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 2019

*For identification purposes only

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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

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Financial Summary

RESULTS

For the year ended 31 December

	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000	Note 2015 HK$'000
Service income from provision of travel related services	**26,019**	31,896	33,907	37,374	41,243
Interest income from money lending business	**29,084**	16,528	14,331	9,281	–
Commission income from securities brokerage	**4,322**	4,052	511	–	–
Interest income from margin financing	**4,619**	2,603	20	–	–
Interest income from initial public offering ("IPO") financing	**–**	12	13	–	–
Handling and settlement income arising from securities brokerage	**5,738**	5,143	767	–	–
Asset management fee income	**540**	362	–	–	–
Advisory fee income from corporate finance	**250**	–	–	–	–
Net realised gain (loss) on securities investment	**5,068**	3,802	1,221	(3,643)	99
Net unrealised (loss) gain on securities investment	**(4,506)**	(7,960)	5,313	174	(2,705)
Sales of hotel rooms	**–**	–	–	–	15,498
Costs of sale of hotel rooms	**–**	–	–	–	(14,075)
Other income, other gains and losses	**5,640**	9,747	13,760	6,713	7,624
Staff costs	**(54,004)**	(46,982)	(52,921)	(39,525)	(41,121)
Depreciation and amortisation expenses	**(8,927)**	(5,712)	(8,492)	(11,342)	(10,079)
Impairment loss on intangible assets	**–**	(4,212)	(16,000)	(19,000)	(21,000)
Impairment loss on loan receivables	**(12,762)**	(13,304)	–	–	–
Impairment loss on trade receivables	**(11,775)**	(24,306)	–	–	–
Impairment loss on interest in a joint venture	**(6,000)**	–	–	(2,845)	–
Impairment loss on available-for-sale investments	**–**	–	–	(13,886)	(88,200)
Other expenses	**(22,285)**	(35,796)	(21,894)	(20,739)	(19,954)
Share of (loss) profit of a joint venture	**(2,002)**	71	66	701	1,853
Finance costs	**(14,919)**	(2,063)	(701)	(2,755)	(737)
Loss before tax	**(55,900)**	(66,119)	(30,099)	(59,492)	(131,554)
Income tax credit	**1,307**	1,463	1,650	3,700	5,372
Loss for the year	**(54,593)**	(64,656)	(28,449)	(55,792)	(126,182)

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 have been reclassified to conform to the current year's presentation.

ASSETS AND LIABILITIES

As at 31 December

	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	**918,540**	831,759	732,568	662,315	437,869
Total liabilities	**(301,646)**	(161,454)	(64,512)	(59,944)	(80,438)
Equity attributable to owner of the Company	**616,894**	670,305	668,056	602,371	357,431

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Directors**" and the "**Board**", respectively), I am pleased to present the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 to the shareholders of the Company (the "**Shareholders**").

RESULTS

During the year under review, the Group recorded revenue of approximately HK$75,640,000, representing an increase of about 17.5% as compared to HK$64,398,000 of last year. The increase was mainly contributed by the increase in the revenue of the money lending business, the financial services business and the net realised gain on securities investment. Loss attributable to owners of the Company was approximately HK$54,593,000, representing a decrease of approximately 15.6 % as compared to the loss of HK$ 64,656,000 in 2018. The decrease in loss was mainly contributed by (i) the increase in consolidated revenue of the Group; and (ii) the decrease in recognition of an impairment loss arising from the loss allowance on the expected credit loss of the trade receivables in the current year.

The Board does not recommend the payment of any dividend for the year ended 31 December 2019.

BUSINESS DEVELOPMENT

The principal activities of the Group are the provision and operation of travel business, treasury management business, money lending business and provision of securities, futures, asset management and financial advisory services.

In order to provide a more comprehensive financial services to our clients, on 12 July 2018, the Group had lodged an application to the Securities and Futures Commission (the "**SFC**") for the licence of advising on corporate finance (Type 6 regulated activity under the Securities Futures Ordinance, the "**Advising on Corporate Finance Business**"), which was granted by the SFC on 11 March 2019. The Group commenced such business on the second half of 2019.

PROSPECT

In accordance with the statistics of the HKSAR Government, the Hong Kong economy contracted by 1.2% for 2019 as a whole. The local social incidents in the second half of 2019 dealt a heavy blow to economic sentiment and consumption and tourism-related activities which led to the Hong Kong economy abruptly recorded sharp contractions in the third and fourth quarters of 2019. The Board believes that the economic outlook in Hong Kong for 2020 should continue to be challenging as other uncertain events such as the continuous US-China trade conflict and the development of the novel coronavirus infection cast a shadow over the development of the economy and the financial market in Hong Kong. The Board also foresees the current outbreak of the novel coronavirus disease 2019 could have a deteriorated impact on the Group's travel business in Singapore and Malaysia. The management will constantly review the market condition and adjust the Group' s business strategy to counter the contingent risks as and when appropriate. However, the Board recognises 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 and continue to put our best efforts to produce good economic results and better return to the Shareholders.

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 2020

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") recorded a loss attributable to owners of the Company of HK$54,593,000 for the year ended 31 December 2019 (for the year ended 31 December 2018: HK$64,656,000), representing basic loss per share of HK1.28 cents (for the year ended 31 December 2018: HK1.52 cents). The decrease in loss attributable to owners of the Company was mainly contributed by increase in consolidated revenue and decrease in impairment loss arising from the loss allowance on the expected credit loss of trade receivables during the reporting period.

Revenue and profitability

An analysis of the Group's consolidated revenue for the year ended 31 December 2019 and 2018 was as follows:

	2019 HK$'000	2018 HK$'000
Service income from provision of travel related services	26,019	31,896
Interest income from money lending business	29,084	16,528
Net realised gain on securities investment	5,068	3,802
Revenue derived from financial services business	15,469	12,172
	75,640	64,398

For the year ended 31 December 2019, the consolidated revenue of the Group amounted to HK$75,640,000, comprised of (i) service income from provision of travel related services of HK$26,019,000 (for the year ended 31 December 2018: HK$31,896,000); (ii) interest income from money lending business of HK$29,084,000 (for the year ended 31 December 2018: HK$16,528,000); (iii) net realised gain on securities investment of HK$5,068,000 (for the year ended 31 December 2018: net realised gain of HK$3,802,000); and (iv) revenue derived from financial services business of HK$15,469,000 (for the year ended 31 December 2018: HK$12,172,000) (including commission income from securities brokerage; interest income from margin financing and initial public offering ("**IPO**") financing; handling and settlement income arising from securities brokerage; asset management fee income; and advisory fee income from corporate finance), representing an increase of 17.5% as compared to HK$64,398,000 for the year ended 31 December 2018. The increase was mainly contributed by the significant increase in the interest income from money lending business.

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.

For the year ended 31 December 2019, approximately 34.4% or HK$26,019,000 (for the year ended 31 December 2018: HK$31,896,000) of the total consolidated revenue was derived from the provision of travel related services.

Following the completion of the disposal of Perfect Well Tours Limited on 27 December 2018, all revenue in the travel business segment was derived from the market in Singapore for the year ended 31 December 2019. For the year ended 31 December 2018, the revenue of HK$30,815,000 and HK$1,081,000 were 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$29,084,000 for the year ended 31 December 2019 (for the year ended 31 December 2018: HK$16,528,000), representing approximately 38.5 % of the total consolidated revenue.

For treasury management business, net realised gain of HK$ 5,068,000 was generated from securities investment (for the year ended 31 December 2018: net realised gain of HK$3,802,000), representing approximately 6.7 % of the total consolidated revenue for the year end ended 31 December 2019.

For the financial services business, revenue of HK$15,469,000 (for the year ended 31 December 2018: HK$12,172,000), representing approximately 20.4% of the total consolidated revenue for the year ended 31 December 2019, was generated, including (i) commission income from securities brokerage of HK$4,322,000 (for the year ended 31 December 2018: HK$4,052,000); (ii) interest income from margin financing and IPO financing of HK$4,619,000 (for the year ended 31 December 2018: HK$2,615,000); (iii) handling and settlement income arising from securities brokerage of HK$5,738,000 (for the year ended 31 December 2018: 5,143,000); (iv) asset management fee income of HK$540,000 (for the year ended 31 December 2018: HK$362,000); and (v) advisory fee income from corporate finance of HK$250,000 (for the year ended 31 December 2018: Nil).

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2019 amounted to HK$5,640,000, representing a decrease of 42.1% as compared to HK$9,747,000 of last year.

Incentive income from ticketing system decreased by 67.2% to HK$1,563,000 for the year ended 31 December 2019 as compared to HK$4,764,000 of last year.

Following three properties held for own-use have been changed for rental purpose since October 2018, rental income was significantly increased by 3.71 times to HK$5,026,000 for the year ended 31 December 2019 as compared to HK$1,067,000 of last year.

For the six months ended 30 June 2019, the Group measured its investment properties in Hong Kong at fair values based on a valuation prepared by APAC Appraisal and Consulting Limited ("**APAC**"), an independent professional qualified valuer not connected to the Group and recognised a loss of HK$6,400,000 arising on fair value changes of investment properties. As at 31 December 2019, the Group further measured its investment properties in Hong Kong at fair values valued based on a valuation prepared by APAC and additional loss of HK$300,000 arising on fair value changes of investment properties was recognised. An aggregate loss of HK$6,700,000 arising on fair value changes of investment properties was recognised for the year ended 31 December 2019.

Expenditure

For the year ended 31 December 2019, staff costs amounted to HK$54,004,000 (for the year ended 31 December 2018: HK$46,982,000). Depreciation and amortisation expenses amounted to HK$8,927,000 (for the year ended 31 December 2018: HK$5,712,000). Other expenses amounted to HK$22,285,000 (for the year ended 31 December 2018: HK$35,796,000).

The increase in staff costs in the current year was mainly attributed to the increase in directors' emoluments and staff costs of financial services business.

The increase in depreciation and amortisation expenses in the current year was mainly the results of the application of Hong Kong Financial Reporting Standard ("**HKFRS**") 16 "Leases".

The other expenses are mainly comprised of: (i) handling fee and commission arising from brokerage business of HK$7,339,000 (for the year ended 31 December 2018: HK$6,352,000); (ii) legal and professional fee of HK$2,088,000 (for the year ended 31 December 2018: HK$2,497,000; (iii) travelling expenses of HK$1,659,000 (for the year ended 31 December 2018: HK$1,825,000; (iv) bank charges of HK$1,173,000 (for the year ended 31 December 2018: HK$2,843,000); and (v) telecommunication expenses of HK$1,067,000 (for the year ended 31 December 2018: HK$1,229,000).

Impairment loss on loan receivables

With effect from 1 January 2018, the Group adopted the HKFRS 9 "Financial Instruments" that has changed the Group's impairment model by replacing Hong Kong Accounting Standard 39 "incurred loss model" to "expected credit loss ("**ECL**") model".

The Group performs impairment assessment by applying HKFRS 9 general approach for all loan receivables on the basis of allowance of 12-month ECL for items without significant increase in credit risk since initial recognition and lifetime ECL for items with significant increase in credit risk since initial recognition with reference to ECL valuation prepared by Grant Sherman Appraisal Limited ("**Grant Sherman**"), an independent professional qualified valuer not connected to the Group.

For the six months ended 30 June 2019, based on the valuation report prepared by Grant Sherman, an allowance for ECL for the loan receivables of HK$10,061,000 (for the six months ended 30 June 2018: Nil) was recognised. As at 31 December 2019, an additional allowance for ECL for the loan receivables of HK$2,701,000 (for the year ended 31 December 2018: HK$13,304,000) was further recognised in accordance with Grant Sherman's valuation report. An aggregate of allowance for ECL for the loan receivables of HK$12,762,000 (for the year ended 31 December 2018: HK$13,304,000) was recognised for the year ended 31 December 2019. The assessments of the ECL for two loan receivables were based on lifetime ECL and the rest of the loan receivables were based on 12-month ECL for both years.

The ECL of loan receivables is calculated as the product of the three factors: (1) gross credit exposure; (2) probability of default over 12 months following the reporting date for 12-month ECL or over the entire life following the reporting date for lifetime ECL; and (3) recovery rate in case of insolvency in Hong Kong or China. The probability of default is derived through the application of a linear multiple regression model, which estimates the statistical relationship between a dependent variable and multiple independent variables. To reflect any current or forward-looking information affecting the borrowers' ability to settle the loans, certain adjustments have been made in the process of deriving the appropriate probability of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecasts of future economic conditions.

Impairment loss on trade receivables

For the six months ended 30 June 2019, an allowance for ECL for the trade receivables of the travel business in Singapore of HK$11,507,000 (for the six months ended 30 June 2018: Nil) was recognised. As at 31 December 2019, an additional allowance for ECL for the trade receivables of the travel business in Singapore of HK$268,000 (for the year ended 31 December 2018: HK$24,306,000) was further recognised. An aggregate of allowance for ECL for the trade receivables of HK$11,775,000 (for the year ended 31 December 2018: HK$24,306,000) was recognised for the year ended 31 December 2019. The allowance for ECL for the trade receivables of the travel business in Singapore for both years were based on the assessments performed by Norton Appraisals Holdings Limited ("**Norton Appraisals**"), an independent professional qualified valuer not connected to the Group. The assessments were carried out in accordance with the definition and standard laid down by HKFRS 9.

The Group performs impairment assessment by applying HKFRS 9 simplified approach for all trade receivables on the basis of allowance of lifetime ECL for items with reference to ECL valuation prepared by Norton Appraisals. The ECL for trade receivables were assessed on both individual and collective basis. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due.

The ECL of trade receivables is calculated as the product of the three factors: (1) probability of default over the entire life following the reporting date for lifetime ECL; (2) exposure at default; and (3) recovery ratio. The probability of default is the expected default rate determined with reference to both qualitative and quantitative factors regarding the trade receivables which included but not limited to repayment history, debtor's credit ratings and financial position, and economic outlook. Exposure at default is equivalent to the sum of outstanding principal and accrued interest of the receivables. The determination of recovery ratio refers to the value of collaterals and other pertinent factors. Different scenarios are constructed to assess the potential magnitude of ECL. After assigning an expected probability to respective scenarios, ECL will end up being the scenario-weighted figure.

Impairment loss on a joint venture

As at 31 December 2019, the management of the Company, with the assistance of Ascent Partners Valuation Service Limited ("**Ascent Partners**"), an independent professional qualified valuer not connected to the Group, performed a business valuation on our interest in the joint venture of the travel business in Malaysia. The test of impairment loss on the investment in the joint venture is calculated based on the recoverable amounts of the asset or its cash generating unit ("**CGU**") of the travel business in Malaysia.

