.89% to 5.80% (2016: 3.23% to 4.26%).

27. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years.

	Fair value adjustments
	HK$'000
At 1 January 2016	8,183
Credit to profit or loss (note 10)	(4,572)
Exchange difference arising on translation	(75)
At 31 December 2016	3,536
Credit to profit or loss (note 10)	(3,062)
Exchange difference arising on translation	252
At 31 December 2017	726

At the end of the reporting period, the Group has unused tax losses of approximately HK$136,520,000 (2016: HK$123,053,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits stream.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$1,435,000 (31 December 2016: HK$611,000) in respect of the depreciation of property, plant and equipment. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2016, there are two acquisitions entered into by the Group including (i) Famous Flamingo Limited ("Famous Flamingo"); and (ii) Hope Master Investments Limited ("Hope Master"). The directors of the Company are of the opinion that these transactions do not constitute business combinations as defined in HKFRS 3, therefore, these acquisitions have been accounted for as acquisitions of assets. Details of these transactions are summarised as follows:

(i) During the year ended 31 December 2016, the Group completed the acquisition of the entire interest in Famous Flamingo, a property holding company, through a direct wholly-owned subsidiary for a consideration of approximately HK$73,346,000.

(ii) During the year ended 31 December 2016, the Group completed the acquisition of the entire interest in Hope Master, a property holding company, through a direct wholly-owned subsidiary for a consideration of approximately HK$63,370,000.

28. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

(Continued)

The assets acquired and liabilities recognised on the date of acquisitions, in the transaction are as follows:

	Famous Flamingo HK$'000	Hope Master HK$'000	Total HK$'000
Land and buildings	73,303	63,333	136,636
Other receivables	43	37	80
Shareholders' loan	(73,346)	(63,370)	(136,716)
	–	–	–
Assignment of shareholders' loan (Note)	73,346	63,370	136,716
Net assets assumed	73,346	63,370	136,716
Satisfied by: Cash consideration paid	73,346	63,370	136,716
Net cash outflow arising on acquisition	(73,346)	(63,370)	(136,716)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an aggregate amount of HK$136,716,000 as consideration for the assignment of the shareholders' loans of Famous Flamingo and Hope Master.

29. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2016	764,572,350	7,646
Issue of shares upon rights issue (Note a)	1,529,144,700	15,291
Issue of new shares upon subscriptions (Note b)	1,258,700,000	12,587
At 31 December 2016 and 1 January 2017	3,552,417,050	35,524
Issue of new shares upon placing (Note c)	710,450,000	7,105
At 31 December 2017	4,262,867,050	42,629

29. SHARE CAPITAL OF THE COMPANY *(Continued)*

Notes:

(a) On 29 February 2016, the Company completed a rights issue of 1,529,144,700 rights shares at a subscription price of HK$0.10 per rights share on the basis of two rights share for every one existing ordinary share of the Company held on 27 January 2016. The net proceeds from the rights issue, after deducting directly attributable costs were approximately HK$147.2 million. Details of the rights issue were disclosed in the Company's circular dated 24 December 2015, prospectus dated 28 January 2016 and announcements dated 8 October 2015 and 26 February 2016.

(b) On 8 July 2016, the Company completed an issue of a total of 458,700,000 subscription shares under general mandate at the subscription price of HK$0.10 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK$45.8 million. Details of the subscription were set out in the Company's announcements dated 23 June 2016 and 8 July 2016.

On 13 December 2016, the Company completed an issue of a total of 800,000,000 subscription shares under specific mandate at the subscription price of HK$0.14 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK$111.5 million. Details of the subscription were set out in the Company's announcements dated 12 October 2016 and 13 December 2016, and a circular dated 17 November 2016.

(c) On 3 July 2017, the Company completed a placing of 710,450,000 ordinary shares at the price of HK$0.10 per share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting the placing commission and other expenses in connection with the placing, were approximately HK$68.4 million. Details of the placing were set out in the Company's announcements dated 13 June 2017 and 3 July 2017.

