FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

Annual Report 2016

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Siu Yun Fat *(Chairman)*
Mr. Liu Steven Qiang *(Chief Executive Officer)*
Ms. Cheng So Sheung *(Chief Financial Officer)*
Mr. Lau Fai Lawrence
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Cheng Yong Yau
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Michael John Viotto

AUDIT COMMITTEE

Mr. Tam Tak Wah *(Chairman)*
Mr. Cheng Yong Yau
Mr. Siu Siu Ling, Robert
Mr. Michael John Viotto

REMUNERATION COMMITTEE

Mr. Michael John Viotto *(Chairman)*
Mr. Cheng Yong Yau
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah

NOMINATION COMMITTEE

Mr. Michael John Viotto *(Chairman)*
Mr. Cheng Yong Yau
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah

COMPANY SECRETARY

Mr. Lau Cheuk Pun

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 912, 9th Floor
New East Ocean Centre
9 Science Museum Road
Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon, Hong Kong

SHARE REGISTRARS

Hong Kong
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Cayman Islands
Conyers Trust Company (Cayman) Limited
(formerly known as Codan Trust Company (Cayman) Limited)
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.fw-fh.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), of Future World Financial Holdings Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2016.

During the year, the Group has continued to adhere to its long-term strategy of exploring investment opportunities with growth potential and strive to maintain a diversified investment portfolio. With the assistance of the new and existing management team, the Group has successfully embarked on new strategic initiatives. We are also gratified to see that the Group's existing businesses are contributing to improvements in the Group's financial performance. 2016 was a year of consolidation and transformation for the Group.

REVIEW OF RESULTS

The Group has achieved encouraging results and reported a net profit of approximately HKD97,451,000 attributable to shareholders (2015: net loss HKD47,620,000) and basic earnings per share of Hong Kong 1.61 cents (2015: loss of Hong Kong 1.22 cents) for the year ended 31 December 2016. The profit was mainly attributed to (i) net profit of approximately HKD71,310,000 from the new e-commerce business segment; (ii) gain on disposal of approximately HKD113,444,000 of a subsidiary which indirectly held an investment property in Hong Kong; (iii) fair value gains of approximately HKD16,000,000 on investment property; (iv) net unrealised loss of held-for-trading investments approximately HKD43,140,000 and (v) the share-based payment expenses of approximately HKD10,490,000 arising from granting of share options recorded for the year ended 31 December 2016.

BUSINESS REVIEW

The Company is an investment holding company. The Group are principally engaged in (i) e-commerce business; (ii) securities trading and investment; (iii) provision of financing services; (iv) investment property in Hong Kong, and (v) trading business and related services.

E-commerce business

In September 2016, Sky Faith International Investment Limited ("**Sky Faith**"), a direct wholly-owned subsidiary of the Company entered into a license agreement (the "**License Agreement**") with a licensee (the "**Licensee**") in relation to the operation of the e-commerce platform (the "**E-Platform**") as a membership points redemption online store which allows the users thereof to use their membership points to acquire goods and/or services on the E-Platform with the relevant merchants, suppliers, traders and/or service providers lined up by the Licensee.

During the year ended 31 December 2016, the revenue for the E-platform amounted to approximately HKD73,702,000 and a profit of approximately HKD71,310,000 was recorded.

On 13 January 2017, Sky Faith and the Licensee have entered into a termination agreement, pursuant to which both parties have agreed to terminate the License Agreement and the transactions contemplated thereunder with effect on 1 January 2017 (the "**Termination**"). Pursuant to a supplementary promotion agreement to the License Agreement, Sky Faith agreed to bear the design and decoration costs of display store for promotion of the E-Platform up to the amount, in aggregate, not more than HKD30,000,000 by end of 31 December 2018. Subsequent to the Termination and after further arm's length negotiations, Future Fintech Limited, an indirect wholly-owned subsidiary of the Company entered into a memorandum of understanding with the Licensee in relation to providing technical support for blockchain application technology and setting up business system to the Licensee on online shopping platform on 26 January 2017. Up to the date of this report, no formal agreement has been signed.

Treasury business

The treasury business includes securities trading and money lending business.

Securities trading business

The Group's securities trading portfolio comprised of securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2016. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. For the year ended 31 December 2016, the revenue, which included dividend income on investment in listed equity securities, from trading securities and investment decreased to approximately HKD556,000 (2015: HKD4,804,000) as the Group did not realise any gain or loss on investment. As a whole, the segment recorded a loss of approximately HKD43,824,000 (2015: HKD5,600,000).

The Group made a net unrealised losses of investment at fair value through profit or loss of approximately HKD43,140,000 (2015: HKD9,037,000). Approximately 69% and 29% of the unrealised loss was attributable to the Group's investment in securities of Skyway Securities Group Limited ("**Skyway**") and China Soft Power Technology Holdings Limited ("**China Soft Power**") respectively. Details of the investment in Skyway and China Soft Power are as follows:

	For the year ended 31 December 2016		At 31 December 2016			At 31 December 2015
	Fair value loss	Approximate percentage of fair value loss on held-for-trading investments	Market value	Approximate percentage of held-for-trading investments	Approximate percentage of the net assets	Market value
	HKD'000		*HKD'000*			*HKD'000*
Skyway	32,500	69%	266,500	33%	42%	N/A *(Note)*
China Soft Power	13,844	29%	6,466	1%	1%	6,732
	46,344	98%	272,966	34%	43%	6,732

Note:

The Group did not hold any share of Skyway as at 31 December 2015.

The investment in securities of Skyway is obtained through the receipt of consideration shares which is part of the consideration from the disposal of Sky Eagle Global Limited ("**Sky Eagle**"), a company incorporated in the British Virgin Islands and a former wholly owned subsidiary of the Company. Details of the disposal of Sky Eagle are stated on page 6 under Investment Property section. Skyway is principally engaged in the businesses of supply and procurement of commodities, provision of brokerage service and securities margin financing, provision of futures and options contracts dealing services, provision of finance and securities investments and real estate. The Company is optimistic on the prospect of the securities industry in Hong Kong and the business prospect of Skyway.

China Soft Power is principally engaged in investment holdings, trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business, construction of submarine cable system and the research and development of integrated circuit technology, information and bid data technology. The directors of the Company ("**Directors**") hold positive views towards the prospect of China Soft Power.

As at 31 December 2016, the Group held an investment portfolio with market value of approximately HKD310,256,000 (2015: HKD6,732,000). Except for the investment in Skyway, at 31 December 2016, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited ("**Globally Finance**"), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a licensed money lending business in Hong Kong. During the year ended 31 December 2016, Globally Finance generated revenue of approximately HKD1,193,000 (2015: HKD1,174,000) and recorded a profit of approximately HKD1,070,000 (2015: HKD1,103,000).