The management expects our joint venture travel business in Malaysia to be negatively impacted by the current novel coronavirus disease 2019 which will have a serious impact to our current domestic inbound travel business. In addition, the sudden lockdown of Malaysia by restricting all visitors coming into Malaysia will be foreseen to pose a negative effect on the upcoming financial results, its expected future cash inflows, and consequently the recoverable amount of the interest in the joint venture.

With reference to the valuation report prepared by Ascent Partners, which indicated the recoverable amounts of the CGU was below the carrying amount of the interest in the joint venture. On this basis, for the year ended 31 December 2019, an impairment loss on the interest in the joint venture of the travel business in Malaysia of HK$6,000,000 was recognised (for the year ended 31 December 2018: Nil). The detail methodology and basis of the assessment of the impairment loss on the investment in the joint venture was set out in note 21 to the consolidated financial statements.

Finance costs

For the year ended 31 December 2019, the finance costs of HK$14,919,000 (for the year ended 31 December 2018: HK$2,063,000), out of which (i) HK$ 603,000 was attributed to the interest on short term bank borrowings (for the year ended 31 December 2018: HK$933,000); (ii) HK$8,449,000 was attributed to the imputed interest expense on convertible bonds issued on 13 November 2018 (for the year ended 31 December 2018: HK$1,130,000); (iii) HK$5,041,000 was attributed to the interest expense on other borrowing (for the year ended 31 December 2018: Nil); and (iv) HK$826,000 was attributed to the interest expenses on lease liabilities (for the year ended 31 December 2018: Nil).

Share of (loss) 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 (the "**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 during the period of 10 years from the date of the Option Agreement. 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 financial statements of DOH, the Group shared a loss from the joint venture amounting to HK$2,002,000 (for the year ended 31 December 2018: a profit from the joint venture of HK$71,000). The loss is due to the profitability of the travel business in Malaysia is facing pressure from the rising costs of operations and stiff price driven competition.

BUSINESS REVIEW

Travel business

During the year under review, the performance of the segment in travel business was not satisfactory. The Group's travel segment has been affected by the volatile global economic instability due to the continuous conflicts between the United States and China; and continued to operate under the highly stiff price sensitive competition from our local competitors in Singapore as well as globalised travel management companies. As a result, we have noticed the continuous increasing demands on reducing fees from our corporate clients, reducing commissions from our key vendors and losing some of our usual group movements due to the sensitive pricing competition which has impacted our both overall revenue and profit margin. In addition, the price destruction from major online travel agencies has also affected the purchasing behaviors of our major clients to include low cost carriers as well as shopping online has affected our top line revenues due to the lower fares' consumption. All these factors exerted pressure on the Group's travel business in Singapore which led to a decrease in revenue to HK$26,019,000 for the year ended 31 December 2019 (for the year ended 31 December 2018: HK$30,815,000). No revenue was generated from the travel business in Hong Kong after the disposal of Perfect Well Tours Limited on 27 December 2018 (for the year ended 31 December 2018: HK$1,081,000). The revenue in this segment decreased to HK$26,019,000 for the year ended 31 December 2019 (for the year ended 31 December 2018: HK$31,896,000), representing a decrease of 18.4% as compared to last corresponding year. As at 31 December 2019, the Group had gross trade receivables from travel business in Singapore, before accumulated loss allowance of ECL, of approximately HK$149,567,000 (31 December 2018: HK$144,810,000). During the year under review, an aggregate loss allowance on the ECL of the trade receivables of HK$11,775,000 (for the year ended 31 December 2018: HK$24,306,000) was provided, based on valuations prepared by an independent professional qualified valuer not connected to the Group. As at 31 December 2019, the accumulated loss allowance of ECL was of HK$36,081,000 (31 December 2018: HK$24,306,000).

Money lending business

During the year under review, the Group's money lending business generated interest income on loans of HK$29,084,000 (for the year ended 31 December 2018: HK$16,528,000), representing an increase of 76.0% as compared to that of last year. The increase was contributed by the increase in the average monthly balance of loan receivables (before accumulated loss allowance for ECL and accrued interest receivables), which increased from HK$159,981,000 in 2018 to HK$275,353,000 in 2019. During the year under review, the Group granted new loans in the aggregate principal amount of HK$109,000,000 (2018: HK$135,000,000) to its customers and received prepayment and repayment of HK$995,000 (2018: HK$54,424,000) from its customers. As at 31 December 2019, the Group's loans receivables together with accrued interest receivables, before accumulated loss allowance of ECL, amounted to HK$325,269,000 (31 December 2018: HK$216,940,000). During the year under review, an aggregate loss allowance on the ECL of the loan receivables of HK$12,762,000 (for the year ended 31 December 2018: HK$13,304,000) was provided, based on valuations prepared by an independent professional qualified valuer not connected to the Group. As at 31 December 2019, the accumulated loss allowance of ECL was of HK$26,066,000 (31 December 2018: HK$13,304,000). Return on loans receivables (before accumulated loss allowance for ECL and accrued interest receivable) for the year ended 31 December 2019 is 10.6% (31 December 2018: 10.3%).

Treasury management business

During the year under review, the Group acquired Hong Kong equities with the aggregate market value of HK$15,145,000. For the last corresponding year, the Group acquired Hong Kong equities and Shenzhen A-Share equities with the aggregate market value of HK$102,493,000 and RMB4,873,000 (equivalent to HK$5,918,000) respectively.

In addition, the Group disposed Hong Kong equities and Shenzhen A-Share equities with market value of HK$28,010,000 (for the year ended 31 December 2018: HK$51,201,000) and RMB4,641,000 (equivalent to HK$5,427,000) (for the year ended 31 December 2018: Nil) respectively, with a carrying amount of financial assets at fair value through profit or loss plus transaction costs of HK$24,026,000 (for the year ended 31 December 2018: HK$47,664,000) and RMB3,967,000 (equivalent to HK$4,509,000 (for the year ended 31 December 2018: Nil). Adding the dividend income from securities investment of HK$166,000 (for the year ended 31 December 2018: HK$265,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK$5,068,000 (for the year ended 31 December 2018: HK$3,802,000). At 31 December 2019, the Group measured its equity portfolio at market prices and recorded an unrealised loss of HK$4,506,000 (for the year ended 31 December 2018: an unrealised loss of HK$7,960,000) arising on change in fair values of financial assets at fair value through profit or loss.

Financial services business

During the year under review, the revenue in this segment increased by 27.1% to HK$15,469,000 (for the year ended 31 December 2018: HK$12,172,000).

Commission income from securities brokerage for the reporting period increased by 6.7% to HK$4,322,000 (for the year ended 31 December 2018: HK$4,052,000).

Interest income from margin financing and IPO financing for the reporting period increased by 76.6% to HK$4,619,000 (for the year ended 31 December 2018: HK$2,615,000). The total outstanding loan of securities margin financing as at 31 December 2019 amounted to HK$71,862,000 (as at 31 December 2018: HK$18,714,000). No impairment loss on margin client receivables was charged during the year (for the year ended 31 December 2018: Nil).

The handling and settlement income arising from securities business increased by 11.6% to HK$5,738,000 (for the year ended 31 December 2018: HK$5,143,000).

The asset management fee income increased by 49.2% to HK$540,000 (for the year ended 31 December 2018: HK$362,000).

On 11 March 2019, Global Mastermind Securities Limited ("**Global Mastermind Securities**"), an indirect wholly-owned subsidiary of the Company, was granted by the Securities and Futures Commission for the licence to carry on Type 6 (Advising on corporate finance) regulated activity (the "**Advising on Corporate Finance Business**") under the Securities and Futures Ordinance. Revenue in the sum of HK$250,000 (for year ended 31 December 2018: Nil) was generated from Advising on Corporate Finance Business during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the year. As at 31 December 2019, the working capital, calculated by current assets less current liabilities, of the Group was HK$386,457,000 compared to HK$422,282,000 as at 31 December 2018.

As at 31 December 2019, the Group's current ratio was 2.3 times (as at 31 December 2018: 6.0 times), calculated by current assets of HK$684,626,000 (31 December 2018: HK$506,608,000) divided by current liabilities of HK$298,169,000 (31 December 2018: HK$84,326,000). The decrease in current ratio was mainly attributed to (i) the increase in short term bank borrowings and other borrowing; and (ii) liability component of convertible bonds, which is repayable within one year.

As at 31 December 2019, the Group's gearing ratio, expressed as percentage of total borrowings, including the liability component of convertible bonds, lease liabilities/obligations under finance lease, bank and other borrowings, of the Group to total equity attributable to owners of the Company, was 36.7%, as compared with 13.7% as at 31 December 2018. The significant increase was mainly attributed to the increase in bank and other borrowings, and lease liabilities recognised from the adoption of HKFRS 16 "Leases" during the year.

During the year under review, net cash used in operating activities amounted to HK$148,992,000 (for the year ended 31 December 2018: net cash used in operating activities of HK$175,951,000). Net cash used in investing activities for the year was HK$2,259,000 (for the year ended 31 December 2018: net cash generated from investing activities of HK$3,169,000). Net cash generated from financing activities amounted to HK$101,774,000 (for the year ended 31 December 2018: net cash generated from financing activities of HK$84,101,000). As a result, cash and cash equivalents of the Group as at 31 December 2019 was HK$97,031,000, compared with HK$146,440,000 as at 31 December 2018. The decrease in cash and cash equivalent was mainly attributed to the net cash outflow from money lending business during the year under review.

CAPITAL STRUCTURE

As at 31 December 2019, the Company has 4,262,867,050 shares of HK$0.01 each (the "**Shares**") in issue.

On 16 May 2019, a loan of HK$100,000,000 was granted by a finance company to the Company, which was interest bearing at 8.00% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive Director and a shareholder of the Company, and maturing on 15 November 2019. On 28 November 2019, a supplemental agreement was entered into between both parties, pursuant to which the maturity date of the loan agreement was extended to 15 May 2020.

As at 31 December 2019, the total borrowings of the Group amounted to HK$226,222,000 (31 December 2018: HK$91,879,000), representing the liability component of the convertible bonds of HK$78,058,000 (31 December 2018: HK$76,009,000); other borrowing of HK$100,000,000 (31 December 2018: Nil), which is repayable within one year; lease liabilities/obligations under finance lease of HK$12,183,000 (31 December 2018: HK$1,308,000); and short term bank borrowings of HK$35,981,000 (31 December 2018: HK$14,562,000), which are repayable within one year.

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 exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2019, the net carrying amount of trade receivables from travel business in Singapore amounting to Singapore Dollar ("**SG$**") 19,647,000 (equivalent to approximately HK$113,486,000) (31 December 2018: SG$21,026,000 (equivalent to approximately HK$120,504,000)) and deposit and prepayment for a life insurance policy of US$899,000 (equivalent to approximately HK$7,010,000) (31 December 2018: nil) have been pledged to a bank in Singapore by way of a floating charge. In addition, bank deposits of nil (31 December 2018: SG$222,000 (equivalent to approximately HK$1,272,000)) of the Group were pledged to secure a credit facility as at 31 December 2019.

As at 31 December 2019, banking facilities in an aggregate sum of HK$49,007,000 (31 December 2018: HK$50,692,000) were available to the Group. Details of the banking facilities are as follows:

A bank in Singapore has provided accounts receivables financing and commercial card guarantee to Safe2Travel Pte Ltd ("**Safe2Travel**"), an indirect wholly-owned subsidiary of the Company, in an aggregate amount of approximately SG$5,600,000 (equivalent to approximately HK$32,347,000) and life insurance premium financing loan and term loan in an aggregate amount of US$854,000 (equivalent to approximately HK$6,660,000) (31 December 2018: banker's guarantee, bank overdrafts and commercial card guarantee in an aggregate amount of approximately SG$7,100,000 (equivalent to approximately HK$40,692,000)), of which the amounts utilised as at 31 December 2019 were approximately SG$5,145,000 (equivalent to approximately HK$29,718,000) and US$845,000 (equivalent to approximately HK$6,592,000) (31 December 2018: SG$5,123,000 (equivalent to approximately HK$29,359,000)). The banker's guarantee for travel business in Singapore had been given in favour to international airlines as at 31 December 2018 (31 December 2019: nil).

A bank in Hong Kong has provided a shares overdraft facility to Global Mastermind Securities for securities brokerage business in an aggregate amount of HK$10,000,000 (31 December 2018: HK$10,000,000). No amount of the shares overdraft facility has been utilised and no securities have been pledged to the bank as at 31 December 2019 and 2018.

As at 31 December 2019, cash collateral placed by the Group and included in other receivables of approximately SG$640,000 (equivalent to approximately HK$3,697,000) (31 December 2018: SG$640,000 (equivalent to approximately HK$3,668,000)) was pledged for financial guarantees of SG$3,216,000 (equivalent to approximately HK$18,574,000) (31 December 2018: SG$3,663,000 (equivalent to approximately HK$20,993,000)), 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, the Group does not consider it is probable that a claim will be made against the Group.

Restrictions on assets

In addition, lease liabilities of HK$12,183,000 are recognised with related carrying amounts of the right-of-use assets of HK$12,589,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2019.

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 2019.

FUTURE BUSINESS STRATEGIES

The travel business environment is continuing to be challenging. The Group's profitability of travel business in Singapore is facing pressure from the rising costs of operations and stiff price driven competition. In addition, it has come to our serious concerns on the current novel coronavirus disease 2019 impacting our current travel business as most of the business travel have been significantly reduced in accordance with the recommendations from World Travel Organisation or/and World Health Organisation or/and respective governments around the world. Moreover, the recent outbreak of the novel coronavirus disease 2019 affects our domestic inbound travel business of the joint venture company in Malaysia resulting in further decline of global tourist arrivals. We foresee that the negative global travel ban will cause unavoidable negative financial impacts for our travel segment in the upcoming year. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The outbreak of the novel coronavirus disease 2019 and the continuous US-China trade conflict which has dampened the local economy, the management anticipates that China and Hong Kong financial markets are still unstable and volatile in the upcoming year. The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor China and Hong Kong equity markets, 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 management will conduct an on-going monitoring approach to and communicate with its clients in a more frequent manner so as to obtain thorough information and understanding of the needs of clients. In addition, the management will adopt a more cautious approach during their assessments and approval of new loans in order to mitigate its credit risk.