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share options scheme at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the option scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and is not less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

During the year ended 31 December 2017, the number of share options in respect of which options had been granted and remained outstanding under the option scheme was 468,600,000 which included 213,000,000 granted on 12 May 2017 and 255,600,000 granted on 5 September 2017, representing 6% and 6% of the shares of the Company in issue at the respective dates of grant. The above share options are vested immediately at the date of grant.

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Details of specific categories of options are as follows:

Date of grant	Exercise period	Exercise price
12 May 2017	12 May 2017 to 11 May 2018	HK$0.114
5 September 2017	5 September 2017 to 4 September 2018	HK$0.136

The following table discloses movements of the number of the Company's share options held by the eligible participants during the year:

	Outstanding at 1 January 2017 HK$'000	Granted on 12 May 2017 HK$'000	Granted on 5 September 2017 HK$'000	Outstanding at 31 December 2017 HK$'000
Category of participants				
Director	–	35,500,000	7,100,000	42,600,000
Employee	–	177,500,000	248,500,000	426,000,000
	–	213,000,000	255,600,000	468,600,000
Exercisable at the end of the year				468,600,000
Weighted average exercise price (HK$)	N/A	0.114	0.136	0.126

The fair values of the options granted during the year ended 31 December 2017 were calculated using the Binomial model. The inputs into the model were as follows:

Share options granted on 12 May 2017:

Share price	HK$0.110
Exercise price	HK$0.114
Expected volatility	48.731%
Expected life	1 year
Risk-free rate	0.63%
Expected dividend yield	0%

The estimated fair value of the options granted on 12 May 2017 was HK$4,132,000.

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share options granted on 5 September 2017:

Share price	HK$0.130
Exercise price	HK$0.136
Expected volatility	58.144%
Expected life	1 year
Risk-free rate	0.551%
Expected dividend yield	0%

The estimated fair value of options granted on 5 September 2017 was HK$6,708,000.

Expected volatility was determined by using the historical volatility of the Company's share price movement over the previous one year. 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 behavioural considerations.

The Group recognised the total expense of HK$10,840,000 (2016: nil), included in the staff costs, for the year ended 31 December 2017 in relation to share options granted by the Company.

31. PLEDGE OF ASSETS

As at 31 December 2017, trade receivable amounting to Singapore Dollar ("SG$") 22,526,000 (equivalent to approximately HK$131,625,000) (31 December 2016: SG$23,324,000 (equivalent to approximately HK$124,850,000)) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,297,000) (31 December 2016: SG$791,000 (equivalent to approximately HK$4,230,000)) of the Group were pledged to secure a credit facility as at 31 December 2017.

The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$7,100,000 (equivalent to approximately HK$41,487,000) (31 December 2016: SG$6,500,000 (equivalent to approximately HK$34,793,000)) of which the amounts utilised as at 31 December 2017 were approximately SG$3,052,000 (equivalent to approximately HK$17,834,000) (31 December 2016: SG$3,840,000 (equivalent to approximately HK$20,552,000)). The banker's guarantee had been given in favour to international airlines.

As at 31 December 2017, cash collateral included in other receivables of approximately SG$565,000 (equivalent to approximately HK$3,301,000) (31 December 2016: SG$560,000 (equivalent to approximately HK$2,998,000)) was pledged for financial guarantees of SG$5,421,000 (equivalent to approximately HK$31,767,000) (31 December 2016: SG$3,708,000 (equivalent to approximately HK$19,848,000)), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

31. PLEDGE OF ASSETS *(Continued)*

At the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

32. OPERATING LEASES

The Group as lessee

	2017 HK$'000	2016 HK$'000
Minimum lease payments recognised under operating leases for premises during the year	**4,420**	4,570

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

	2017 HK$'000	2016 HK$'000
Within one year	**4,268**	3,008
In the second to fifth years inclusive	**5,962**	1,387
	10,230	4,395

Operating lease payments represent rentals paid or payable by the Group for certain of its office premises and office equipment. Leases are negotiated for lease term of one to three years (31 December 2016: one to four years).

33. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualified employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 or 5% of relevant salaries and allowances to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiary in Singapore are members of the Central Provident Fund Scheme ("CPF Scheme"), a state-managed retirement benefit scheme operated by the Singapore Government. The Group is required to contribute ranging from 12% to 16% of payroll costs to the Central Provident Fund Scheme to fund the benefit. The only obligation of the Group with respect of the Central Provident Fund Scheme is to make the specific contributions. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

33. RETIREMENT BENEFITS PLANS *(Continued)*

The total cost charged to consolidated statement of profit or loss and other comprehensive income approximately of HK$3,603,000 (2016: HK$3,678,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group in respect of the year ended 31 December 2017. As at 31 December 2017, contributions of HK$795,000 (31 December 2016: HK$742,000) due in respect of the respective year ended had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

34. FINANCIAL INFORMATION OF THE COMPANY

The information about the statement of financial position of the Company at the end of reporting period is as follows:

	Notes	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment		**24**	43
Interest in subsidiaries	(a) and (c)	**23,375**	1
Amount due from subsidiaries	(c)	**401,616**	–
		425,015	44
Current assets			
Other receivables		**230**	380
Amounts due from subsidiaries	(d)	**163,164**	439,155
Bank balances and cash		**6,541**	78,444
		169,935	517,979
Current liabilities			
Other payables		**(1,896)**	(2,079)
Net current assets		**168,039**	515,900
Net assets		**593,054**	515,944
Capital and reserves			
Share capital	29	**42,629**	35,524
Share premium and reserves	(b)	**550,425**	480,420
		593,054	515,944

34. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) The interest in subsidiaries represents the unlisted share measured at cost less impairment loss recognised.

(b) Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 Note (i)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	582,584	32,589	–	(289,140)	326,033
Loss for the year	–	–	–	(122,282)	(122,282)
Issue of ordinary shares	282,906	–	–	–	282,906
Transaction costs attributable to issue of ordinary shares	(6,237)	–	–	–	(6,237)
At 31 December 2016 and 1 January 2017	859,253	32,589	–	(411,422)	480,420
Loss for the year	–	–	–	(2,119)	(2,119)
Issue of ordinary shares	63,940	–	–	–	63,940
Transaction costs attributable to issue of ordinary shares	(2,656)	–	–	–	(2,656)
Recognition of equity-settled share-based payments	–	–	10,840	–	10,840
At 31 December 2017	920,537	32,589	10,840	(413,541)	550,425

The distributable reserves of the Company are amounted to HK$539,585,000 (2016: HK$480,420,000).

Note (i): The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(c) The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and repayable on demand. In the opinion of the directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly these amounts are classified as non-current. The amounts due from subsidiaries are discounted at an effective interest rate of 5.50% per annum, representing the borrowing rates of the relevant subsidiaries, with corresponding adjustments of HK$23,375,000 debited to investments in subsidiaries as deemed contribution to those subsidiaries.

(d) The amounts due from subsidiaries classified under current assets are unsecured, interest-free and repayable on demand. The directors expect these amount will be repaid within twelve months from the end of the reporting period, accordingly, these amounts are classified as current assets.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and share premium and reserves.

A subsidiary of the Group is licensed with Securities and Futures Commission of Hong Kong ("SFC"). The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF (FR) R") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. The management closely monitors, on a daily basis, the liquid capital level of that licensed subsidiary to ensure compliance with the minimum liquid capital requirements under the SF(FR) R.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

36. FINANCIAL INSTRUMENTS

36a. Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**523,635**	438,732
Financial assets at fair value through profit or loss	**26,619**	28,354
Financial liabilities		
Amortised cost	**49,553**	42,283

36b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk management

(i) Foreign currency risk management

Certain subsidiaries of the Group have pledged bank deposits and bank balances in foreign currencies, which expose the Group to foreign currency risk.