Investment property

The Group first acquired a luxury residential property in Hong Kong in August 2015 and intends to expand its investment property portfolio with an aim to generate future economic benefits by earning rentals and/or for capital appreciation,

On 2 February 2016, Skypark Developments Limited ("**Skypark**"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Eternal Vantage Investment Limited (the "**Vendor**") pursuant to which Skypark conditionally agreed to purchase and the Vendor agreed to sell the entire interests in Chinacorp (HK) Investment Limited ("**Chinacorp**") for an aggregate consideration of HKD117,000,000, of which HKD32,000,000 will be satisfied in cash and the remaining balance of HKD85,000,000 shall be satisfied by the allotment and issue of 640,000,000 ordinary shares of the Company amounting to HKD80,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year maturity amounting to HKD5,000,000 to the Vendor upon completion. The acquisition constitutes a major transaction ("**Major Transaction**") on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The acquisition was completed in July 2016. For more information of which, please refer to the Company's announcement and circular dated 2 February 2016 and 31 May 2016 respectively.

Chinacorp is a company incorporated in Hong Kong and is currently holding a luxury residential property located at No. 19, Cumberland Road, Kowloon, Hong Kong. The details of the investment property as follow:

Location	Group Interest	Category of lease	Use
No. 19, Cumberland Road, Kowloon, Hong Kong (New Kowloon Inland Lot No. 692)	100%	Medium term	Residential

However, the slowing economic development in Hong Kong and reducing demand and keen competition on luxury residential properties, which put pressures on higher rental vacancy as well as reduction in property prices in the luxury residential market. The Board considers better to lower the Group's risk exposure on investments in luxury residential properties.

On 4 March 2016, the Company entered into a sale and purchase agreement with Gold Mission Limited (the "**Purchaser**") in relation to the disposal of the entire equity interests in Sky Eagle and all obligations, liabilities and debts owing or incurred by Sky Eagle to the Company for an aggregate consideration of HKD218,000,000, of which HKD7,000,000 will be satisfied in cash, and the remaining balance of HKD211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 ordinary shares of Skyway amounting to HKD182,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year maturity amounting to HKD29,000,000 by the Purchaser upon completion. Sky Eagle wholly owns a company incorporated in Hong Kong, which in turn holds a luxury residential property located at No. 2, Lincoln Road, Kowloon, Hong Kong. The disposal was completed in July 2016. The Group recorded a gain on disposal of approximately HKD113,444,000. The disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules. For more information of which, please refer to the Company's announcement and circular dated 4 March 2016 and 21 June 2016 respectively. The Company considers that the disposal is a prudent decision to avoid putting all eggs in the same basket due to the uncertainties in the luxury residential leasing market and risk of reduction in property prices.

During the year ended 31 December 2016, the Group recorded rental income of approximately HKD2,918,000 (2015: HKD450,000) and fair value gain of approximately HKD16,000,000 (2015: HKD6,207,000) arising from change in fair value of investment property from the property investment segment.

In the coming year, the Group will continue to look for additional opportunity to acquiring additional properties in Hong Kong to earn stable recurring income and cash flow and/or for capital appreciation.

Investment in film industry

On 12 July 2016, China Wisdom Group Limited ("**China Wisdom**"), a wholly owned subsidiary of the Company, entered into a film agreement (the "**Film Agreement**") with an independent third party (the "**Third Party**") in relation to the investment in a film project (the "**Film**") tentatively known as "Girls 2"(《閨蜜2》). Pursuant to the Film Agreement, China Wisdom will invest RMB12,000,000 (equivalent to approximately HKD14,400,000) in cash for investment in the Film. As at 31 December 2016, China Wisdom has invested RMB10,800,000 (equivalent to approximately HKD12,960,000) in cash for investment in the Film. The investment sum of China Wisdom was determined after arm's length negotiations after taking into consideration of, among others, the proposed total production costs, the box office and the prospects of the Film. After the Film is on screen in the PRC for three months, the Third Party shall provide relevant information regarding the box office revenue of the Film. The Third Party shall pay China Wisdom the relevant part of investment return.

The PRC film industry has experienced strong and consistent growth in recent years. The Company considers that the entering into of the Film Agreement will allow the Group to have a stake in the Film as a passive investor whilst the Group needs not to invest the whole Film project on its own account or to involve in the production of the Film. The Film is targeted for release in the second half of 2017.

Trading business and related services

Due to continuous adverse market conditions and the low profit margin in the trading business and as the Directors would like to concentrate more on E-commerce business and the business of provision of financing services and properties investment that yield a much higher profit margin, no revenue was generated from this business during the year ended 31 December 2016 as compared with approximately HKD34,750,000 of revenue generated in the last year. For the year ended 31 December 2016, a loss of approximately HKD3,097,000 (2015: HKD18,263,000) was recorded for the segment of trading business and related services.

Interests in associates – Securities brokerage

The Group invested in securities brokerage business in Hong Kong through investment in associates, Central Wealth Securities Investment Limited ("**CWSI**") and Central Wealth Futures Limited ("**CWF**"). CWSI and CWF are incorporated in Hong Kong with limited liability and are wholly owned by Instant Achieve Limited ("**IAL**"), which in turn is owned as to 34% by the Group as at 31 December 2016. IAL, CWSI and CWF (collectively referred to as "**Instant Achieve Group**") are treated as associates of the Group and the Company adopted equity accounting method to account for the investments in Instant Achieve Group in preparing the consolidated financial statements of the Group.

During the year ended 31 December 2016, Instant Achieve Group recorded a profit of approximately HKD5,384,000 (2015: loss of HKD707,000) and the share of profit of associates by the Group was approximately HKD1,830,000 (2015: share of loss of HKD240,000).

CWSI has obtained the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

CWF has obtained the licenses from the Securities and Futures Commission to carry out Type 2 (Dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities.

The Directors are optimistic to the securities market development in Hong Kong and consider that there will be business prospects in CWSI and CWF. CWSI commenced its business in September 2015 and faced substantial funding requirements for its operations. CWSI currently provides brokerage services to its clients for trading in securities listed on the Stock Exchange and margin and initial public offering financings to its clients and will further expand to other related area in future. On 30 September 2015, Globally Finance granted a loan facility ("**Loan Facility**"), with the call option ("**Call Option**"), in the amount up to HKD29,000,000 to IAL and increased the principal amount of the Loan Facility to HKD90,000,000 on 27 October 2015 subsequently. As at 31 December 2016, Globally Finance has provided a sum of HKD90,000,000 of loan to financing IAL. For more information of which, please refer to the Company's announcements dated 30 September 2015 and 27 October 2015. The grant of Loan Facility to IAL with the Call Option will allow the Group to have a stake in CWSI and CWF but will also limit the risks of the Group as the Group will be entitled to recover the principal amount of the loan(s) in the unlikely event that the business of CWSI and CWF would not perform as expected.