Following the grant of the licence of Advising on Corporate Finance Business on 11 March 2019, the management believes that a more comprehensive and wide range of financial services can be provided to our clients in order to increase and broaden the income stream in the future. The Group will seek for and allocate more resources to further develop such business, In addition, in view of the recent volatile financial market condition, the Group will adopt a more cautious approach to the credit control of its margin financing business.

EVENTS AFTER THE REPORTING PERIOD

Impact of the Novel Coronavirus Disease 2019

Since the outbreak of the Novel Coronavirus Disease 2019 ("COVID-19") across the countries from in January 2020, the prevention and control of the COVID-19 has been going on throughout the affected countries.

At present, the domestic securities market operates smoothly and the Group's operation is generally stable, while the COVID-19 epidemic may affect the operation of enterprises in certain provinces, cities and certain industries, as well as the overall economic situation, and may have a further impact on the capital market, securities market, securities industry, travel business as well as certain businesses of the Group to a certain extent. And the degree of impact will depend on the situation and duration of the epidemic prevention and control, and the implementation of national economic and industrial control policies.

The direction of deepening reform of the capital market remains unchanged, and the impact of the epidemic will not change the overall trend of the securities industry. The Group will continue to pay close attention to the development of the COVID-19 epidemic situation as well as the various control policies, assess and react actively to its impacts on the financial position and operating results of the Group.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 31 December 2019 and 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. Investors are advised to make their own judgment or consult their own investment advisers before making any investment in the shares.

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and intense and/or price driven competition faced by the travel business and brokerage 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 that any downturn in economic conditions, including arisen from the political unrest with large-scale protests and novel coronavirus disease 2019, could impact the Group's performance.	• Regularly track and closely monitor the trends of macro economy and investment equities markets. • 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. • Establish and implement business contingency plans if business is disrupted by non-controllable events.
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.

Principal risks	Description	Mitigating actions
		• Margin calls are made when the outstanding balances due from margin customers exceed their respective limits with consideration of the credibility of the customers and quality and liquidity of the stocks the customers held. • Failure or long outstanding to meet margin calls may result in prohibition of further purchases of securities or liquidation of the customer's position.
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 its 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 markets. • Ensure acceptable and appropriate finance in place or available before committing investment projects. • Maintain revolving loan facilities and bank overdraft facilities etc. to meet any contingency in operations.

Principal risks	Description	Mitigating actions
Price risk	Price risk is the risk of fluctuations of fair value on financial assets and investment properties will affect the Group's income and the value of its holdings of equities.	• Frequently review and monitor investment portfolio to ensure prompt action taken and the loss arising from the changes in the fair values is capped within an acceptable range. • 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 cash flow 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 that loss of the services of any directors, senior management and other key personnel could have a material adverse effect on the Group's business operations and financial performance.	• Provide attractive and competitive reward and benefit packages to retain the experienced, qualified and competent employees we need. • Provide the right working environment to its staff to enable them to do the best job possible and maximise their satisfaction at work.
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.

Principal risks	Description	Mitigating actions
Information technology risk	Information technology risk is the risk on 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 of the Group's IT system by including but not limited to upgrade appropriate new generation of firewall and anti-virus software 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. Doubled-sided printing and copying, promoting to use recycled paper and reducing energy consumption 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

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact of the Company.

During the year, the Group has complied with applicable laws and regulations such as Travel Agents Act applicable for its travel business in Singapore; Money Lenders Ordinance and Money Lenders Regulations for its money lending business in Hong Kong; Securities and Futures Ordinance for its financial services business in Hong Kong; the GEM Listing Rules; the Hong Kong Companies Ordinance (Cap. 622) and other applicable laws and regulations in which the Group operates.

For the year ended 31 December 2019, 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 and the largest customer were in 34.1% and 10.9% of the Group's total consolidated revenue respectively.

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 Share Option Scheme is set out in note 37 of the consolidated financial statements.

EMPLOYEES INFORMATION

As at 31 December 2019, the total number of employees of the Group was 106.

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 provident 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 54, was appointed as the chairman and executive Director on 16 December 2016. He is also a director of a subsidiary of the Company. He has over 30 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 ("**Eternity Investment**" Stock Code: 764), a company listed on the Main Board of the Stock Exchange, since 1 February 2011. On 28 October 2019, Mr. Cheung was re-appointed as an executive director and the vice-chairman of China Healthwise Holdings Limited ("**China Healthwise**", Stock Code: 348), a company listed on the Main Board of the Stock Exchange. Mr. Cheung was an executive director of China Healthwise from 11 October 2016 to 15 December 2016. From 26 June 2015 to 3 April 2018, Mr. Cheung was an executive director of Man Sang International Limited (Stock Code: 938), a company listed on the Main Board of the Stock Exchange.

As at the date of this report, Mr. Cheung was indirectly interested in 583,832,803 shares of Eternity Investment, representing approximately 15.29% of the issued share capital of Eternity Investment which in turn held 1,237,750,000 shares of the Company, representing approximately 29.04% of the issued share capital of the Company.

Mr. Mung Kin Keung ("Mr. Mung"), aged 59, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree 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 ("**GMC**", Stock Code: 905), a company listed on the Main Board of the Stock Exchange, since 9 March 2007. From 20 February 2019 to 28 June 2019, Mr. Mung was re-appointed as an executive director and the co-chairman of CWT International Limited ("**CWT International**", Stock Code: 521), a company listed on the Main Board of the Stock Exchange. Mr. Mung was an executive director of CWT International from 16 February 2009 to 3 June 2015, during which he was redesignated as a vice-chairman on 10 May 2010 and re-designated as a co-chairman on 24 October 2013, until his resignation on 3 June 2015. From 1 February 2018 to 3 August 2018, Mr. Mung was appointed as the vice-chairman and an executive director of Tysan Holdings Limited (formerly known as Hong Kong International Construction Investment Management Group Co., Limited, Stock Code: 687), a company listed on the Main Board of the Stock Exchange.

Mr. Mung is the father of Mr. Mung Bun Man, Alan, ("**Mr. Alan Mung**") an executive Director of the Company. As at the date of this report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 12.48% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung and 40% by Mr. Alan Mung.

Mr. Alan Mung, aged 33, was appointed as an executive Director on 24 March 2014 and the managing Director on 16 December 2016. He is also the compliance officer, a director of certain subsidiaries of the Company, the chairman of corporate governance committee (the "**Corporate Governance Committee**") and a member of each of remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination 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 GMC from 12 November 2010 to 3 April 2013 and has been re-appointed as executive director of GMC since 31 March 2014. From 5 September 2017 to 25 November 2019, Mr. Alan Mung was re-appointed as a non-executive director of CWT International. From 24 October 2013 to 6 February 2015, Mr. Alan Mung was an executive director of CWT International.

Mr. Alan Mung is the son of Mr. Mung, an executive Director of the Company. As at the date of this report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 12.48% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung and 40% by Mr. Alan Mung.

Mr. Tse Ke Li ("Mr. Tse"), aged 63, 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 14 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward ("Mr. Law"), aged 47, 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 20 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong.

Mr. Tsai Yung Chieh, David ("Mr. Tsai"), aged 52, 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.

Mr. Fung Wai Ching ("Mr. Fung"), aged 50, was appointed as an independent non-executive Director on 23 June 2014. He is also the chairman of 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 20 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 GMC, since 10 October 2014.

The Company is committed to maintain good corporate governance standard in management, internal control and risk management 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 control systems in light of changes in regulations and developments in best practices.

During the year ended 31 December 2019, 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 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 2019.

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. All 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 2019.

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 (as defined below) 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 25 to 26 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 law, 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. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers these Directors are independent under Rule 5.09 of the GEM Listing Rules.

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 as the chairman of the Company and an executive Director on 16 December 2016. 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.

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

On 14 August 2013, the Board has adopted 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 delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will review and adopt the above measurements when it reviewed 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 2019 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 2019 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 operation and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2019, the Board held 13 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. The attendance is as follows:

Name of Director	Number of meetings attended
Executive Directors:	
Mr. Cheung Kwok Wai, Elton	13/13
Mr. Mung Kin Keung	13/13
Mr. Mung Bun Man, Alan	13/13
Mr. Tse Ke Li	5/13
Independent Non-executive Directors:	
Mr. Fung Wai Ching	13/13
Mr. Tsai Yung Chieh, David	13/13
Mr. Law Kwok Ho, Kenward	13/13

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 2019, 1 general meeting of the Company was held. The annual general meeting of the Company was held on 13 June 2019 (the "**2019 AGM**"). The attendance is as follows:

Name of Director	Number of attendance 2019 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	0/1
Mr. Law Kwok Ho, Kenward	1/1

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. Mr. Law Kwok Ho, Kenward (the chairman of the Audit Committee)) and Mr. Fung Wai Ching (the chairman of the Nomination Committee) attended the 2019 AGM to answer questions and collected 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 and 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. During the year ended 31 December 2019, the Executive Board held 10 meetings mainly handling the operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the nomination committee (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 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.

When making recommendations regarding the appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:–

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the business and other relevant sectors relate to the Company and/or its subsidiaries;

(c) commitment in respect of sufficient time and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

During the year ended 31 December 2019, no new Director was appointed.

In 2019 the Nomination Committee held 1 meeting mainly reviewing the size, structure and composition as well as the diversity of the Board, assessing the independence of the independent non-executive Directors and the Directors to be re-elected at the 2019 AGM before putting forth for discussion and approval by the Board. 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 (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 2019, 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. The attendance is as follows:

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 a share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011. The purpose of the new share option scheme 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 share option scheme are set out in the Directors' Report and note 37 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.

AUDIT COMMITTEE

The Company established the audit committee (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 2019.

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, risk management and internal control systems.

During the financial year ended 31 December 2019, the Audit Committee held 4 meetings for reviewing the first quarterly, interim, third quarterly and annual results of the Group. The Audit Committee was in the opinion that the preparation of the quarterly, interim and final results are complied with the applicable accounting standards and the GEM Listing Rules. The Audit Committee also reviewed the effectiveness of the exiting risk management and internal control systems of the Group. The attendance is as follows:

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

AUDITOR'S REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by Moore Stephens CPA Limited, are set out below:

Services rendered	Fee paid/payable HK$'000
Audit services	990
Non-audit services	470

CORPORATE GOVERNANCE COMMITTEE

The Company established the corporate governance committee (the "**CG Committee**"), with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the CG 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 CG 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 2019, the CG 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. The attendance is as follows:

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 was appointed as the Company Secretary of the Company 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 2019 AGM proposed separate resolutions for each issue to be considered. Chairman of the Audit Committee and Nomination Committee and the external auditor also attended the 2019 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.

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 may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called 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 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 in 2020 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 the 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 financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. 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 Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the implementation of risk management and internal control systems and reviewing their effectiveness annually. 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.

The internal control system of the Group covers its major business aspects such as revenue management, expenditure management, human resources and payroll, cash and treasury management, financial reporting, compliance and information technology. The internal control systems are supervised by management team including executive Directors and senior management of the Company. In the course of conducting the business of the Group, the Company is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group.

The management team is responsible to identify risks and internal control deficiencies, evaluate the risk management and internal control system of the Group from time to time and implementing additional control measures, if necessary, to improve their effectiveness.

To ensure the effectiveness of the Group's risk management and internal control systems, it establishes and maintains a risk register to track and document identified risks annually, the assessment and evaluation of the identified risks by the likelihood of occurrence and the significant impact of the risk event, the implementation of coordinated mitigating measures according to risk matrix; and provides on-going testing of procedures implemented. A risk matrix is adopted to determine risk rating and the prioritisation of carrying out corrective actions such as "acceptable", "set up a duration for rectification of the observable risk", "prompt rectification of the alerted risk" and "immediate rectification of the alarming risk".

The identified risks and the relevant measures have been disclosed in the Management Discussion and Analysis on pages 19 to 22 of this report.

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 at least once a year.

During the year, the independent professionals have conducted reviews of the adequacy and 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 function of the Group.

No material issues on the Group's risk management and internal control systems were 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 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 45 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 the group and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 24 and notes 41 and 42 to the consolidated financial statements of this report. The discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 55.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: 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 the shareholders of the Company as at 31 December 2019 were as follows:

	2019 **HK$'000**	2018 HK$'000
Share premium	**920,537**	920,537
Capital reserve	**32,589**	32,589
Accumulated losses	**(428,133)**	(414,001)
	524,993	539,125

Under The Companies Law 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 (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 36 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 pages 4 to 5.

BANK BORROWINGS

Details of bank borrowings for the year ended 31 December 2019 are set out in note 30 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.

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. Mung Kin Keung and Mr. Tse Ke Li, being the executive Directors and Mr. Fung Wai Ching, being an independent non-executive Director shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**2020 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

None of the Directors being proposed for re-election at the 2020 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 2019, 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 2019.

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 2019.

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.

The maximum number of shares in respect of which options may be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the maximum number of shares permissible under the GEM Listing Rules, currently being 10% of the total number of shares in issue as at the date of the 2018 AGM (being 426,286,705 shares). Under the GEM Listing Rules, a listed issuer may seek approval by its shareholders in a general meeting for "refreshing" the 10% limit under the Option Scheme. The limit on the total number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or the maximum number of shares permissible under the GEM Listing Rules). No options may be granted if such a grant would result in such 30% limit or maximum permissible limit being exceeded.

The maximum entitlement of each participant under the Option Scheme must not, during any 12-month period, exceed the maximum number of shares permissible under the GEM Listing Rules (which is 1% of the total number of shares in issue as at the date of the 2018 AGM, being 42,628,670 shares). The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange' s daily quotations sheets for the 5 business days immediately preceding the date of grant. An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. Consideration for each grant of option is HK$1.00.

Details of the Option Scheme are set out in note 37 to the consolidated financial statements.

No share option was granted and outstanding under the Option Scheme during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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 any of 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 Director			
Mr. Mung Bun Man, Alan	2,142	–	–
Directors of a subsidiary of the Group			
Mr. Man Kong Yui	1,064	–	–
Mr. Ho Ken Hon	82,485	565	223,896
		–	–
Substantial Shareholder			
Eternity Finance Group and its associates *(Note)*	149,315	–	–

Note:

Eternity Finance Group Limited ("**Eternity Finance Group**") is a substantial shareholder of the Company with effect from 29 June 2018 and thus is a connected person of the Company. Eternity Finance Group is a wholly-owned subsidiary of Eternity Investment Limited ("**Eternity Investment**"), a company incorporated in Bermuda with limited liability and its issued shares are listed on the Main Board of the Stock Exchange (stock code: 764). Eternity Investment is deemed to be interested in all the shares in which Eternity Finance Group is interested by virtue of the SFO. Victory Peace Holdings Limited ("**Victory Peace**") is a wholly-owned subsidiary of Eternity Investment. During the year ended 31 December 2019, the brokerage commission income and/or other service charges of HK$134,817 and HK$14,498 was paid by Eternity Finance Group and Victory Peace to the Group respectively.