36. FINANCIAL INSTRUMENTS *(Continued)*

36b. Financial risk management objectives and policies *(Continued)*

***Market risk management** (Continued)*

(i) Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets	
	2017	2016
	HK$'000	HK$'000
USD	**44**	45
AUD	**250**	1,120
NZD	**195**	218
RMB	**19**	60

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in the functional currencies of each group entity against the above foreign currencies. 5% (2016: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD and items denominated in RMB in view of the insignificant amount involved. A positive number below indicates an increase in post-tax loss were the functional currency of each group entity to strengthen 5% (2016: 5%) against the relevant currencies. For a 5% (2016: 5%) weakening of functional currency of each group entity against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

	2017	2016
	HK$'000	HK$'000
AUD	**11**	56
NZD	**8**	11

36. FINANCIAL INSTRUMENTS *(Continued)*

36b. Financial risk management objectives and policies *(Continued)*

Market risk management *(Continued)*

(ii) Interest rate risk management

The Group's cash flow interest rate risk relates primarily to variable-rate pledged bank deposits (note 23), bank balances (note 23) and bank borrowings (note 26). The Group's cash flow interest rate results mainly from the fluctuations of market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to interest rates on pledged bank deposits, bank balances and bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2017 would increase by approximately HK$39,000 (2016: increase by approximately HK$33,000). Management does not expect a significant decrease of interest rate.

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated in listed equity securities quoted in open markets.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2016: 10%) loss for the year ended 31 December 2017 would decrease/increase by HK$2,223,000 (2016: HK$2,367,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

36. FINANCIAL INSTRUMENTS *(Continued)*

36b. Financial risk management objectives and policies *(Continued)*

Credit risk management

The Group's credit risk is primarily attributable trade and other receivables, loan receivables, pledged bank deposits, bank trust account balances and bank balances and cash.

As at 31 December 2017 and 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of those financial assets as stated in the consolidated statement of financial position.

At 31 December 2017, 95% of the Group's accounts receivables from brokerage business were due from one margin client and clearing house (2016: nil) in Hong Kong. The management performs periodic evaluations and customer reviews to ensure the Group's exposure to bad debts is not significant. The experience in the collection of accounts receivables falls within the expectation of the directors. In respect of amounts due from clients of the brokerage business, individual credit evaluations are performed on all clients (including cash and margin clients). Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

The Group has no concentration of credit risks on its outstanding trade and other receivables from the travel business as at 31 December 2017 and 2016. The Group's credit risk is primarily attributable to its trade receivables from the travel business. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt instrument at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

36. FINANCIAL INSTRUMENTS *(Continued)*

36b. Financial risk management objectives and policies *(Continued)*

Credit risk management *(Continued)*

In respect of its loan receivables, the carrying amount of loan receivables is HK$134,389,000 (2016: HK$131,588,000) as at 31 December 2017. The Group has concentration of credit risk as approximately 85.5% (2016: 88.5%) of the total loan receivables as at 31 December 2017 was due from two borrowers. The aggregate balance due from these two borrowers amounts to HK$114,856,000 as at 31 December 2017 (2016: HK$116,512,000), which is neither past due nor impaired. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. Impairment allowances on outstanding loan receivables are determined by an evaluation of financial background, as well as financial condition of and the anticipated receipts for that individual account, at the end of the reporting period.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit rating, loan receivables from two borrowers and accounts receivables from one margin client and clearing house in brokerage business, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers. The management currently is seeking new customer base to explore the market in order to reduce the reliance on the several major customers, and also mitigate concentrations of credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36. FINANCIAL INSTRUMENTS *(Continued)*

36b. Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

Liquidity tables

The following tables detail the Group's expected maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual cash flows of the financial liabilities. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's financial liabilities are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of financial liabilities.

	Weighted average interest rate	On demand	1 – 3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2017							
Non-derivative financial liabilities							
Trade and other payables	**–**	**40,038**	**–**	**–**	**–**	**40,038**	**40,038**
Bank borrowings – variable rate	**5.2**	**10,010**	**–**	**–**	**–**	**10,010**	**9,516**
		50,048	**–**	**–**	**–**	**50,048**	**49,554**
2016							
Non-derivative financial liabilities							
Trade and other payables	–	31,857	–	–	–	31,857	31,857
Bank borrowings – variable rate	4.1	10,853	–	–	–	10,853	10,426
		42,710	–	–	–	42,710	42,283

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 December 2017 and 31 December 2016, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$9,516,000 and HK$10,426,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment of the bank borrowings. The directors believe that such bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$10,010,000 (2016: HK$10,853,000).