The fair value loss arising from the Call Option, granted from the major shareholder of IAL to a subsidiary of the Company to acquire 66% issued share capital of IAL, of approximately HKD3,799,000 (2015: fair value gain of HKD5,292,000) was recorded through profit and loss during the year ended 31 December 2016.

UPDATE REGARDING THE LATEST DEVELOPMENT OF THE RETAKING CONTROL OF THE DECONSOLIDATED SUBSIDIARIES

The Board wishes to provide an update regarding the latest development of the legal action for retaking control of two deconsolidated subsidiaries of the Company, namely Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Ltd（山西展鵬金屬製品有限公司）("**Zhanpen**"). The Group deconsolidated such two subsidiaries from its consolidated financial statements since 1 January 2013 due to the reason of not able to obtain and access their books and records. Further details are set out in the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015 respectively.

Upon the judgement of the People's court of Fenyang county（汾陽市人民法院）(the "**Court**") issued on 12 September 2016, former directors of Zhanpen (the "**Former Directors**") are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Court on 23 September 2016. After seeking legal advice from its external legal counsel, the Group has also filed an appeal to the Court on 8 October 2016. The court case has been heard on 21 February 2017. Up to the date of this report, the Court has not yet issued any judgement.

PROSPECTS AND OUTLOOK

The Group has achieved good progress both strategically and financially over the past year. The strategic expansion to e-commerce business laid a solid foundation towards the Group's long-term sustainability and competitiveness. The Group has setup a wholly owned subsidiary to develop blockchain application technology and engaged certain specialists to facilitate and further develop the Group's e-commerce business. Blockchain applications are wide ranging and this technology is transforming the way data is handled and stored. Blockchain can be used to record the transfer of any digital assets, ownership of physical and intellectual property, and establish rights through smart contracts, among a wide range of other possible applications. The Board looks forward to the implementation of blockchain technology in e-commerce and financial services and its potential uses across various industries. The Company plans to provide such blockchain application technology/service to existing and potential clients for their business/ecosystem. There shall be new and emerging opportunities for organisations in all sectors to create and deliver compelling services for their customers using such powerful innovation.

Apart from the new business initiative, the Group will continue to devote resources to bolstering its existing businesses including securities trading and money lending business as well as the property investment, which are subject to numerous uncertainties and sharp contradictions underlying the macro environment and the global economy during the year. Challenges including slowing global economy, potential risks associated with monetary easing policies in major developed countries, along with the impact of Brexit after the EU referendum are likely to continue weighing on the global economy and lead to volatility in the financial markets.

The Federal Reserve raised the Federal Funds Rate by 0.25% in March 2017, the third time in fifteen months since the financial crisis in 2008. The speculation about more interest rate hike in the United States, the increasing supply of new residential premises and the possibility of further property cooling measures imposed by the Hong Kong Government may create uncertainties to the property market in Hong Kong. However, the Group is still confident about the medium– to long-term development of the property market in Hong Kong benefited from the continuing prevalence of low interest rate of mortgage and stable demand for property purchases.

In the PRC, the annual Gross Domestic Product (GDP) increased by 6.7%, compared with 6.9% in 2015, marking its slowest growth since 1990. Meanwhile, the annual GDP of Hong Kong increased modestly by 1.9%, compared with 2.4% in 2015. Coupled with the slowdown in economic growth and the increase in compliance related and system related costs in meeting the regulatory and supervisory requirements, commercial banks became more conservative in lending to individuals and small and medium-sized enterprises. They then turn to access credit with non-bank money lenders. Besides, both Hong Kong and the PRC stock market experienced a high level of volatility in 2016. The Shenzhen-Hong Kong Stock Connect has been launched in December 2016, making it the second cross-border trading scheme between the PRC and Hong Kong after the commencement of the Shanghai-Hong Kong Stock Connect in 2014. Seizing the above opportunities may present enormous potential for our growth in securities trading and money lending businesses.

Notwithstanding the above difficult operating environment and uncertain economic conditions, the Group will strive to strengthen and build on its existing core businesses while continue to seek sustainable business expansion and market penetration broaden its income stream, and to delivering long-term value to our shareholders.

APPRECIATION

I would like to take this opportunity to express the Board's sincere gratitude to all Shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to all staff members for their hard work and contributions during the past year.

On behalf of the Board
Siu Yun Fat
Chairman

Hong Kong, 31 March 2017

FINANCIAL REVIEW

The consolidated net profit attributable to owners of the Company for the year ended 31 December 2016 was approximately HKD97,451,000 equivalent to a profit of Hong Kong 1.61 cents per share, compared with a loss of HKD47,620,000, equivalent to a loss of Hong Kong 1.22 cents per share for last year. The profit was mainly attributed to (i) net profit of approximately HKD71,310,000 from the new e-commerce business segment; (ii) gain on disposal of approximately HKD113,444,000 of a subsidiary which indirectly held an investment property in Hong Kong; (iii) fair value gains of approximately HKD16,000,000 on investment property; and (iv) net unrealised loss of held-for-trading investments approximately HKD43,140,000 and (v) the share-based payment expenses of approximately HKD10,490,000 arising from granting of share options recorded for the year ended 31 December 2016.

In regard to the operational front, the Group recorded a revenue of approximately HKD78,369,000 for the year ended 31 December 2016 (2015: HKD41,178,000). The increase in revenue was resulted from the development of the new e-commerce business.

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HKD29,169,000 as at 31 December 2016 (2015: HKD98,114,000). The Group had total bank borrowings of approximately HKD114,569,000 as at 31 December 2016 (2015: HKD187,180,000). The bank borrowings were bearing floating interest rates. The gearing ratio, which is calculated as bank borrowings divided by total equity, was 18.2% (2015: 43.6%). Net assets were approximately HKD628,520,000 (2015: HKD429,215,000).

The Group has total current assets of approximately HKD488,792,000 as at 31 December 2016 (2015: HKD230,841,000) and total current liabilities of approximately HKD168,414,000 (2015: HKD209,787,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 2.90 as at 31 December 2016 (2015: 1.10). The current ratio continues to maintain at a healthy condition.

The Group's finance costs for the year was approximately HKD4,312,000 (2015: HKD501,000) and was mainly related to interests paid on the bank borrowings and promissory notes.

The Group recorded a net profit attributable to owners of the Company of approximately HKD97,451,000 (2015: loss of HKD47,620,000).

Pledge of Assets

At 31 December 2016, the Group's investment property, with carrying amount of HKD272,000,000 (2015: HKD403,000,000), has been pledged to secure the bank borrowings granted to the Group.

LITIGATIONS AND CONTINGENCIES

Details of litigations and contingencies are set out in Note 34 to the consolidated financial statements.

RISKS AND UNCERTAINTIES

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

Economic Risks

– A severe or prolonged downturn of economy.

– Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies.