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 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. **Tenancy Agreement with VeloX Express Limited**

On 12 October 2018, Famous Flamingo Limited ("**Famous Flamingo**"), an indirect wholly-owned subsidiary of the Company, as landlord, entered into a tenancy agreement with VeloX Express Limited, as tenant, for a term of three years with monthly rent of HK$108,320 from 15 October 2018 to 14 October 2021 (the "**Tenancy Agreement**"). Mr. Mung Hon Ting, Jackie ("**Mr. Jackie Mung**") beneficially owns 100% interest in VeloX Express Limited. During the year ended 31 December 2019, the Group received rental income in an aggregate amount of HK$1,300,000 from VeloX Express Limited (31 December 2018: HK$276,000).

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 Tenancy 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.

3. **Tenancy Agreement with Max Winner Investments Limited**

On 20 April 2018, Global Mastermind Financial Services Limited, an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement with Max Winner Investments Limited ("**Max Winner**"), as landlord, for a term of three years with monthly rent of HK$248,600 from 23 April 2018 to 22 April 2021 (the "**Max Winner Tenancy Agreement**"). Max Winner is an indirect wholly-owned subsidiary of Eternity Investment. With effect from 29 June 2018, Eternity Investment became a substantial shareholder of the Company, the Max Winner Tenancy Agreement thus constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. During the year ended 31 December 2019, the Group paid rental expense of HK$2,983,000 to Max Winner (31 December 2018: HK$1,492,000). 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.

4. **Referral Fee**

During the year ended 31 December 2019, Global Mastermind Securities Limited, an indirect wholly-owned subsidiary of the Company, paid a referral fee of HK$50,000 (31 December 2018: HK$50,000) to Mr. Mung Bun Man, Alan, an executive Director and a shareholder 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 less than 0.1%. The transactions were thus exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74(1)(a) of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

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

1. On 12 October 2018, Hope Master Investments Limited ("**Hope Master**"), an indirect wholly-owned subsidiary of the Company, and Famous Flamingo, as landlords, entered into two tenancy agreements with Global Mastermind Capital Limited ("**GMC**"), as tenant, for a term of three years with monthly rent of HK$198,480 and HK$112,000 respectively, from 15 October 2018 to 14 October 2021. During the year ended 31 December 2019, the Group received rental income in an aggregate amount of HK$3,726,000 from GMC (31 December 2018: HK$791,000).

2. During the year ended 31 December 2019, the Group paid secretarial fee and other office expenses in the sum of approximately HK$205,000 to GMC (31 December 2018: HK$196,000).

3. During the year ended 31 December 2019, the Group received brokerage commission income and/or other service charges in an aggregate sum of approximately HK$6,000 from related companies (31 December 2018: HK$233,000). Certain directors of the Company are the directors of these related companies.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton, the chairman of the Company and an executive Director, has an indirect interest in approximately 15.29% of the issued share of and is an executive director of Eternity Investment 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 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 2019, 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 shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Interest in underlying shares of the Company	Approximate percentage of the issued ordinary share capital of the Company *(Note 4)*
Eternity Investment *(Note 1)*	Held by controlled corporation	1,237,750,000	–	29.04%
Heng Tai Consumables Group *(Note 2)*	Held by controlled corporation	–	695,652,173	16.32%
Excellent Mind *(Note 3)*	Beneficial owner	532,000,000	–	12.48%
Mr. Mung Kin Keung *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%
Mr. Mung Bun Man, Alan *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%

Notes:

1. Eternity Finance Group Limited, a wholly-owned subsidiary of Eternity Investment, is interested in 1,237,750,000 shares in the Company. Eternity Investment is deemed to be interested in such 1,237,750,000 shares by virtue of the SFO.

2. Heng Tai Finance Limited ("**Heng Tai Finance**") is deemed to be interested in 695,652,173 shares in the Company through its interest in the convertible bonds in the principal amount of HK$80,000,000 issued by the Company. Heng Tai Finance is a wholly-owned subsidiary of Heng Tai Consumables Group Limited ("**Heng Tai Consumables Group**"), a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange (stock code: 197). Heng Tai Consumables Group is deemed to be interested in such 695,652,173 shares by virtue of the SFO.

3. These shares are held by 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.

4. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 31 December 2019.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 31 December 2019 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 2019 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.

DIVIDEND POLICY

On 31 December 2018, the Company announced that the Board had approved and adopted a dividend policy (the "**Dividend Policy**").

Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the Board's discretion having regard to the following factors:

(a) the earnings, financial condition, capital requirements and future plans of the Group;

(b) the Shareholders' interests;

(c) the economic outlook;

(d) the contractual restrictions on the payment of dividends by the Company to the Shareholders;

(e) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(f) any other factors the Board may consider relevant.

The Board shall review the Company's dividend policy from time to time and may take any amendments that it deems necessary or desirable.

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.

CLOSURE OF THE REGISTER OF MEMBERS

The 2020 AGM is scheduled to be held on Tuesday, 16 June 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2020 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, of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2019.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 27 to 38 of this report.

AUDITOR

A resolution will be proposed for approval by the Shareholders at the 2020 AGM to re-appoint Moore Stephens CPA Limited as the 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 2020

MOORE

Moore Stephens CPA Limited

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大華馬施雲
會計師事務所有限公司

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 55 to 148, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**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.

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Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgments involved in the valuation. As disclosed in note 18 to the consolidated financial statements, the Group's investment properties amounted to HK$181,100,000 as at 31 December 2019. Loss of fair value change of investment properties of HK$6,700,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended. The fair value of the Group's investment properties was determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgments on appropriate valuation techniques and inputs adopted. The Group also worked closely with the independent qualified valuer to establish and determine the appropriate valuation techniques.	Our procedures in relation to management's impairment assessment included: • reviewing the valuation report from the independent qualified valuer and holding discussion with management and the independent qualified valuer to understand the valuation basis, methodology used and underlying assumptions applied; • evaluating management's process in respect of reviewing the valuation performed by the independent qualified valuer; • evaluating of the competence, capabilities and objectivity of the independent qualified valuer; • obtaining the underlying data including comparables of market transactions being used by the independent qualified valuer and assessing whether they are appropriate; and • performing market research and analysis to assess whether the changes in fair value of investment properties resulted from the valuation was reasonable and consistent with market trends to our knowledge.

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Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables from travel business and loan receivables	
We identified the impairment of trade receivables from travel business and loan receivables as a key audit matter due to the significance of the carrying amounts and key source of estimation uncertainty and the significant assumptions and judgments involved in the impairment assessment. The measurement of expected credit losses ("ECL") requires the application of significant judgments and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors. As at 31 December 2019, the Group's trade receivables from travel business and loan receivables, net of accumulated loss allowance of ECL, amounted to HK$113,486,000 and HK$299,203,000, respectively, as disclosed in notes 24 and 22 to the consolidated financial statements.	Our procedures in relation to management's assessment of impairment of trade receivables from travel business and loan receivables included: • assessing of controls over the origination, ongoing internal credit quality assessments, recording and monitoring of trade receivables and loan receivables; • assessing the effectiveness of key controls over the application of the impairment methodology, the governance for the ECL models, inputs and assumptions used by the Group in calculating the ECL; • assessing the reasonableness of the Group's ECL models, including the model input, model performance for significant portfolios, and the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment; • assessing the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings; • for a sample of exposures that was subject to an individual impairment assessment, reviewing the Group's assumptions on the expected future cash flows, including the value of realisable collateral based on available market information; and • assessing the financial statement disclosures relating to the Group's exposure to credit risk.

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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.

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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.

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.

* For identification purpose only

- 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.

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.

Moore Stephens CPA Limited
Certified Public Accountants

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 26 March 2020

* For identification purpose only

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Service income from provision of travel related services		26,019	31,896
Interest income from money lending business		29,084	16,528
Commission income from securities brokerage		4,322	4,052
Interest income from margin financing		4,619	2,603
Interest income from initial public offering financing		–	12
Handling and settlement income arising from securities brokerage		5,738	5,143
Asset management fee income		540	362
Advisory fee income from corporate finance		250	–
Net realised gain on securities investment	5	5,068	3,802
Net unrealised loss on securities investment	5	(4,506)	(7,960)
Other income, other gains and losses	7	5,640	9,747
Staff costs		(54,004)	(46,982)
Depreciation and amortisation expenses		(8,927)	(5,712)
Impairment loss on intangible assets	19	–	(4,212)
Impairment loss on interest in a joint venture	21	(6,000)	–
Impairment loss on loan receivables	22	(12,762)	(13,304)
Impairment loss on trade receivables	24	(11,775)	(24,306)
Other expenses	8	(22,285)	(35,796)
Finance costs	9	(14,919)	(2,063)
Share of (loss) profit of a joint venture	21	(2,002)	71
Loss before tax		(55,900)	(66,119)
Income tax credit	10	1,307	1,463
Loss for the year	11	(54,593)	(64,656)
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties		–	65,547
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		779	(2,416)
Share of exchange difference of a joint venture		403	(334)
		1,182	(2,750)
Other comprehensive income for the year		1,182	62,797
Total comprehensive expense for the year		(53,411)	(1,859)
Loss for the year attributable to owners of the Company		(54,593)	(64,656)
Total comprehensive expense for the year attributable to owners of the Company		(53,411)	(1,859)
Loss per share (HK cents)	15		
Basic		(1.28)	(1.52)
Diluted		(1.28)	(1.52)

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	671	3,907
Right-of-use assets	17	12,589	–
Investment properties	18	181,100	187,800
Intangible assets	19	–	–
Interest in a joint venture	21	6,426	14,025
Loan receivables	22	22,125	117,224
Deposit and prepayment for a life insurance policy	23	6,702	–
Deferred tax assets	34	4,301	2,195
		233,914	325,151
Current assets			
Trade and other receivables	24	221,952	176,396
Loan receivables	22	277,078	86,412
Financial assets at fair value through profit or loss	25	61,515	79,410
Pledged bank deposits	26	–	1,272
Bank trust account balances	27	27,050	16,678
Bank balances and cash	26	97,031	146,440
		684,626	506,608
Current liabilities			
Trade and other payables	28	69,741	64,534
Convertible bonds	35	78,058	–
Contract liabilities	29	1,573	879
Tax payables		4,110	4,162
Lease liabilities/obligations under finance lease	32/33	8,706	189
Bank borrowings	30	35,981	14,562
Other borrowing	31	100,000	–
		298,169	84,326
Net current assets		386,457	422,282
Total assets less current liabilities		620,371	747,433

	NOTES	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Lease liabilities/obligations under finance lease	32/33	**3,477**	1,119
Convertible bonds	35	**–**	76,009
		3,477	77,128
Net assets		**616,894**	670,305
Capital and reserves			
Share capital	36	**42,629**	42,629
Share premium and reserves		**574,265**	627,676
		616,894	670,305

The consolidated financial statements on pages 55 to 148 were approved and authorised for issue by the board of directors on 26 March 2020 and are signed on its behalf by:

CHEUNG KWOK WAI, ELTON	**MUNG BUN MAN, ALAN**
EXECUTIVE DIRECTOR	*EXECUTIVE DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note)	Share options reserve HK$'000	Exchange reserve HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2018	42,629	920,537	32,589	10,840	(17,353)	–	–	(321,186)	668,056
Loss for the year	–	–	–	–	–	–	–	(64,656)	(64,656)
Other comprehensive (expense) income for the year	–	–	–	–	(2,750)	–	65,547	–	62,797
Total comprehensive (expense) income for the year	–	–	–	–	(2,750)	–	65,547	(64,656)	(1,859)
Recognition of equity component of convertible bonds	–	–	–	–	–	4,116	–	–	4,116
Transaction costs attributable to issue of convertible bonds	–	–	–	–	–	(8)	–	–	(8)
Lapse of share options (note 37)	–	–	–	(10,840)	–	–	–	10,840	–
At 31 December 2018	42,629	920,537	32,589	–	(20,103)	4,108	65,547	(375,002)	670,305
Loss for the year	–	–	–	–	–	–	–	(54,593)	(54,593)
Other comprehensive income for the year	–	–	–	–	1,182	–	–	–	1,182
Total comprehensive income (expense) for the year	–	–	–	–	1,182	–	–	(54,593)	(53,411)
At 31 December 2019	42,629	920,537	32,589	–	(18,921)	4,108	65,547	(429,595)	616,894

Note: 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 2019

	NOTE	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(55,900)**	(66,119)
Adjustments for:			
Interest income		**(3,618)**	(3,856)
Finance costs		**14,919**	2,063
Share of loss (profit) of a joint venture		**2,002**	(71)
Depreciation of property, plant and equipment		**1,226**	5,712
Depreciation of right-of-use assets		**7,701**	–
Impairment loss on intangible assets		**–**	4,212
Impairment loss on interest in a joint venture		**6,000**	–
Impairment loss on loan receivables		**12,762**	13,304
Impairment loss on trade receivables		**11,775**	24,306
(Gain) loss on fair value changes of investment securities		**(396)**	4,423
Loss on fair value changes of investment properties		**6,700**	4,300
Imputed interest income from a deposit for a life insurance policy		**(12)**	–
Premium charges on a life insurance policy		**26**	–
Loss on disposal of property, plant and equipment		**–**	751
Gain on disposal of a subsidiary	7	**–**	(29)
Operating cash flows before movements in working capital		**3,185**	(11,004)
Increase in trade and other receivables		**(55,891)**	(39,854)
(Increase) decrease in bank trust account balances		**(10,372)**	159
Loans advanced to money lending customers		**(109,000)**	(135,000)
Loan repayments from money lending customers		**995**	54,424
Increase in loan interest receivables from money lending customers		**(324)**	(1,975)
Decrease (increase) in financial assets at fair value through profit or loss		**18,291**	(57,214)
Increase in trade and other payables		**4,292**	16,643
Increase (decrease) in contract liabilities		**684**	(2,108)
Cash used in operations		**(148,140)**	(175,929)
Income tax paid		**(852)**	(22)
NET CASH USED IN OPERATING ACTIVITIES		**(148,992)**	(175,951)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(158)**	(1,113)
Payment for a life insurance policy		**(6,996)**	–
Withdrawal of pledged bank deposits		**1,277**	–
Interest received		**3,618**	3,856
Net cash outflow on disposal of a subsidiary		**–**	(37)
Proceeds from disposal of property, plant and equipment		**–**	463
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(2,259)**	3,169

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
New other borrowing raised	**100,000**	–
New bank borrowings raised	**35,909**	15,004
Repayments of bank borrowings	**(14,687)**	(9,816)
Interest paid	**(12,212)**	(933)
Repayments of lease liabilities	**(7,236)**	–
Net proceeds from issue of convertible bonds	**–**	79,846
NET CASH FROM FINANCING ACTIVITIES	**101,774**	84,101
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(49,477)**	(88,681)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**146,440**	228,301
Effect of foreign exchange rate changes	**68**	6,820
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**97,031**	146,440

1. GENERAL

Global Mastermind Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

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, securities and futures brokerage business, asset management business and financial advisory 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;
ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.75% per annum.