36. FINANCIAL INSTRUMENTS *(Continued)*

36c. Fair value measurement of financial instruments

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

– 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– 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).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant Unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2017 HK$'000	31 December 2016 HK$'000				
Listed equity securities classified as financial assets at fair value through profit or loss	**26,619**	28,354	Level 1	Quoted bid prices in an active market	N/A	N/A

There were no transfers among Level 1 to 2 during the year.

36. FINANCIAL INSTRUMENTS *(Continued)*

36c. Fair value measurement of financial instruments *(Continued)*

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of other financial assets and financial liabilities excluding financial assets at fair value through profit or loss are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

36d. Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC on the same settlement date and the Group intends to set off on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which is being offset, amounts due from/to HKSCC and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

36. FINANCIAL INSTRUMENTS *(Continued)*

36d. Financial assets and financial liabilities offsetting *(Continued)*

As at 31 December 2017

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable from clients, brokers, dealers and clearing house	76,052	(74,645)	1,407	–	–	1,407
Deposits placed with clearing house	205	–	205	–	–	205
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payable clients, brokers, dealers and clearing house	92,198	(74,645)	17,553	–	–	17,553
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

As at 31 December 2016

As at 31 December 2016, there was no financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000 (Note 26)
At 1 January 2017	10,426
Net financing cash flows	(1,611)
Interest expenses	701
At 31 December 2017	9,516

38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2017 **HK$'000**	2016 HK$'000
Short-term employee benefits	**780**	723
Post-employment benefits	**30**	27
Equity-settled share-based payment expenses	**903**	–
	1,713	750

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel *(Continued)*

(b) During the year, the Group entered into the following transactions with related parties:

		2017 HK$	2016 HK$
Related companies (Note)	Management and administrative income	**4,950**	2,094
	Secretarial fee and other office expenses	**252**	212

Note: Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are directors of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2017 and 31 December 2016 are as follows:

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	
Durable Gold Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Trasy Holdings Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Management services/ Hong Kong
United Goldnet Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Treasury management and securities trading/ Hong Kong
Harvest Well International Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Investment holding/Hong Kong
Safe2Travel Pte Ltd.	Singapore	Ordinary SG$9,981,000	–	–	100	100	–	–	100	100	Licensed travel agent/ Singapore
Jade Emperor International Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Investment holding/ Hong Kong
Solution Apex Investments Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Treasury management/ Hong Kong
Time Tic Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company Direct 2017 %	Direct 2016 %	Indirect 2017 %	Indirect 2016 %	Proportion of voting power held by the Company Direct 2017 %	Direct 2016 %	Indirect 2017 %	Indirect 2016 %	Principal activities/ place of operation
Perfect Well Tours Limited	Hong Kong	Ordinary HK$500,000	–	–	100	100	–	–	100	100	Licensed travel agent/ Hong Kong
Long Joy Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Global Mastermind Financial Service Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	Money lending business/ Hong Kong
Global Mastermind Asset Management Limited	Hong Kong	Ordinary HK$4,500,000	–	–	100	100	–	–	100	100	Asset management business/ Hong Kong
Global Mastermind Securities Limited	Hong Kong	Ordinary HK$100,000,000	–	–	100	100	–	–	100	100	Dealing in securities and advising on securities business/ Hong Kong
Global Mastermind Investments Limited	Hong Kong	Ordinary HK$5,000,000	–	–	100	–	–	–	100	–	In the application of applying licence of asset management/ Hong Kong
Global Mastermind Future Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	–	–	–	100	–	In the application of applying licence of dealing in future contracts/ Hong Kong
Hope Master Investments Limited	British Virgin Islands	Ordinary USD1	–	–	100	100*	–	–	100	100*	Property holding/ Hong Kong
Famous Flamingo Limited	British Virgin Islands	Ordinary USD1	–	–	100	100*	–	–	100	100*	Property holding/ Hong Kong

* Hope Master and Flamous Flamingo are newly acquired during the year ended 31 December 2016 (see note 28).

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place	Number of subsidiaries	
		2017	2016
Investment holding	British Virgin Islands	**3**	2
Investment holding	Hong Kong	**1**	–
Investment holding	Cayman Islands	**1**	–
Inactive	British Virgin Islands	**1**	1
Inactive	Hong Kong	**3**	3
Inactive	Cayman Islands	**1**	–
		10	6