Operational Risks

– Failure to compete in the competitive environment which the Group operates in.

Financial Risk

– Details of financial risk are set out in Note 40 to the consolidated financial statements.

Capital Risk

– Details of capital risk are set out in Note 38 to the consolidated financial statements.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

(a) Acquisition of Chinacorp (HK) Investment Limited

Details of acquisition of Chinacorp are set out under Investment Property section in Chairman's Statement on page 5.

(b) Disposal of Sky Eagle Global Limited

Details of disposal of Sky Eagle are set out under Investment Property section in Chairman's Statement on page 6.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had 18 employees situated in Hong Kong, Malaysia and Taiwan (2015: 11 employees situated in Hong Kong). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2016, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD18,062,000 (2015: HKD19,633,000).

CAPITAL STRUCTURE

During the year ended 31 December 2016, 640,000,000 consideration shares were issued pursuant to the terms of the sale and purchase agreement under the Major Transaction and 67,600,000 shares were issued pursuant to share option scheme of the Company. As at 31 December 2016, the Company had 6,485,187,998 shares in issue.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Siu Yun Fat

Mr. Siu, aged 34, has been appointed as an executive Director in January 2014 and the Chairman of the Board in November 2015. He once was the Chief Executive Officer of the Company during the period from October 2014 to September 2016. Mr. Siu obtained a Bachelor of Arts (Honours) degree in Accountancy from the Hong Kong Polytechnic University in 2004. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Siu has over ten years of experience in auditing, accounting and financial management. He served in various position of local and international accounting firms and securities companies.

Mr. Liu Steven Qiang

Mr. Liu, aged 41, has been appointed as an executive Director and the Chief Executive Officer of the Company in September 2016. Mr. Liu has extensive experience in banking and management and in overseeing acquisitions and investments.

Ms. Cheng So Sheung

Ms. Cheng, aged 54, has been appointed as an executive Director and the Chief Financial Officer of the Company in September 2016. She is a certified public accountant (CPA) of the Hong Kong Institute of Certified Public Accountants. As a well-qualified accounting professional, Ms. Cheng has extensive experience in the finance and accounting field and over 10 years of working experience in multi-national and listed companies with a very strong Asia-Pacific regional exposure. She is now serving as the accounting manager at a market leading e-commerce solutions company in Hong Kong, offering fast and reliable payment solutions, foreign exchange and remittance and advisory services. Ms. Cheng graduated from Macquarie University, Australia with a bachelor of commerce in accounting degree in 2002 and obtained a master of business administration from The University of Hull, the United Kingdom in 2007.

Mr. Lau Fai Lawrence

Mr. Lau, aged 45, has been appointed as an executive Director in January 2014. He is currently a practicing certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Lau graduated from the University of Hong Kong with a bachelor's degree in business administration in 1994 and obtained a master's degree in corporate finance from Hong Kong Polytechnic University in 2007. Mr. Lau is currently the company secretary of BBMG Corporation (stock code: 2009), a non-executive director of Alltronics Holdings Limited (stock code: 833) and an independent non-executive director of Artini China Co. Ltd. (stock code: 789), Titan Petrochemicals Group Limited (stock code: 1192) and China HKBridge Holdings Limited (formerly known as Topsearch International (Holdings) Limited, stock code: 2323), all of them are listed on the Main Board of the Stock Exchange.

Mr. Yu Qingrui

Mr. Yu, aged 45, has been appointed as an executive Director in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of China Soft Power Technology Holdings Limited (stock code: 139), a company listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Yong Yau

Mr. Cheng, aged 45, has been appointed as an independent non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Board in September 2016. Mr. Cheng graduated from the University of Kentucky, the United States of America with a Bachelor of Science Degree in Accounting and a Bachelor of Business Administration Degree in Finance. He is currently the chief executive officer of a software design and marketing planning company in Malaysia, and is responsible for overseeing the day to day operations of the business, with a particular emphasis on product development, operational and staff management, strategic planning as well as budgetary control. Mr. Cheng has extensive experience in operational and performance management, business finance, and in particular, information technology and digital online marketing, having served as an online marketing consultant in an integrated online marketing solution provider in Malaysia from 2003 to 2015. Mr. Cheng also gained exposure in financial and capital markets. As a local member of the Malaysian Derivative Exchange, he was actively involved in trading Kuala Lumpur Composite Index Futures & Crude Palm Oil Futures in between the period of 1999-2003.

Mr. Siu Siu Ling, Robert

Mr. Siu, aged 64, has been appointed as an independent non-executive Director, a member of the Audit Committee and Remuneration Committee of the Board in November 2011. He has also been appointed as a member of the Nomination Committee of the Board in March 2012. Mr. Siu is the sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from The University of Hong Kong. He also holds a Master of Laws from the University of Greenwich, United Kingdom. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance. Mr. Siu is currently an independent non-executive director of Kaisun Energy Group Limited (stock code: 8203) and Finet Group Limited (stock code: 8317), both of them are listed on the Growth Enterprise Market of the Stock Exchange. He is also an independent non-executive director of Skyway Securities Group Limited (stock code: 1141), a company listed on the Main Board of the Stock Exchange. Mr. Siu was a director of MBMI Resources Inc., a company listed on the Toronto Stock Exchange.

Mr. Tam Tak Wah

Mr. Tam, aged 51, has been appointed as an independent non-executive Director, a member of the Audit Committee and Remuneration Committee of the Board in November 2011. He has also been appointed as a member of the Nomination Committee of the Board in March 2012 and the chairman of the Audit Committee in February 2013 respectively. Mr. Tam is a fellow member of The Hong Kong Institute of Certified Public Accountants (HKICPA) and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. He has been appointed to membership of Disciplinary Panel of the HKICPA for the period from February 2014 to January 2018. He has over 25 years of experience in accounting, corporate finance and corporate development. Mr. Tam is currently an executive director of International Standard Resources Holdings Limited (stock code: 91) and a non-executive director of Kingbo Strike Limited (stock code: 1421), both of them are listed on the Main Board of the Stock Exchange. He has resigned as an independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823) in March 2017, an executive director of Skyway Securities Group Limited (stock code: 1141) in November 2016 and an independent non-executive director of Siberian Mining Group Company Limited (stock code: 1142) in February 2014, all of them are listed on the Main Board of the Stock Exchange.

Mr. Michael John Viotto

Mr. Viotto, aged 65, has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of the Board in September 2016. He was appointed to the board of directors of Nova Lifestyle, Inc., a company listed on the NASDAQ, in 2013 and the chairman of the nominating and corporate governance committee, a member of compensation committee and a member of audit committee. Mr. Viotto is currently working as an independent business consultant specializing in product development, business-to-business marketing and finance.