For leases that were previously classified as finance leases under HKAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of HKFRS 16 were equal to the carrying amount of the lease asset and lease liability immediately before that date measured under HKAS 17 based on the specific transitional provision set out in HKFRS 16.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As a lessee (Continued)

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	13,054
Lease liabilities discounted at relevant incremental borrowing rates	12,229
Less: Recognition exemption – short-term leases	(497)
Recognition exemption – low-value assets (excluding short-term leases of low-value assets)	(568)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	11,164
Add: Obligations under finance lease recognised at 31 December 2018	1,308
Lease liabilities as at 1 January 2019	12,472
Analysed as	
Current	4,978
Non-current	7,494
	12,472

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	11,164
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases (note)	2,174
	13,338

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As a lessee (Continued)

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to HK$2,174,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance lease of HK$189,000 and HK$1,119,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(i) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(ii) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

(iii) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As a lessor (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Impact of adopting HKFRS 16 HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	3,907	(2,174)	1,733
Right-of-use assets	–	13,338	13,338
CURRENT LIABILITIES			
Lease liabilities	–	(4,978)	(4,978)
Obligations under finance lease	(189)	189	–
NON-CURRENT LIABILITIES			
Lease liabilities	–	(7,494)	(7,494)
Obligations under finance lease	(1,119)	1,119	–

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[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 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
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 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

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 accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), 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".

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest 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 profit 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 Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 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 is not allocated to any asset, including goodwill, that 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 interest in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers

The Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent *(Continued)*
The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases of office premises and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessee (prior to 1 January 2019)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (prior to 1 January 2019) *(Continued)*

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

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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.

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 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.

Exchange differences relating to the retranslation of the Group's net assets in Singapore dollars to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees (Continued)
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.

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 because 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. 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.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values 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 "right-of-use assets" (upon application of HKFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interests in leasehold land and building *(Continued)*

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land under HKFRS 16) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated 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 and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Effective from 1 January 2019, investment properties also include reused properties which are being recognised as right-of-use assets upon application of HKFRS16 and subleased by the group under operating lease.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are 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, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets acquired in a business combination *(Continued)*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and 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.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant 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 they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, 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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. 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 ("**FVTPL**")) 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 FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling 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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net realised gain on securities investment" line item.

Impairment of financial assets
The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, loan receivables, lease receivables, loan interest receivables and other receivables which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk
In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default *(Continued)*
Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL
The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*
Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loan receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets
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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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.

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 Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

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

Convertible loan notes contain equity component

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities 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.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGMENT AND 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 judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are 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.

Critical judgment in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

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

Fair value measurement and valuation processes of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair values at the end of each reporting period as disclosed in note 18. The fair values have been based on a valuation on these properties conducted by an independent firm of professional valuer using property valuation techniques which involve certain assumptions of market conditions.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value measurement and valuation processes of investment properties *(Continued)*

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group first considers and adopts Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group adopts valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations are reported to the board of directors of the Company. Changes to assumptions and inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 18.

Estimated impairment of a joint venture

As at 31 December 2019, in view of the fact that both actual sales and profit generated from the joint venture have fallen below expectation due to slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant joint venture which is the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture has been determined based on a value in use calculation. The value in use calculation requires the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

As at 31 December 2019, the carrying amount of the joint venture amounted to HK$6,426,000 (2018: HK$14,025,000), after taking into account the impairment loss of HK$6,000,000 (2018: nil) recognised in profit or loss during the year.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Provision of ECL for trade receivables from travel business

Trade receivables from travel business with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables from travel business which are individually insignificant. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables from travel business are disclosed in notes 24 and 42(b), respectively.

As at 31 December 2019, the carrying amount of trade receivables from travel business, net of accumulated loss allowance of ECL is HK$113,486,000 (2018: HK$120,504,000).

Provision of ECL for loan receivables

Provision of ECL for loan receivables is assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the provision will be based on the lifetime ECL. Assessment is done based on the Group's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables are disclosed in notes 22 and 42(b), respectively.

As at 31 December 2019, the carrying amount of loan receivables, net of accumulated loss allowance of ECL is HK$299,203,000 (2018: HK$203,636,000).

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 dividend income is recognised 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.

	2019 **HK$'000**	2018 HK$'000
Net realised gain on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**33,437**	51,201
Carrying amount of financial assets at fair value through profit or loss	**(28,535)**	(47,664)
	4,902	3,537
Dividend income from securities investment	**166**	265
	5,068	3,802
Net unrealised loss on financial assets at fair value through profit or loss	**(4,506)**	(7,960)
	562	(4,158)

6. OPERATING SEGMENTS

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 resource allocation and assessment of segment performance focuses on the types of services provided 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 2019, the Group commenced the operation of corporate finance advisory business in Hong Kong. During the year ended 31 December 2018, the Group commenced the operation of asset management business in Hong Kong. This resulted a new operating segment in 2019 and 2018, respectively.

The Group's operations are organised into six (2018: five) reportable and operating segments under HKFRS 8 "Operating Segments", namely travel business, treasury management business, money lending business, brokerage business, asset management business and corporate finance advisory business (2018: namely travel business, treasury management business, money lending business, brokerage business and asset management business).

6. OPERATING SEGMENTS *(Continued)*

Segment revenue and results

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

	Segment revenue		Segment (losses) profits	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Travel business	**26,019**	31,896	**(11,431)**	(30,933)
Treasury management business	**5,068**	3,802	**555**	(4,165)
Money lending business	**29,084**	16,528	**(5,137)**	(747)
Brokerage business	**14,679**	11,810	**(3,610)**	(5,479)
Asset management business	**540**	362	**278**	157
Corporate finance advisory business	**250**	–	**(1,529)**	–
Total	**75,640**	64,398	**(20,874)**	(41,167)
Impairment loss on interest in a joint venture			**(6,000)**	–
Share of (loss) profit of a joint venture			**(2,002)**	71
Unallocated income			**5,142**	4,397
Unallocated expenses			**(30,859)**	(27,957)
Loss for the year			**(54,593)**	(64,656)

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

The accounting policies of the 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 impairment loss on interest in a joint venture, share of (loss) profit of a joint venture, unallocated income (which mainly includes bank interest income of head office, rental income and management and administrative fee income) and 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. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

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

	2019 HK$'000	2018 HK$'000
Segment assets		
Travel business	158,424	154,351
Treasury management business	61,597	79,519
Money lending business	314,411	208,307
Brokerage business	120,037	107,852
Asset management business	10,873	10,303
Corporate finance advisory business	164	–
Total reportable segment assets	665,506	560,332
Interest in a joint venture	6,426	14,025
Unallocated bank balances and cash	65,005	67,717
Unallocated assets	181,603	189,685
Consolidated assets	918,540	831,759
Segment liabilities		
Travel business	72,460	51,530
Money lending business	10,092	3,788
Brokerage business	31,032	20,350
Asset management business	1,648	1,909
Corporate finance advisory business	109	–
Total reportable segment liabilities	115,341	77,577
Unallocated liabilities	186,305	83,877
Consolidated liabilities	301,646	161,454

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

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

- all liabilities are allocated to operating segments other than other borrowing, convertible bonds and certain accruals and other payables.

6. OPERATING SEGMENTS *(Continued)*

Other information

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

	Travel business HK$'000	Treasury management business HK$'000	Money lending business HK$'000	Brokerage business HK$'000	Asset management business HK$'000	Corporate finance advisory business HK$'000
Year ended 31 December 2019						
Additions to property, plant and equipment	**130**	**–**	**–**	**11**	**–**	**17**
Depreciation of property, plant and equipment	**397**	**–**	**–**	**769**	**–**	**5**
Depreciation of right-of-use assets	**2,408**	**–**	**3,918**	**1,375**	**–**	**–**
Impairment loss on trade receivables	**11,775**	**–**	**–**	**–**	**–**	**–**
Impairment loss on loan receivables	**–**	**–**	**12,762**	**–**	**–**	**–**
Interest income	**7**	**–**	**–**	**16**	**6**	**–**
Finance costs	**879**	**–**	**418**	**131**	**–**	**–**
Year ended 31 December 2018						
Additions to property, plant and equipment	2,429	–	–	4	–	–
Depreciation of property, plant and equipment	639	–	–	1,426	–	–
Impairment loss on intangible assets	4,212	–	–	–	–	–
Impairment loss on trade receivables	24,306	–	–	–	–	–
Impairment loss on loan receivables	–	–	13,304	–	–	–
Gain on disposal of property, plant and equipment	89	–	–	–	–	–
Interest income	5	–	–	10	1	–
Finance costs	930	–	–	3	–	–

Geographical 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)	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Singapore	**26,019**	30,815	**5,027**	2,930
Hong Kong	**49,621**	33,583	**189,333**	188,777
Malaysia	**–**	–	**6,426**	14,025
	75,640	64,398	**200,786**	205,732

Note: Non-current assets excluded deferred tax assets, loan receivables and deposit and prepayment for a life insurance policy.

6. OPERATING SEGMENTS *(Continued)*

Timing of revenue recognition

	2019 HK$'000	2018 HK$'000
At a point in time		
Service income from provision of travel related services (note)	**26,019**	31,896
Commission income from securities brokerage	**4,322**	4,052
Handling and settlement income arising from securities brokerage	**5,738**	5,143
Net realised gain on securities investment	**5,068**	3,802
Over time		
Interest income from money lending business	**29,084**	16,528
Interest income from margin financing	**4,619**	2,603
Interest income from initial public offering financing	**–**	12
Asset management fee income	**540**	362
Advisory fee income from corporate finance	**250**	–
	75,640	64,398

Note: Service income from provision of travel related services represents the service fees charged on customers for making reservation of air tickets, hotel rooms and arrangement of packaged tours.

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer A from money lending business	**8,250**	N/A

No single customer contributed over 10% of the total sales of the Group during the year ended 31 December 2018.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Interest income	3,618	3,856
Rental income from related parties (note 44(b))	5,026	1,067
Incentive income from ticketing system	1,563	4,764
Commercial credit card rebate	626	513
Net exchange gain	208	434
Employment credits from government grants	62	273
Loss on fair value changes of investment properties	(6,700)	(4,300)
Management and administrative income	–	3,185
Gain on disposal of a subsidiary (note)	–	29
Loss on disposal of property, plant and equipment	–	(751)
Others	1,237	677
	5,640	9,747

Note:

During the year ended 31 December 2018, Time Tic Investments Limited, a wholly-owned subsidiary of the Company, has disposed of the entire equity interest in Perfect Well Tours Limited ("**Perfect Well**") at a consideration of HK$2,290,000. The net gain on disposal of Perfect Well was HK$29,000.

8. OTHER EXPENSES

	2019 HK$'000	2018 HK$'000
Handling fee and commission arising from brokerage business	7,339	6,352
Legal and professional fees	2,088	2,497
Travelling expenses	1,659	1,825
Bank charges	1,173	2,843
Telecommunication expenses	1,067	1,229
Auditors' remuneration	885	828
Rental expenses	865	7,085
Repair and maintenance expenses	686	1,123
Others	6,523	12,014
	22,285	35,796

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Imputed interest expense on convertible bonds (note 35)	**8,449**	1,130
Interest on other borrowing	**5,041**	–
Interest on lease liabilities/obligations under finance lease	**826**	–
Interest on short term bank borrowings	**603**	933
	14,919	2,063

10. INCOME TAX CREDIT

	2019 HK$'000	2018 HK$'000
The tax charge (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**1,076**	1,395
– Singapore Corporate Income Tax	**–**	46
	1,076	1,441
Overprovision in prior years		
– Hong Kong Profits Tax	**(50)**	(44)
– Singapore Corporate Income Tax	**(227)**	–
	(277)	(44)
Deferred tax – current year (note 34)	**(2,106)**	(2,860)
	(1,307)	(1,463)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the year ended 31 December 2018, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

10. INCOME TAX CREDIT *(Continued)*

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:

	2019 HK$'000	2018 HK$'000
Loss before tax	**(55,900)**	(66,119)
Tax at domestic income tax rate of 16.5% (2018: 16.5%)	**(9,224)**	(10,910)
Tax effect of expenses not deductible for tax purpose	**6,910**	4,021
Tax effect of income not taxable for tax purpose	**(1,411)**	(604)
Tax effect of share of loss (profit) of a joint venture	**330**	(12)
Tax effect of tax losses not recognised	**138**	6
Tax effect of deductible temporary differences not recognised	**2,599**	6,510
Overprovision in respect of prior years	**(277)**	(44)
Effect of tax exemptions granted to a Singapore subsidiary	**(149)**	(145)
Effect of different tax rates of a subsidiary operating in other jurisdiction	**(58)**	(120)
Effect of change in tax rate	**(165)**	(165)
Income tax credit for the year	**(1,307)**	(1,463)

11. LOSS FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments excluding other benefits in kind (note 12)	**8,892**	4,296
Salaries and allowances (excluding directors' emoluments)	**41,690**	39,258
Retirement benefits scheme contribution (excluding directors' emoluments)	**3,422**	3,428
Total staff costs	**54,004**	46,982
Gross rental income from investment properties	**(5,026)**	(1,067)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	**–**	13
	(5,026)	(1,054)
Auditors' remuneration	**885**	828
Depreciation for property, plant and equipment	**1,226**	5,712
Depreciation for right-of-use assets	**7,701**	–
Operating lease payment for office premises and low-value assets	**865**	7,085
Imputed interest income from deposit for a life insurance policy	**(12)**	–
Premium charges on a life insurance policy	**26**	–

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

2019

Name of director	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Other benefits in kind HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	4,020	–	18	–	4,038
Mr. Mung Kin Keung	1,860	–	18	–	1,878
Mr. Mung Bun Man, Alan	2,400	–	18	1,323	3,741
Mr. Tse Ke Li	360	–	18	–	378
	8,640	–	72	1,323	10,035
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Tsai Yung Chieh, David	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
	180	–	–	–	180
Total	8,820	–	72	1,323	10,215

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

2018

Name of director	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Other benefits in kind HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	1,640	–	14	–	1,654
Mr. Mung Kin Keung	445	–	6	–	451
Mr. Mung Bun Man, Alan	1,620	–	13	–	1,633
Mr. Tse Ke Li	360	–	18	–	378
	4,065	–	51	–	4,116
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Tsai Yung Chieh, David	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
	180	–	–	–	180
Total	4,245	–	51	–	4,296

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 2019 and 2018.