SENIOR MANAGEMENT

The businesses of the Group are under the direct responsibility of four executive Directors, namely, Mr. Siu Yun Fat, Mr. Liu Steven Qiang, Ms. Cheng So Sheung and Mr. Lau Fai Lawrence who are also directors of certain subsidiaries of the Company. They are regarded as senior management of the Company.

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

The name of the Company has been changed from "Central Wealth Financial Group Limited 中達金融集團有限公司" to "Future World Financial Holdings Limited 未來世界金融控股有限公司" following the passing of a special resolution at the extraordinary general meeting of the Company held on 1 November 2016. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 1 November 2016 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 21 November 2016.

In connection with the change of company name, the shares of the Company have been traded on the Stock Exchange under the new stock name of "FUTURE WORLD FH" in English and "未來世界金融" in Chinese, in place of "CENT WEALTH FIN" in English and "中達金融集團" in Chinese, respectively, with effect from 19 November 2016. The stock code of the Company remains as "572".

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) e-commerce business; (ii) securities trading and investment; (iii) provision of financing services; (iv) investment property in Hong Kong; and (v) trading business and related services, details of which are set out in Note 37 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Company 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 Chairman's Statement and Management Discussion and Analysis set out on pages 3 to 9 and 10 to 11 respectively.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2016 is set out in the Chairman's Statement on page 3 to 9 of this report.

Compliance with Relevant Laws And Regulations

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

Relationships with Stakeholders

Employees are regarded as the most important and valuable assets of the Group. Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, senior management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

Environmental Policies

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

More information are provided in the Environmental, Social and Governance Report on pages 33 to 37.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 118. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Company and of the Group during the year are set out in Notes 16 and 17 to the consolidated financial statements, respectively.

SHARE CAPITAL, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

Details of movements in the Company's share capital, share option scheme and share award scheme during the year are set out in Notes 26, 28 and 29 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and laws of the Cayman Islands.

AUDIT COMMITTEE

The Audit Committee of the Company has met the external auditor of the Company and reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 30,544,000 shares of the Company at a total consideration of HKD19,392,000.

RESERVES

The Company's reserves available for distribution to shareholders as at 31 December 2016 amounted to approximately HKD581,035,000 (2015 restated: HKD399,697,000).

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 27 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DONATIONS

During the year ended 31 December 2016, the Group did not make charitable and other donations (2015: nil).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 99.3% of the Group's total revenue, of which 94.0% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 100% of the Group's total purchase, of which 72.2% was made to the largest supplier.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's customer or suppliers during the year.

DIRECTORS

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

Executive Directors

Mr. Siu Yun Fat *(Chairman)*	
Mr. Liu Steven Qiang *(Chief Executive Officer)*	(Appointed on 19 September 2016)
Ms. Cheng So Sheung *(Chief Financial Officer)*	(Appointed on 14 September 2016)
Mr. Lau Fai Lawrence	
Mr. Yu Qingrui	
Mr. Yang Yang	(Resigned on 30 September 2016)

Independent Non-Executive Directors

Mr. Cheng Yong Yau	(Appointed on 12 September 2016)
Mr. Siu Siu Ling, Robert	
Mr. Tam Tak Wah	
Mr. Michael John Viotto	(Appointed on 29 September 2016)
Mr. Chan Yee Por Simon	(Resigned on 30 September 2016)

All Directors appointed by the Board are subject to re-election at the first annual general meeting after their appointments. In accordance with the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation. As such, Mr. Siu Yun Fat, Mr. Liu Steven Qiang, Ms. Cheng So Sheung, Mr. Cheng Yong Yau, Mr. Tam Tak Wah and Mr. Michael John Viotto will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

During the year and up to the date of this report, Mr. Siu Yun Fat, Mr. Liu Steven Qiang, Ms. Cheng So Sheung and Mr. Lau Fai Lawrence are also directors of certain subsidiaries of the Company.

UPDATES ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the publication of the Company's 2016 interim report are set out below:

1. Mr. Yu Qingrui, being an executive Director of the Company, has been appointed as an executive director of China Soft Power Technology Holdings Limited (stock code: 139) with effect from 22 June 2016.

2. Mr. Siu Yun Fat, being an executive Director and Chairman of the Board of the Company, stepped down from the position of the Chief Executive Officer of the Company with effect from 19 September 2016.

3. Mr. Yang Yang resigned as an executive Director of the Company with effect from 30 September 2016 and remains as business consultant of the Company.

4. Mr. Chan Yee Por Simon resigned as an independent non-executive Director and ceased to act as the chairman of the remuneration committee and nomination committee, and a member of the audit committee of the Company with effect from 30 September 2016.

5. Mr. Tam Tak Wah, being an independent non-executive Director of the Company, resigned as an executive director of Skyway Securities Group Limited (stock code: 1141) with effect from 22 November 2016 and an independent non-executive director of Tech Pro Technology Development Limited (stock code: 3812) with effect from 17 March 2017.

6. Mr. Lau Fai Lawrence, being an executive Director of the Company, has been appointed as a non-executive director of Alltronics Holdings Limited (Stock Code: 833) with effect from 1 March 2017.

7. Details of the Directors' remuneration are set out in Note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and/or up to the date of this report, Mr. Yu Qingrui, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah held directorships in companies engaged in the businesses of securities trading and investment and/or provision of financing services. Mr. Lau Fai Lawrence held directorship in companies engaged in the business of e-commerce.

The aforesaid companies have been operating under separate and independent managements. None of the above-mentioned directors can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, none of the Directors has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, were as follows:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Directors	Capacity	Personal Interest	Other Interest	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat	Beneficial owner	32,800,000	71,000,000 *(Notes 1 & 3)*	103,800,000	1.60%
Yu Qingrui	Beneficial owner	52,960,000	71,000,000 *(Notes 2 & 3)*	123,960,000	1.91%

Notes:

1. Share options granted to Mr. Siu Yun Fat pursuant to a share option scheme of the Company.

2. Share options granted to Mr. Yu Qingrui pursuant to a share option scheme of the Company.

3. Details of the interests of the Directors in the share options of the Company are disclosed in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 31 December 2016, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections (i) "Directors' interests and short positions in Shares, underlying Shares and debentures" above; (ii) "Share Option Scheme" disclosure in Note 28 to the consolidated financial statements; and (iii) "Equity Settled Share-based Transactions" disclosure in Note 29 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the "**Scheme 2003**"). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003 was terminated and a new share option scheme (the "**Scheme 2012**") was adopted. The adoption of Scheme 2012 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2003 and shall continue to be valid and subject to the provisions of Scheme 2003. The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately 6 years from the date of this report.

During the year ended 31 December 2016, 200,000,000 share options (2015: 378,800,000 share options) were granted under the Scheme 2012 and the aggregate estimated fair value of the share options granted thereunder is approximately HKD11,579,000 and HKD9,402,000 for directors and employees of the Company respectively, of which the Group recognised a share-based payment expenses of HKD10,490,000 (2015: HKD9,256,000, HKD3,014,000 and HKD14,893,000 for directors, employees and consultants of the Company respectively). These fair values at grant date were calculated using the binomial lattice model. Detail of valuation of the share options granted during the year ended 31 December 2016 is set out in Note 28 to the consolidated financial statements.