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. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2018: two) directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2018: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits	**4,286**	4,543
Performance related bonuses	**–**	–
Contribution to retirement benefits scheme	**36**	136
	4,322	4,679

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	2
HK$2,000,001 – HK$2,500,000	**1**	–
	2	3

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

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:

	2019 HK$'000	2018 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(54,593)	(64,656)

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	4,262,867	4,262,867

For the years ended 31 December 2019 and 2018, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as at 31 December 2019 and 2018 since their assumed conversion would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST						
At 1 January 2018	136,636	6,917	5,200	3,775	2,240	154,768
Additions	–	–	2,214	–	220	2,434
Disposals/written off	–	(1,090)	(1,791)	(249)	(68)	(3,198)
Transfer to investment properties	(136,636)	–	–	–	–	(136,636)
Exchange adjustments	–	(39)	(66)	(62)	(25)	(192)
At 31 December 2018	–	5,788	5,557	3,464	2,367	17,176
Adjustments upon application of HKFRS 16	–	–	(2,192)	–	–	(2,192)
At 1 January 2019	–	5,788	3,365	3,464	2,367	14,984
Additions	–	–	–	111	47	158
Exchange adjustments	–	16	11	25	11	63
At 31 December 2019	–	5,804	3,376	3,600	2,425	15,205
DEPRECIATION						
At 1 January 2018	6,611	4,237	4,142	3,492	1,290	19,772
Provided for the year	3,472	1,373	318	112	437	5,712
Eliminated on disposals/written off	–	(363)	(1,417)	(136)	(68)	(1,984)
Transfer to investment properties	(10,083)	–	–	–	–	(10,083)
Exchange adjustments	–	(36)	(31)	(62)	(19)	(148)
At 31 December 2018	–	5,211	3,012	3,406	1,640	13,269
Adjustments upon application of HKFRS 16	–	–	(18)	–	–	(18)
At 1 January 2019	–	5,211	2,994	3,406	1,640	13,251
Provided for the year	–	560	149	66	451	1,226
Exchange adjustments	–	15	8	25	9	57
At 31 December 2019	–	5,786	3,151	3,497	2,100	14,534
CARRYING VALUES						
At 31 December 2019	–	18	225	103	325	671
At 31 December 2018	–	577	2,545	58	727	3,907

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

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

As at 31 December 2018, the net book value of motor vehicles of HK$2,545,000 includes an amount of HK$2,174,000 in respect of assets held under finance leases.

17. RIGHT-OF-USE ASSETS

	Leasehold land and building HK$'000	Motor vehicle HK$'000	Total HK$'000
Carrying amount as at 1 January 2019 recognised upon the application of HKFRS16	11,164	2,174	13,338
Addition	6,908	–	6,908
Depreciation charge during the year ended 31 December 2019	(7,481)	(220)	(7,701)
Exchange adjustments	28	16	44
Carrying amount as at 31 December 2019	10,619	1,970	12,589

	HK$'000
For the year ended 31 December 2019	
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	549
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	316
Total cash outflow for leases	8,927
Addition to right-of-use assets	6,908

For both years, the Group leases various offices and a vehicle for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease of a motor vehicle was accounted for as a finance lease during the year ended 31 December 2018 and carried interest at 4.946%. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office equipment and for office in Hong Kong. The lease term for short-term leases is within one year. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2019, the above right-of-use assets included a right to use a property owned by a related company of a substantial shareholder of the Company of HK$3,651,000 for the Group to use as office premises. The remaining lease terms are 2 years. The lease liability amounted to HK$3,759,000 as at 31 December 2019.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2018	–
Transfer from property, plant and equipment (note)	192,100
Decrease in fair value recognised in profit or loss (unrealised)	(4,300)
At 31 December 2018	187,800
Decrease in fair value recognised in profit or loss (unrealised)	(6,700)
At 31 December 2019	181,100

Note: During the year ended 31 December 2018, the investment properties which were previously self-used by the Group were leased to companies in which a director, who is also a shareholder, of the Company has beneficial interest to earn rental income for the Group. The amount included a revaluation surplus of HK$65,547,000 upon transfer of property, plant and equipment to investment properties which was credited to property revaluation reserve through other comprehensive income.

The Group leases out various offices to the above-mentioned related companies under operating leases with rentals receivable monthly. The leases typically have a lease term of three years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair values of the Group's investment properties at the date of transfer in 2018, at 31 December 2018 and 31 December 2019 have been arrived at on the basis of valuations carried out on the respective dates by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group.

The valuations were arrived at by using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair value of these investment properties as at 31 December 2019 and 2018 was determined (in particular, the valuation techniques and inputs used), as well as 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.

18. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy	Nature of properties held	Valuation technique(s) and significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 3	Commercial properties located in Hong Kong	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK$33,000 to HK$35,000 (2018: from HK$35,000 to HK$36,000) per square foot, and adjusted taking into account locations and other individual factors such as floor level, building age, size and conditions of the properties.	A slight increase in the price per square foot will result in a significant increase in the fair value, and vice versa.

Fair value measurements and valuation processes

In estimating the fair values of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company.

There were no transfers into or out of Level 3 during both years.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment property is disclosed above.

19. INTANGIBLE ASSETS

	Trade name HK$'000	Customer relationship HK$'000	Total HK$'000
COST			
At 1 January 2018	54,622	59,607	114,229
Exchange adjustments	(1,047)	(1,142)	(2,189)
At 31 December 2018	53,575	58,465	112,040
Exchange adjustments	421	459	880
At 31 December 2019	53,996	58,924	112,920
AMORTISATION AND IMPAIRMENT			
At 1 January 2018	50,339	59,607	109,946
Impairment loss recognised in the year	4,212	–	4,212
Exchange adjustments	(976)	(1,142)	(2,118)
At 31 December 2018	53,575	58,465	112,040
Exchange adjustments	421	459	880
At 31 December 2019	53,996	58,924	112,920
CARRYING VALUES			
At 31 December 2019 and 2018	–	–	–

The intangible assets were purchased as part of the acquisition of a travel business in Singapore, 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.

As of 31 December 2018, the management reviewed the current and expected performance of the travel business which indicated that the carrying amount of the cash-generating unit ("**CGU**") represented by Safe2Travel might be above its recoverable amount. On this basis, the directors of the Company concluded that an impairment loss of approximately HK$4,212,000 was to be recognised during the year ended 31 December 2018. The impairment loss was allocated to fully write down the carrying amount of the trade name belonging to the CGU 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 20.

20. IMPAIRMENT TESTING ON INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, 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 Safe2Travel CGU 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. For the year ended 31 December 2018, 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 15.10%. Cash flows after the five-year period were extrapolated using a 1.89% 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 to reflect the latest economic conditions as at the end of the reporting period. On this basis, the recoverable amount of the Safe2Travel CGU was estimated approximately to be HK$76,500,000. The directors of the Company concluded that an impairment loss of approximately HK$4,212,000 was recognised in profit or loss during the year ended 31 December 2018.

21. 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**"), being the joint venture partner, and Discover Orient Holidays Sdn. Bhd. ("**DOH**"), being the joint venture company, 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.

The transaction was completed on 31 August 2013. 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.

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, the exercise 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.

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.

As at 31 December 2019, in view of the fact that both actual sales and profit generated from the joint venture have fallen below expectation due to slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant joint venture which is the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture has been determined based on a value in use calculation. The value in use calculation requires the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment.

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

For the purposes of impairment testing, the value in use was determined by the management of the Group 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 of the joint venture covering a five-year period, and discounted at a pre-tax discount rate of 16.51%. Cash flows after the five-year period are extrapolated using a 2.17% 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 joint venture'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 joint venture which engaged in the travel business segment in Malaysia have fallen below expectation due to slowing global and local economy in Malaysia, and therefore the management has revised the cash flow projections to reflect the latest economic conditions as at the end of the reporting period. On this basis, the recoverable amount of the joint venture is estimated approximately to be HK$6,348,000. The directors of the Company concluded that an impairment loss of approximately HK$6,000,000 was recognised in profit or loss during the year ended 31 December 2019.

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

	2019 **HK$'000**	2018 HK$'000
Cost of investment in a joint venture	**14,000**	14,000
Share of post-acquisition profits and other comprehensive income	**3,860**	5,862
Accumulated impairment loss recognised	**(8,845)**	(2,845)
Exchange adjustments	**(2,589)**	(2,992)
	6,426	14,025

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.

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

DOH

	2019 **HK$'000**	2018 HK$'000
Current assets	**19,068**	21,650
Non-current assets	**4,044**	4,777
Current liabilities	**8,039**	8,926
Non-current liabilities	**1,266**	1,918

Current assets mainly comprise of trade and other receivables of HK$17,454,000 (2018: HK$17,418,000) and cash and cash equivalents of HK$1,614,000 (2018: HK$2,710,000). Current liabilities mainly comprise of trade and other payables of HK$7,375,000 (2018: HK$8,269,000) and lease liabilities of HK$664,000 (2018: obligations under finance leases of HK$614,000). Non-current assets mainly represented the property, plant and equipment of HK$4,036,000 (2018: HK$4,769,000). Non-current liabilities represented the lease liabilities of HK$1,266,000 (2018: obligations under finance leases of HK$1,918,000).

	2019 **HK$'000**	2018 HK$'000
Revenue	**36,138**	31,745
(Loss) profit for the year	**(2,224)**	79
Other comprehensive income for the year	**–**	–
Total comprehensive (expense) income for the year	**(2,224)**	79
Dividends received from the joint venture during the year	**–**	–

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

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

	2019	2018
	HK$'000	HK$'000
Net assets	**13,807**	15,583
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	**(8,845)**	(2,845)
Carrying amount of the Group's interest	**6,426**	14,025

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.

22. LOAN RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Fixed-rate loan receivables, net of accumulated loss allowance of ECL	**294,657**	199,414
Accrued interest receivables	**4,546**	4,222
	299,203	203,636
Analysed as		
Current	**277,078**	86,412
Non-current	**22,125**	117,224
	299,203	203,636

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 one to five years (31 December 2018: three months to five years) from the drawdown dates, 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.

22. 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 aging 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.

Applying the ECL model, impairment of loan receivables is assessed on 12m ECL basis when there has been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL. As a result, it was assessed and concluded by management of the Group that the gross carrying amount of loan receivables and accrued loan interest receivables of HK$230,083,000 (2018: HK$120,584,000) is assessed on 12m ECL basis whereas the gross carrying amount of loan receivables and accrued loan interest receivables of HK$95,186,000 (2018: HK$96,356,000) is assessed on the lifetime ECL, the accumulated loss allowance of ECL on the loan receivables further increased by HK$12,762,000 (2018: HK$13,304,000) for the year ended 31 December 2019, details of which are set out in notes 4 and 42(b), of which the net carrying amount of HK$188,177,000 (2018: HK$110,923,000) being unsecured or unguaranteed and HK$111,026,000 (2018: HK$92,713,000) were secured or guaranteed.

No aging analysis is disclosed, as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of money lending. As at 31 December 2019 and 2018, no principal or interests are past due.

23. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY

	2019 HK$'000	2018 HK$'000
Deposit for a life insurance policy	4,882	–
Prepayment for a life insurance policy	2,128	–
	7,010	–
Less: current portion of prepayment for a life insurance policy (included in trade and other receivables (note 24))	(308)	–
Amounts included in non-current assets	6,702	–
Analysed as		
Current	308	–
Non-current	6,702	–
	7,010	–

23. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY *(Continued)*

In November 2019, Safe2Travel (as defined in note 19) entered into a life insurance policy (the "**Policy**") to insure a key management person of the travel business in Singapore. The insured person is not a director or a shareholder of the Company. Under the Policy, the beneficiary and policy holder is Safe2Travel and the total insured sum is approximately United States dollars ("**US$**") 3,036,000 (equivalent to approximately HK$23,675,000). At the inception of the Policy, Safe2Travel paid an upfront gross premium of approximately US$901,000 (equivalent to approximately HK$6,996,000). The insurer will pay Safe2Travel a guaranteed interest rate of 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.00% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy (the "**Account Value**"), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the Policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from the Account Value.

At the date of initial recognition, the directors of the Company expected that the Policy would be terminated at the end of the seventh policy year in 2026, and accordingly, there would be a specified surrender charge of approximately US$123,000 (equivalent to approximately HK$959,000) in accordance with the Policy, representing 13.8% of the Account Value. The estimated Account Value at the end of the seventh policy year is approximately US$890,000 (equivalent to approximately HK$6,937,000).

The Policy provides the Group with coverage for significant insurance risk. The gross premium paid at inception of the Policy consists of a deposit placed element and a prepayment for life insurance element. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of the seventh policy year.

The directors of the Company consider that the expected life of the Policy remains unchanged from the date of initial recognition and the financial impact of the option to terminate the Policy was not significant.

The effective interest rate of the deposit is 2.94% per annum for 2019.

As at 31 December 2019, deposit and prepayment for the life insurance policy amount to approximately US$899,000 (equivalent to approximately HK$7,010,000) in aggregate, of which HK$6,702,000 and HK$308,000 are classified as non-current assets and current assets respectively.

The Policy is used to secure a banking facility agreement of Safe2Travel as detailed in note 39.

23. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY *(Continued)*

The Group's deposit for a life insurance policy that is denominated in currencies other than the functional currencies of the relevant group entity is set out below:

	2019	2018
	HK$'000	HK$'000
US$	**4,882**	–

24. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Accounts receivables from brokerage business:		
– Margin clients (note i)	**71,862**	18,714
– Cash clients (note ii)	**507**	420
– Clearing house (note ii)	**2,354**	2,342
– A broker (note ii)	**1,527**	–
Trade receivables from travel business, net of accumulated loss allowance of ECL	**113,486**	120,504
Trade receivables from asset management business	**805**	99
Trade receivables from corporate finance advisory business	**152**	–
Trade receivables from futures contract	**–**	2,737
Brokers receivables	**274**	287
Prepayment for a life insurance policy (note 23)	**308**	–
Sale receivables from disposal of Perfect Well (note 7)	**–**	1,290
Deposits, prepayments and other receivables	**30,677**	30,003
	221,952	176,396

Notes:

(i) Loans to securities margin clients are secured by clients' pledged securities with fair value of HK$411,282,000 (2018: HK$303,247,000) as at 31 December 2019. The loans are repayable on demand 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 aging analysis is disclosed as, in the opinion of the directors, an aging 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, clearing house and a broker are two trading days after trade date. As at 31 December 2019, accounts receivables from cash client was HK$507,000 (2018: HK$420,000). 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.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

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, net of accumulated loss allowance of ECL, presented based on the invoice date at the end of the reporting period.

	2019 HK$'000	2018 HK$'000
Up to 3 months	46,109	57,594
4 to 6 months	49,426	55,897
7 to 12 months	12,749	2,329
Over 1 year	5,202	4,684
	113,486	120,504

Trade receivables from travel business represent the gross amounts billed to customers, of which trade receivables, net of accumulated loss allowance of ECL, from travel business in Singapore is HK$113,486,000 (2018: HK$120,504,000) as at 31 December 2019. The Group measures loss allowance for trade receivables from travel business at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business have been grouped based on shared credit risk characteristics and the days past due.

As at 31 December 2019, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of approximately HK$67,728,000 (2018: HK$63,186,000) which are past due as at the reporting date. The average age of these receivables is 141 days (2018: 142 days). For the year ended 31 December 2019, the accumulated loss allowance of ECL is further increased by HK$11,775,000 (2018: HK$24,306,000), and details of impairment assessment of trade and other receivables are set out in notes 4 and 42(b).

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000	2018 HK$'000
Listed investments held for trading (note)		
– Equity securities listed in Hong Kong	61,515	74,901
– Equity securities listed in the People's Republic of China	–	4,509
	61,515	79,410

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

At 31 December 2019 and 2018, no financial assets at fair value through profit or loss have been pledged as security.

26. 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% (2018: 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:

	2019 HK$'000	2018 HK$'000
US$	13	230
Australian dollar ("**AUD**")	174	50
New Zealand dollar ("**NZD**")	76	38
Renminbi ("**RMB**")	13	6

27. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its brokerage and asset management 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.

28. TRADE AND OTHER PAYABLES

	2019 **HK$'000**	2018 HK$'000
Accounts payables from brokerage business:		
– Margin clients	**11,528**	11,523
– Cash clients	**15,382**	7,201
– Clearing house	**1,570**	1,240
Trade payables from travel business	**21,413**	26,860
Trade payables from asset management business	**1,257**	1,711
Accruals	**7,939**	8,468
Interest payables	**1,517**	859
Tenant deposits received	**1,406**	1,406
Receipt in advance from a tenant	**–**	542
Other payables	**7,729**	4,724
	69,741	64,534

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

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.

	2019 **HK$'000**	2018 HK$'000
Within 1 month	**14,318**	17,876
1 to 2 months	**3,539**	6,562
2 to 3 months	**514**	596
Over 3 months	**3,042**	1,826
	21,413	26,860

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

29. CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000
Deposits received from customers for provision of travel related services	**1,473**	826
Deposits received from customers for provision of corporate finance advisory services	**100**	–
Deposits received from customers for provision of brokerage services	**–**	53
	1,573	879

30. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
The carrying amounts of secured bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**31,035**	14,562
Within a period of more than one year but not exceeding two years	**943**	–
Within a period of more than two years but not exceeding five years	**4,003**	–
	35,981	14,562

As at 31 December 2019, the bank borrowings carry interest rate ranging from 3.00% to 4.50% (2018: 5.75%) per annum.

30. BANK BORROWINGS *(Continued)*

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entity are set out below:

	2019 HK$'000
US$	6,592

All bank borrowings are denominated in the functional currency of the relevant group entity as at 31 December 2018.

As at 31 December 2019, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in a subsidiary of the Group. The bank borrowings of approximately HK$29,389,000 are guaranteed by the Company and the entire bank borrowings have been classified as current liabilities relevant at the end of the reporting period. As at the date of issuance of this report, the lender has not made any demand for immediate repayment of the borrowings under the loan facility letter. The management of the Group has commenced negotiations with the bank for a waiver of the technical breach of the loan covenant, and yet obtained such waiver as at the date of issuance of this report.

31. OTHER BORROWING

During the year ended 31 December 2019, the Group obtained a new borrowing amounting to HK$100,000,000 (31 December 2018: nil) which was guaranteed by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive director and a shareholder of the Company. The loan carried interest at a fixed rate of 8% per annum and is repayable in instalments. The maturity date of the other borrowing is in May 2020, which is repayable within one year. The majority of the proceeds were used to finance the working capital of money lending business.

32. LEASE LIABILITIES

	2019 HK$'000
Lease liabilities payable:	
Within one year	8,706
Within a period of more than one year but not more than two years	2,678
Within a period of more than two years but not more than five years	799
	12,183
Less: amount due for settlement within 12 months shown under current liabilities	(8,706)
Amount due for settlement after 12 months shown under non-current liabilities	3,477

The Group's lease liabilities are denominated in the functional currency of the relevant group entities.

As at 31 Dccember 2019, included in lease liabilities is payable to a related company of a substantial shareholder of the Company of HK$3,759,000.

33. OBLIGATIONS UNDER FINANCE LEASE

	2018 HK$'000
Analysed for reporting purposes as:	
Current liabilities	189
Non-current liabilities	1,119
	1,308

	Minimum lease payments 2018 HK$'000	Present value of minimum lease payments 2018 HK$'000
Obligations under finance lease payable:		
Within one year	223	189
Within a period of more than one year but not more than two years	223	189
Within a period of more than two years but not more than five years	670	567
Within a period of more than five years	428	363
	1,544	1,308
Less: future finance charges	(236)	N/A
Present value of lease obligations	1,308	1,308
Less: Amount due for settlement within 12 months shown under current liabilities		(189)
Amount due for settlement after 12 months shown under non-current liabilities		1,119

As at 31 December 2018, the Group leased one of its motor vehicles under finance lease. The lease term was 7 years. Interest rate underlying the obligations under finance lease was fixed at the contract dates at 2.58% per annum. The Group's obligations under finance leases were denominated in the functional currency of the relevant group entity.

34. DEFERRED TAX ASSETS (LIABILITIES)

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

	ECL provision HK$'000	Fair value adjustments HK$'000	Total HK$'000
At 1 January 2018	–	(726)	(726)
Credit to profit or loss (note 10)	2,195	665	2,860
Exchange adjustments	–	61	61
At 31 December 2018	2,195	–	2,195
Credit to profit or loss (note 10)	2,106	–	2,106
At 31 December 2019	4,301	–	4,301

At the end of the reporting period, the Group has unused tax losses of approximately HK$79,200,000 (2018: HK$78,366,000) 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$13,056,000 (2018: HK$15,669,000) in respect of the depreciation of property, plant and equipment and loss provision of ECL in respect of trade receivables from travel business in Singapore. 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.

35. CONVERTIBLE BONDS

The Company issued 8% two-year convertible bonds with principal amount of HK$80,000,000 on 13 November 2018 to an independent third party. The convertible bonds are denominated in Hong Kong dollars. The convertible bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and the fifth business days prior to 12 November 2020 (the "**Maturity Date**") at a conversion price of HK$0.115 per conversion share. If the convertible bonds have not been converted, they will be redeemed on the Maturity Date at par. Interest of 8% will be paid annually in arrears up until the settlement date.

The principal terms of the convertible bonds were disclosed in the Company's announcement dated 29 October 2018.

At initial recognition, the equity component of the convertible bonds was separated from the liability component. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component is 11.12% per annum.

The movement of the liability component of the convertible bonds for the year is set out below:

	2019 **HK$'000**	2018 HK$'000
Carrying amount at 1 January	**76,009**	–
Net proceeds from issue of convertible bonds	**–**	75,738
Interest paid	**(6,400)**	–
Interest charge (note 9)	**8,449**	1,130
Accrued coupon interest (note 28)	**–**	(859)
Carrying amount at 31 December	**78,058**	76,009

36. SHARE CAPITAL OF THE COMPANY

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018, and 31 December 2019	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018, and 31 December 2019	4,262,867,050	42,629

37. 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 of directors of the Company, 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 option 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 were vested immediately at the date of grant.

During the year ended 31 December 2018, the above outstanding share options were expired and lapsed and no share options had been exercised before the expiry dates. No share options were granted during the years ended 31 December 2019 and 2018.

38. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying 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 13% to 17% of payroll costs to the CPF Scheme to fund the benefit. The only obligation of the Group with respect of the CPF 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.

The total expense recognised in profit or loss of approximately HK$3,494,000 (2018: HK$3,479,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group at rates specified in the rules of the plans in respect of the year ended 31 December 2019. As at 31 December 2019, contributions of HK$840,000 (2018: HK$736,000) 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.

39. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2019, the net carrying amount of trade receivables from travel business in Singapore amounting to Singapore Dollar ("**SG$**") 19,647,000 (equivalent to approximately HK$113,486,000) (31 December 2018: SG$21,026,000 (equivalent to approximately HK$120,504,000)) and deposit and prepayment for a life insurance policy of US$899,000 (equivalent to approximately HK$7,010,000) (31 December 2018: nil) have been pledged to a bank in Singapore by way of a floating charge. In addition, bank deposits of nil (31 December 2018: SG$222,000 (equivalent to approximately HK$1,272,000)) of the Group were pledged to secure a credit facility as at 31 December 2019.

As at 31 December 2019, banking facilities in an aggregate sum of HK$49,007,000 (31 December 2018: HK$50,692,000) were available to the Group. Details of the banking facilities are as follows:

A bank in Singapore has provided accounts receivables financing and commercial card guarantee to Safe2Travel (as defined in note 19) in an aggregate amount of approximately SG$5,600,000 (equivalent to approximately HK$32,347,000) and life insurance premium financing loan and term loan in an aggregate amount of US$854,000 (equivalent to approximately HK$6,660,000) (31 December 2018: banker's guarantee, bank overdrafts and commercial card guarantee in an aggregate amount of approximately SG$7,100,000 (equivalent to approximately HK$40,692,000)), of which the amounts utilised as at 31 December 2019 were approximately SG$5,145,000 (equivalent to approximately HK$29,718,000) and US$845,000 (equivalent to approximately HK$6,592,000) (31 December 2018: SG$5,123,000 (equivalent to approximately HK$29,359,000)). The banker's guarantee for travel business in Singapore had been given in favour to international airlines as at 31 December 2018 (31 December 2019: nil).

A bank in Hong Kong has provided a shares overdraft facility to a subsidiary of the Company in Hong Kong for securities brokerage business in an aggregate amount of HK$10,000,000 (31 December 2018: HK$10,000,000). No amount of the shares overdraft facility has been utilised and no securities have been pledged to the bank as at 31 December 2019 and 2018.

As at 31 December 2019, cash collateral placed by the Group and included in other receivables of approximately SG$640,000 (equivalent to approximately HK$3,697,000) (31 December 2018: SG$640,000 (equivalent to approximately HK$3,668,000)), was pledged for financial guarantees of SG$3,216,000 (equivalent to approximately HK$18,574,000) (31 December 2018: SG$3,663,000 (equivalent to approximately HK$20,993,000)) 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.

Restrictions on assets

In addition, lease liabilities of HK$12,183,000 are recognised with related carrying amounts of the right-of-use assets of HK$12,589,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

40. OPERATING LEASES

The Group as lessee

	2018 HK$'000
Minimum lease payments recognised under operating leases for premises during the year	7,085

As at 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000
Within one year	6,044
In the second to fifth years inclusive	7,010
	13,054

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 for the year ended 31 December 2018.

The Group as lessor

Property rental income earned during the year was approximately HK$ 5,026,000 (2018: HK$1,067,000). The properties held have committed tenants for the next two years (2018: three years).

Minimum lease income receivables under operating leases:

	2019 **HK$'000**
Within one year	**5,026**
In the second to fifth years inclusive	**3,958**
	8,984

As at 31 December 2018, the Group had contracted with tenants for the following future minimum lease income receivables under operating leases:

	2018 HK$'000
Within one year	5,026
In the second to fifth years inclusive	8,984
	14,010

41. 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 30, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium and reserves.

Several subsidiaries of the Company are 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 those licensed subsidiaries 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.

42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 **HK$'000**	2018 HK$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL	**61,515**	79,410
Financial assets at amortised cost	**625,535**	520,518
	687,050	599,928
Financial liabilities		
Lease liabilities	**12,183**	1,308
Financial liabilities at amortised cost	**275,841**	146,095
	288,024	147,403

b. 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 (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk

(i) Currency risk

Certain subsidiaries of the Group have pledged bank deposits, bank balances and a deposit for a life insurance policy denominated in foreign currencies, which expose the Group to foreign currency risk.

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	
	2019	2018
	HK$'000	HK$'000
US$	**4,923**	230
AUD	**174**	50
NZD	**76**	38
RMB	**19**	4,515

	Liabilities	
	2019	2018
	HK$'000	HK$'000
US$	**6,592**	–
RMB	**6**	6

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in the functional currencies of each group entity against the above foreign currencies. 5% (2018: 5%) is the sensitivity rate used 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 outstanding foreign currency denominated monetary items other than the items denominated in US$ as the directors consider that the Group's exposure to US$ is insignificant on the ground that HK$ is pegged to US$ 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% (2018: 5%) against the relevant currencies. For a 5% (2018: 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.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(i) Currency risk (Continued)

	2019 HK$'000	2018 HK$'000
US$	**(83)**	12
AUD	**9**	3
NZD	**4**	2
RMB	**1**	226

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate deposit for a life insurance policy (note 23), pledged bank deposits (note 26), bank balances (note 26) and bank borrowings (note 30). 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 (note 22), lease liabilities (note 32) and other borrowing (note 31). 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.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2019 HK$'000	2018 HK$'000
Interest revenue		
Financial assets at amortised cost	**33,703**	19,143
Other income		
Financial assets at amortised cost	**3,618**	3,856
Total interest income	**37,321**	22,999

Interest expense on financial liabilities not measured at FVTPL:

	2019 HK$'000	2018 HK$'000
Financial liabilities at amortised cost	**14,919**	2,063

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates on deposit for a life insurance policy, 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 on deposit for a life insurance policy, pledged bank deposits and bank balances had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2019 would decrease by approximately HK$79,000 (2018: decrease by approximately HK$7,000). If interest rates on bank borrowings had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2019 would increase by approximately HK$180,000 (2018: increase by approximately HK$73,000). The 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 measured at FVTPL. 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% (2018: 10%) higher/lower, the post-tax loss for the year ended 31 December 2019 would decrease/increase by HK$5,136,000 (2018: HK$6,631,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group applies simplified approach to measure ECL on trade receivables from travel business; and general approach to measure ECL on loan receivables and loan interest receivables, deposit for a life insurance policy, pledged bank deposits, bank trust account balances and bank balances. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECL.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effect. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

Trade receivables from travel business

For trade receivables from travel business, the Group monitors the aging of the receivable balances. The Group applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due. Follow up action is taken in case of overdue balances. In addition, management assesses the collectability of the receivables regularly and on a case-by-case basis for the determination of any loss allowance for the receivables by taking into account the customers' or debtors' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Trade receivables from travel business (Continued)

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified forecast economic conditions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 1 years past due.

The Group determines the expected credit loss rate for trade receivables from travel business using the following provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2019 and 2018, the accumulated loss allowance for trade receivables from travel business was determined as follows. The expected credit losses below also incorporated forward looking information.

	Current (not past due)	1 to 3 months past due	4 to 9 months past due	Over 9 months and 1 year past due	Total
31 December 2019					
Gross carrying amount (HK$'000)	45,758	54,865	18,862	30,082	149,567
Expected credit loss rate	–	9.2%	32.5%	82.7%	24.1%
Accumulated loss allowance (HK$'000)	–	(5,066)	(6,135)	(24,880)	(36,081)
31 December 2018					
Gross carrying amount (HK$'000)	57,318	52,365	11,426	23,701	144,810
Expected credit loss rate	–	3.5%	30.3%	80.2%	16.8%
Accumulated loss allowance (HK$'000)	–	(1,832)	(3,457)	(19,017)	(24,306)

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Trade receivables from travel business (Continued)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Loan receivables and loan interest receivables

For loan receivables and loan interest receivables, of which HK$188,177,000 (2018: HK$110,923,000) being unsecured or unguaranteed, and HK$111,026,000 (2018: HK$92,713,000) were secured or guaranteed, the impairment of loan receivables and loan interest receivables is assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL.

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL – credit impaired (Stage 3)	Total
31 December 2019				
Gross carrying amount (HK$'000)	230,083	95,186	–	325,269
Expected credit loss rate	1.7%	23.2%	N/A	8%
Accumulated loss allowance (HK$'000)	(3,946)	(22,120)	–	(26,066)
31 December 2018				
Gross carrying amount (HK$'000)	120,584	96,356	–	216,940
Expected credit loss rate	1.5%	11.9%	N/A	6.1%
Accumulated loss allowance (HK$'000)	(1,852)	(11,452)	–	(13,304)

In respect of its loan receivables and accrued interest receivables, the net carrying amount of loan receivables after the accumulated loss allowance of ECL is HK$299,203,000 (2018: HK$203,636,000) as at 31 December 2019. The Group has concentration of credit risk as approximately 54.1% (2018: 55.5%) of the total loan receivables as at 31 December 2019 was due from three (2018: two) borrowers. The aggregate gross amount due from these three borrowers amounted to HK$176,036,000 as at 31 December 2019 (2018: HK$120,329,000), which is neither past due nor impaired. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Accounts receivables from brokerage business, trade receivables from futures contract, asset management business and corporate finance advisory business (included in trade and other receivables)

For accounts receivables from brokerage business, trade receivables from futures contract, asset management business and corporate finance advisory business, the Group's credit risk exposure is spread over a number of customers. Accordingly, the Group has no significant concentration of credit risk on a single customer in this respect. 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.

To reduce credit risk, the Group requests collateral from individual margin client and the value of such collateral has to be maintained at certain level in proportion to the outstanding balance due from the margin client ("**collateral ratio**"). In addition, the Group has formulated certain credit policy procedures for monitoring trading activities and level of securities collateral of margin clients in particular for those margin clients whose collateral ratio has reached alarming level. The Group has also implemented procedures for monitoring the value of the securities collaterals, including assessing the quality and liquidity of the securities collaterals, closely monitoring the volatility of the market prices of the securities collateral taking into consideration of their current market prices and historical price movements, latest information and news of the related listed companies and other relevant factors regarding the financial market that may have impact on the market prices of the securities collateral. As at 31 December 2019, in the opinion of the directors of the Company, the Group's collateral value is sufficient to mitigate the credit risk in margin financing.

The credit risk of trade receivables from the clearing house is considered to be minimal. Hence, no allowance for impairment was made since the directors of the Company consider the probability of default is minimal after assessing the clients' financial background and creditability.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Accounts receivables from brokerage business, trade receivables from futures contract, asset management business and corporate finance advisory business (included in trade and other receivables) (Continued)

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

Deposit for a life insurance policy
The management considers the credit risk on deposit for a life insurance policy is limited as the insurer is an international insurance company with good reputation and credit ratings.

Other receivables
For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and assessed that the expected loss rate for the other receivables was immaterial. Thus no loss allowance for other receivables was recognised as at 31 December 2019 and 2018.

Pledged bank deposits, bank trust account balances and bank balances
The management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and the management does not expect so in the future.

Liquidity risk
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.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity table

	Weighted average interest rate	On demand or less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2019								
Trade and other payables	–	61,802	–	–	–	–	61,802	61,802
Bank borrowings – variable rate	3.86	37,174	–	–	–	–	37,174	35,981
Other borrowings – fixed rate	8.00	680	1,315	100,964	–	–	102,959	100,000
Lease liabilities	5.68	763	1,527	6,871	3,421	206	12,788	12,183
Convertible bonds	11.12	–	–	86,400	–	–	86,400	78,058
		100,419	2,842	194,235	3,421	206	301,123	288,024
At 31 December 2018								
Trade and other payables	–	55,524	–	–	–	–	55,524	55,524
Bank borrowings – variable rate	5.20	15,319	–	–	–	–	15,319	14,562
Obligations under finance lease	4.95	19	56	149	893	427	1,544	1,308
Convertible bonds	11.12	–	–	6,400	86,400	–	92,800	76,009
		70,862	56	6,549	87,293	427	165,187	147,403

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2019 and 2018, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$37,174,000 and HK$15,319,000 respectively.

As at 31 December 2019, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in a subsidiary of the Group. The bank borrowings of approximately HK$29,389,000 are guaranteed by the Company and the entire bank borrowings have been classified as current liabilities relevant at the end of the reporting period. As at the date of issuance of this report, the lender has not made any demand for immediate repayment of the borrowings under the loan facility letter. The management of the Group has commenced negotiations with the bank for a waiver of the technical breach of the loan covenant, and yet obtained such waiver as at the date of issuance of this report.

As at 31 December 2018, taking into account the Group's financial position, the directors do not believe that it was probable that the bank would exercise their discretionary rights to demand immediate repayment of the bank borrowings. The directors believed that such bank borrowings would be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

42. FINANCIAL INSTRUMENTS *(Continued)*

c. 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 unobservable inputs to fair value
	31 December 2019 HK$'000	31 December 2018 HK$'000				
Listed equity securities classified as financial assets at fair value through profit or loss	**61,515**	79,410	Level 1	Quoted bid prices in an active market	N/A	N/A

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

(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.

42. FINANCIAL INSTRUMENTS *(Continued)*

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

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.

42. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

As at 31 December 2019

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 receivables from clients, a broker, dealers and clearing house	304,170	(227,920)	76,250	–	–	76,250
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payables to clients, dealers, and clearing house	256,400	(227,920)	28,480	–	–	28,480
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

42. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

As at 31 December 2018

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		Net amount
				Financial instruments	Collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivables from clients, a broker, dealers and clearing house	229,934	(208,458)	21,476	–	–	21,476
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payables to clients, dealers, and clearing house	228,422	(208,458)	19,964	–	–	19,964
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

43. 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.

	Bank borrowings Note 30 HK$'000	Convertible bonds Note 35 HK$'000	Other borrowing Note 31 HK$'000	Lease liabilities Note 32 HK$'000	Interest payables Note 28 HK$'000	Total HK$'000
At 1 January 2018	9,516	–	–	–	–	9,516
Net financing cash flows	5,188	79,846	–	–	(933)	84,101
Interest expenses	–	271	–	–	1,792	2,063
Recognition of equity component of convertible bonds, net of transaction costs	–	(4,108)	–	–	–	(4,108)
Exchange adjustments	(142)	–	–	–	–	(142)
At 31 December 2018	14,562	76,009	–	–	859	91,430
Adjustments upon application of HKFRS 16	–	–	–	12,472	–	12,472
At 1 January 2019	14,562	76,009	–	12,472	859	103,902
New lease entered-non-cash	–	–	–	6,908	–	6,908
Net financing cash outflows	21,222	–	100,000	(7,236)	(12,212)	101,774
Interest expenses	–	2,049	–	–	12,870	14,919
Exchange adjustments	197	–	–	39	–	236
At 31 December 2019	35,981	78,058	100,000	12,183	1,517	227,739

44. 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:

	2019 HK$'000	2018 HK$'000
Short-term employee benefits	**10,143**	4,245
Post-employment benefits	**72**	51
	10,215	4,296

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

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

		2019 HK$'000	2018 HK$'000
Related companies (note 1)	Management and administrative income	**–**	3,185
	Secretarial fee and other office expenses	**205**	196
	Rental income	**5,026**	1,067
	Brokerage commission income and other service charge income	**6**	91
Subsidiaries of a substantial shareholder of the Company (note 2)	Lease payments	**2,983**	1,492
	Brokerage commission income and other service charge income	**149**	–

Notes:

1. 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 and shareholders of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.

2. These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company incorporated in Bermuda with limited liability and with its shares listed on the Main Board of the Stock Exchange. Eternity Investment Limited is a substantial shareholder with significant influence of the Company.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	
Durable Gold Investments Limited	British Virgin Islands	Ordinary US$1	100	100	–	–	100	100	–	–	Investment holding/Hong Kong
Famous Flamingo Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/Hong Kong
Global Mastermind Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Asset management business/Hong Kong
Global Mastermind Futures Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Dealing in futures business/Hong Kong
Global Mastermind Financial Services Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	Money lending business/Hong Kong
Global Mastermind Hong Kong Limited	Hong Kong	Ordinary HK$1	100	100	–	–	100	100	–	–	Investment holding/Hong Kong
Global Mastermind Investment Limited	Hong Kong	Ordinary HK$8,000,000	–	–	100	100	–	–	100	100	Asset management services/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; and providing financial advisory services/Hong Kong
Harvest Well International Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Investment holding/Hong Kong
Hope Master Investments Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/Hong Kong
Jade Emperor International Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Investment holding/Hong Kong
Long Joy Investments Limited	British Virgin Islands	Ordinary US$1	100	100	–	–	100	100	–	–	Treasury management and securities trading/Hong Kong
Safe2Travel Pte Ltd.	Singapore	Ordinary SG$9,981,000	–	–	100	100	–	–	100	100	Licensed travel agent/Singapore
Solution Apex Investments Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Treasury management/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

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

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.

46. 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	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		–	7
Interests in subsidiaries	(a) and (c)	23,375	23,375
Amounts due from subsidiaries	(c)	368,784	474,963
		392,159	498,345
Current assets			
Other receivables		276	260
Amounts due from subsidiaries	(d)	359,512	162,705
Bank balances and cash		736	2,349
		360,524	165,314
Current liabilities			
Other payables		1,378	929
Interest payables		1,517	859
Convertible bonds		78,058	–
Other borrowing		100,000	–
		180,953	1,788
Net current assets		179,571	163,526
Total assets less current liabilities		571,730	661,871
Non-current liability			
Convertible bonds		–	76,009
Net assets		571,730	585,862
Capital and reserves			
Share capital	36	42,629	42,629
Share premium and reserves	(b)	529,101	543,233
		571,730	585,862

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

Notes:

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

(b) Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Share options reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2018	920,537	32,589	10,840	–	(413,541)	550,425
Loss for the year	–	–	–	–	(11,300)	(11,300)
Recognition of equity component of convertible bonds	–	–	–	4,116	–	4,116
Transaction costs attributable to issue of convertible bonds	–	–	–	(8)	–	(8)
Lapse of share options (note 37)	–	–	(10,840)	–	10,840	–
At 31 December 2018 and 1 January 2019	920,537	32,589	–	4,108	(414,001)	543,233
Loss for the year	–	–	–	–	(14,132)	(14,132)
At 31 December 2019	920,537	32,589	–	4,108	(428,133)	529,101

The distributable reserves of the Company are amounted to HK$524,993,000 (2018: HK$539,125,000).

Note: 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. These 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 (2018: 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 amounts will be repaid within twelve months from the end of the reporting period, accordingly, these amounts are classified as current assets.

47. EVENTS AFTER THE REPORTING PERIOD

Impact of the Coronavirus Disease 2019

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19") across the country in January 2020, the prevention and control of the COVID-19 has been going on throughout the country.

At present, the domestic securities market operates smoothly and the Group's operation is generally stable, while the COVID-19 epidemic may affect the operation of enterprises in certain provinces, cities and certain industries, as well as the overall economic situation, and may have a further impact on the capital market, securities market, securities industry, travel business as well as certain businesses of the Group to a certain extent. The degree of impact will depend on the situation and duration of the epidemic prevention and control, and the implementation of national economic and industrial control policies.

The direction of deepening reform of the capital market remains unchanged, and the impact of the epidemic will not change the overall trend of the securities industry. The Group will continue to pay close attention to the development of the COVID-19 epidemic situation as well as the various control policies, assess and react actively to its impacts on the financial position and operating results of the Group.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 31 December 2019 and up to the date of approval of these consolidated financial statements.