The total number of shares to be issued upon exercise of all outstanding options granted under the Scheme 2003 and the Scheme 2012 and yet to be exercised was 579,139,268, representing 8.93% of the issued share capital of the Company as at the date of this report.

Details of the share option schemes of the Company are set out in Note 28 to the consolidated financial statements.

Pursuant to the Scheme 2012, movements in share options during the year are listed below:

			Number of shares				
Grantee	Date of grant	Exercise price per shares *HKD*	As at 1.1.2016	Granted during the year *(Note 1)*	Exercised during the year *(Note 2)*	As at 31.12.2016	Exercise period
Directors							
Siu Yun Fat	24.7.2014	0.1164	32,800,000	–	32,800,000	–	24.7.2014 – 23.7.2016
	27.7.2015	0.335	35,000,000	–	–	35,000,000	27.7.2015 – 26.7.2017
	31.8.2016	0.210	–	36,000,000	–	36,000,000	31.8.2016 – 30.8.2018
Yu Qingrui	24.7.2014	0.1164	32,800,000	–	32,800,000	–	24.7.2014 – 23.7.2016
	27.7.2015	0.335	35,000,000	–	–	35,000,000	27.7.2015 – 26.7.2017
	31.8.2016	0.210	–	36,000,000	–	36,000,000	31.8.2016 – 30.8.2018
Lau Fai Lawrence	4.9.2015	0.201	600,000	–	600,000	–	4.9.2015 – 3.9.2017
Yang Yang (Ex-Director)	13.7.2015	0.270	35,000,000	–	–	35,000,000	13.7.2015 – 12.7.2017
	31.8.2016	0.210	–	36,000,000	–	36,000,000	31.8.2016 – 30.8.2018

Grantee	Date of grant	Exercise price per shares *HKD*	Number of shares As at 1.1.2016	Granted during the year *(Note 1)*	Exercised during the year *(Note 2)*	As at 31.12.2016	Exercise period
Employees							
In aggregate	27.7.2015	0.335	35,000,000	–	–	35,000,000	27.7.2015 – 26.7.2017
In aggregate	4.9.2015	0.201	1,400,000	–	1,400,000	–	4.9.2015 – 3.9.2017
In aggregate	31.8.2016	0.210	–	92,000,000	–	92,000,000	31.8.2016 – 30.8.2018
Consultants							
In aggregate	22.6.2015	0.319	26,800,000	–	–	26,800,000	22.6.2015 – 21.6.2017
In aggregate	27.7.2015	0.335	35,000,000	–	–	35,000,000	27.7.2015 – 26.7.2017
In aggregate	4.9.2015	0.201	175,000,000	–	–	175,000,000	4.9.2015 – 3.9.2017
			444,400,000	200,000,000	(67,600,000)	576,800,000	

Notes:

1. The closing price of the shares immediately before 31 August 2016 is HKD0.215.

2. The weighted average closing price of the shares immediately before the dates on which the options were exercised is HKD0.223.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 15 July 2015. The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. As at 31 December 2016, a sum of HKD36,620,000 has been used to acquire 87,104,000 shares of the Company from market by the independent trustee. No shares have been granted to the selected employees of the Group under the Share Award Scheme up to the date of this report.

Details of the Share Award Scheme are set out in the announcement of the Company dated 15 July 2015 and Note 29 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2016, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Shareholder	Capacity	Number of Shares	Percentage of the Company's issued share capital
Eternal Vantage Investment Limited	Beneficial owner	511,612,000	7.88%
Chen Xiaodong *(Note 1)*	Interest in controlled corporation	511,612,000	7.88%
Chinese Top Holdings Limited	Beneficial owner	502,092,000	7.74%
Huang Zhiwen *(Note 2)*	Interest in controlled corporation	502,092,000	7.74%
Lin Guoyan *(Note 3)*	Interest in controlled corporation	502,092,000	7.74%

Notes:

1. Mr. Chen Xiaodong was deemed to be interested in 511,612,000 shares owned by Eternal Vantage Investment Limited by virtue of his 100% interests in the issued share capital of Eternal Vantage Investment Limited.

2. Mr. Huang Zhiwen was deemed to be interested in 502,092,000 shares owned by Chinese Top Holdings Limited by virtue of his 40% interests in the issued share capital of Chinese Top Holdings Limited.

3. Mr. Lin Guoyan was deemed to be interested in 502,092,000 shares owned by Chinese Top Holdings Limited by virtue of his 40% interests in the issued share capital of Chinese Top Holdings Limited.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31 December 2016 as required pursuant to section 336 of the SFO.

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, share option scheme, share award scheme as well as discretionary bonuses. The determination of emoluments of the Directors had taken into consideration of their respective experience, responsibilities in the Company and the prevailing market conditions.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2016.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the independence non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive directors are independent.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENT AFTER THE END OF REPORTING PERIOD

Save as disclosed in Note 42 to the consolidated financial statements, the Group had no other material events after the reporting period.

AUDITORS

Moore Stephens CPA Limited ("**Moore Stephens**") was appointed as auditor of the Company on 22 March 2017 following the resignation of Asian Alliance (HK) CPA Company Limited. Apart from this, there was no change in auditors of the Company in any of the preceding three years.

The consolidated financial statements for the year ended 31 December 2016 have been audited by Moore Stephens which will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Siu Yun Fat
Chairman

Hong Kong, 31 March 2017

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 December 2016 as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. During the period from 1 January 2016 to 18 September 2016, the Chairman of the Board, Mr. Siu Yun Fat, was also the CEO of the Company. However, following the appointment of Mr. Liu Steven Qiang as the Company's CEO, Mr. Siu ceased to act in this function with effect from 19 September 2016, but he remains the Chairman of the Board. This segregation provides a clear distinction between the roles of the Chairman and the CEO with their respective responsibilities clearly stipulated in writing.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

BOARD OF DIRECTORS

As at 31 December 2016, the Board comprised nine directors, five of which are Executive Directors, namely Mr. Siu Yun Fat, Mr. Liu Steven Qiang, Ms. Cheng So Sheung, Mr. Lau Fai Lawrence and Mr. Yu Qingrui and four are independent non-executive directors, namely Mr. Cheng Yong Yau, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Michael John Viotto.

Biographical details of the Directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 12 to 14 of this report. To the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among members of the Board.

The Board is responsible for the leadership and control of the Group, overseeing the Group's businesses, strategic decisions and performance, evaluating the performance of the Group and supervising the management. In addition, the Board reserves the authority to make final decisions for all major matters of the Company, including internal control and risk management, dividend payout, material transaction, preparation and release of financial information, appointment of Directors, and other significant financial matters. The Board is also responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the executive Directors and senior management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board appointed Mr. Liu Steven Qiang as the Group's CEO with effect from 19 September 2016. He is responsible to recommend business plans and strategic directions of the Group for Board approval, ensuring strategies and policies approved by the Board are effectively implemented and keeping the Board informed of material developments in the Group's businesses. Mr. Siu Yun Fat ceased to act as the Group's CEO with effect from 19 September 2016 but as the Chairman of the Board he continues to ensuring effective running of the Board, leading the Board in establishing good corporate governance practices and ensuring effective communication with shareholders of the Company. As such, the posts of Chairman and CEO are distinct and separate, with a clear division of their responsibilities.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term.

At all times during the year ended 31 December 2016, the Company has complied with the requirements under Rule 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one third of the Board and with at least one of them possessing appropriate professional accounting and financial management expertise required under the Listing Rules.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of a new Director is made on the recommendation of the Nomination Committee and the Board and by the shareholders in a general meeting.

All Directors appointed by the Board are subject to re-election at the first annual general meeting after their appointments. All Directors, including the independent non-executive Directors shall retire from office by rotation at least once every three years as referred to in the Company's Articles of Association which provides that at each annual general meeting one third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") on 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

A copy of the Board Diversity Policy has been published on the Stock Exchange's website for public information.

DIRECTORS' TRAININGS

Induction package are provided to newly appointed director to ensure that Director is familiar with the role of the Board, the legal and other duties and responsibilities as Director as well as the business and corporate governance practices of the Group. 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 existing Directors have provided a record of training they received during the year to the Company, which includes attending seminars, reading various materials regarding directors' responsibilities, updates on the Listing Rules and disclosure of inside information, etc.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 1 November 2011 with specific written terms of reference as set out in the CG Code. Members of the Remuneration Committee of the Company during the year and up to the date of this report were:

Independent non-executive directors

Mr. Michael John Viotto *(Chairman)*
(appointed as member on 29 September 2016 and as chairman on 30 September 2016)
Mr. Cheng Yong Yau (appointed on 12 September 2016)
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Chan Yee Por Simon (resigned as chairman and member on 30 September 2016)

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

2. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year, the Remuneration Committee held two meetings and resolved by resolutions in writing to review and approve the remuneration policy and the remuneration packages of the Directors and senior management and recommend the grant of share options to the Board for approval. No Director is involved in deciding his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 20 March 2012 with specific written terms of reference as set out in the CG Code. Members of the Nomination Committee of the Company during the year and up to the date of this report were:

Independent non-executive directors

Mr. Michael John Viotto *(Chairman)*	(appointed as member on 29 September 2016 and as chairman on 30 September 2016)
Mr. Cheng Yong Yau	(appointed on 12 September 2016)
Mr. Siu Siu Ling, Robert	
Mr. Tam Tak Wah	
Mr. Chan Yee Por Simon	(resigned as chairman and member on 30 September 2016)

The major roles and functions of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. to assess the independence of independent non-executive directors; and

4. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

During the year, the Nomination Committee held two meetings and resolved by resolutions in writing to review the structure, size, composition and diversity of the Board and the qualifications for all Directors and senior management of the Group; assess the independence of the independent non-executive Directors and to identify and recommended the appointments of Directors and senior management to the Board for approval.

AUDIT COMMITTEE

The Audit Committee was established on 1 November 2011. Two of the independent non-executive directors possess appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules. Members of the Audit Committee of the Company during the year and up to the date of this report were:

Independent non-executive directors

Mr. Tam Tak Wah *(Chairman)*
Mr. Cheng Yong Yau (appointed on 12 September 2016)
Mr. Siu Siu Ling, Robert
Mr. Michael John Viotto (appointed on 29 September 2016)
Mr. Chan Yee Por Simon (resigned on 30 September 2016)

The major roles and functions of the Audit Committee are:

1. to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of auditor;

2. to discuss with the external auditor before the audit commences, the nature and scope of the audit;

3. to review the interim and annual financial statements before submission to the Board;

4. to discuss problems and reservations arising from the review of interim results and audit of final results, and any matters the external auditor may wish to discuss; and

5. to review the Company's financial reporting, financial controls, risk management and internal control systems.

During the year, the Audit Committee met twice with the presence of the representatives of the external auditor to review the draft audited consolidated financial statements of the Group (including the 2015 annual results and the 2016 interim results before recommending them to the Board for approval), the accounting principles and practices adopted by the Group and the internal control reports prepared by external professional firm. The Audit Committee also keeps under review the independence and objectivity of the Company's external auditors and the non-audit services provided by the Company's external auditors to the Group.

In compliance with the Stock Exchange's implementation of the revised Listing Rules relating to the risk management and internal controls for accounting periods beginning on or after 1 January 2016, the terms of reference of the Audit Committee were revised by the Board with effect from 1 January 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2016.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

AUDITORS' REMUNERATION

An amount of approximately HKD2,607,000 and HKD700,000 in relation to the audit service and non-audit related services respectively provided by the Company's former auditor and current auditor, was charged to the profit or loss for the year ended 31 December 2016. The non-audit services mainly consist of interim review, audit fee for Major Transaction and service rendered in relation to the very substantial disposal of the entire issued share capital of Sky Eagle and its subsidiary, Metro Victor Limited.

CORPORATE GOVERNANCE FUNCTIONS

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

Up to the date of this report, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following table summaries the attendance by individual Director and committee member at meetings in 2016:

	Number of Board meetings attended/held	Number of Audit Committee's meetings attended/held	Number of Nomination Committee's meetings attended/held	Number of Remuneration Committee's meetings attended/held	Number of general meetings attended/held
Executive Directors					
Mr. Siu Yun Fat	9/9	–	–	–	5/5
Mr. Liu Steven Qiang[1]	1/1	–	–	–	1/1
Ms. Cheng So Sheung[2]	1/1	–	–	–	1/1
Mr. Lau Fai Lawrence	9/9	–	–	–	5/5
Mr. Yu Qingrui	9/9	–	–	–	5/5
Mr. Yang Yang[3]	8/8	–	–	–	4/4
Independent Non-Executive Directors					
Mr. Cheng Yong Yau[4]	1/1	0/0	0/0	0/0	1/1
Mr. Siu Siu Ling, Robert	9/9	2/2	2/2	2/2	5/5
Mr. Tam Tak Wah	9/9	3/3	1/1	1/1	1/1
Mr. Michael John Viotto[5]	1/1	0/0	0/0	0/0	1/1
Mr. Chan Yee Por Simon[3]	8/8	2/2	2/2	2/2	4/4

Notes

1. Mr. Liu Steven Qiang has been appointed as Director on 19 September 2016.
2. Ms. Cheng So Sheung has been appointed as Director on 14 September 2016.
3. Mr. Yang Yang and Mr. Chan Yee Por Simon have been resigned as Directors on 30 September 2016.
4. Mr. Cheng Yong Yau has been appointed as Director on 12 September 2016.
5. Mr. Michael John Viotto has been appointed as Director on 29 September 2016.

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and objectives

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management policy has been established to formalise the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure the Group is operating in a safety and steady environment, the operation management level could be increased and the Group's operational strategy and target could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Main features of the risk management and internal control systems

To ensure the efficient and effective operation of the business and operations, relevant internal control procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. These procedures are monitored and reviewed from time to time and updated where necessary.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the key processes of the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The Group has engaged an independent professional adviser (the "**Internal Control Adviser**") to carry out internal audit functions by conducting an annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2016. Such review is conducted annually. The scope of review of Internal Control Adviser included revenue and receipt cycle, procurement and expenditure cycle, property, plant and equipment cycle, cash management and treasury cycle and financial reporting cycle for one of our subsidiary with a principal activities of property investment. Internal Control Adviser has reported major findings and areas for improvement to the Company. All recommendations from Internal Control Adviser would be followed up closely by the management of the Group to ensure that they are implemented within a reasonable period of time. The Group therefore considered that its risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2016.

SHAREHOLDERS' RIGHTS

One or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can convene an extraordinary general meeting pursuant to Article 64 of the Company's Articles of Association. For proposing resolution at the general meeting, Shareholders should submit it in writing to the Directors or the Company Secretary with details. The Board welcomes views and questions from the Shareholders who may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong or by fax number: (852) 2311-7738. In addition, the Group maintains its own website at which the Shareholders can access to for the Company's information and communication with the Company.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports, announcements and circulars. The corporate website of the Company (www.fw-fh.com) has provided an effective communication platform to the public and the shareholders.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the year, the Company has not made any changes to the Company's Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

The Company presents this Environmental, Social and Governance Report (the "**ESG Report**") for the year ended 31 December 2016 (the "**Reporting Period**") in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide to the Listing Rules.

The Group is mainly engaged in e-commerce business; securities trading and investment; provision of financing services, investment property in Hong Kong and trading business and related services. This ESG Report highlights our approaches and strategies in pursuit of sustainable development and covers the Group's sustainability performance and initiatives. It does not include performance data from those companies in which the Company does not have a controlling interest or has been disposed during the Reporting Period.

A) ENVIRONMENTAL

Our principal business activities do not have significant impact on the environment and natural resources. Despite this, the Group is committed to sustainability by seeking to reduce the environmental impact of our operations, with a particular focus on reduction of greenhouse gas emissions and preservation of resources.

During the Reporting Period, we did not aware of any specific laws and regulations that have significant impact on the Group related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the Reporting Period.

Emission and Use of Resources

As our business nature, we did not have significant impact on the environment and nature resource for the Reporting Period. Majority of our greenhouse gas emissions is generated from the use of purchased electricity. The electricity purchased is for maintaining daily office operations and operational activities including lighting, office equipment and other miscellaneous items.

Energy conversation

The Group has always placed great emphasis on energy conservation. To achieve this, we continually apply efficient energy consumption strategy to improve energy saving and reduce energy consumption. We implemented the following measures for waste reduction:

- Clean the air filter of air-conditioners regularly to improve cool air flow efficiency
- Set the temperature of the air-conditioner to an energy-efficient level, best at 24-26°C
- Remind employees to switch off all unnecessary lighting, computers, office equipment and air-conditioners when not in use
- Promote paperless office which encourage staff to read and send documents electronically to reduce printing and to print and photocopy documents on both sides of paper

Waste reduction

We did not generate any hazardous waste in the ordinary course of business for the Reporting Period. Our waste mainly consisted with general waste and recyclable waste. We adopt 4Rs strategy for our waste management: Reduce, Reuse, Recycle and Replace. We implemented the following measures for waste reduction:

- Make electronic documents available to employee to reduce not necessary printing
- Print documents in double-side except formal documents to optimise paper consumption
- Place paper recycle bin next to printer to reuse every side of paper as possible
- Reduce paper towel consumption by using electric hand dryers
- Reuse the pen shafts by using refills instead of throwing away the whole ballpoint pens
- Arrange recycle company to collect toner cartridges for recycling

Water use management

Most of our water consumption used for toilet flushing and drinking water. We operated in leased office premises of which both of the water supply and discharge are solely controlled by the respective building management which considered that provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. To avoid not necessary water consumption from daily operation, we promote staff behavior by posting saving slogans at eye levels of occupied areas.

We will continue to look for opportunities to reduce further emissions and wastes on an ongoing basis in order to minimise the Group's impacts of activities on the environment and natural resources.

B) SOCIAL

(1) Employment

Our people

Employees are our valuable assets and serve as a driving force for its sustainable development. We are dedicated to create a pleasant, fair and equitable working environment where our employees are valued with respect. The Group advocates the principle of fair competition in every aspect covering employment, training, career development and promotion, and no employees will be unfairly treated on grounds of gender, age, marital status, religion, race, nationality or physical condition.

The relevant laws and regulations that have significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period included Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong). The Group is not aware of any material non-compliance with such laws and regulations for the Reporting Period. We made full payment of remuneration to the employees in a timely manner. The Group upheld the principle of democracy, and treated all employees' reasonable requests fairly. In addition, the Group was also willing to adopt rational suggestions from employees, so as to improve staff cohesion.

Recruitment and retention

We attach great importance to talent acquisition procedure to ensure the competencies and capabilities of our talents that are of the essence to our long-term success. We recognise to succeed in a fast-changing market environment, commercial entities have to enhance its overall competitiveness, which in turn links closely with its talent pool. The Group has therefore offer attractive remuneration package to our employees. To ensure our remuneration package is fair and competitive, we review salary structure annually. We have also introduced appraisal and offer share options and share awards to boost staff morale and improve overall quality of staff. A five-day-work week has also introduced to provide staff with a work-life balance and to increase competitiveness for recruitment in the market.

Whenever an employee resigns or gets laid off, designated human resource personnel should perform exit-interview to find out the underlying reasons of departure or dismissal, and to ensure full compliance with the relevant employee laws and regulations.

(2) Health and Safety

We place the highest priority on securing health and safety of all our employees. We endeavor to protect them from work-related accidents or injuries and the Group pledges full compliance with the relevant occupational health and safety legislation of Hong Kong.

In order to provide a safe and healthy working environment to our employees, we have implemented the following key measures:

- Providing and maintaining in all workplaces under the Group's control a working environment which is safe and poses no threat to health
- Participating fire drill as organised by respective building management annually
- Providing sufficient first-aid kits at workplaces
- Carrying out inspection for any unsafe condition and fix it immediately

Additionally, to enhance our air quality and well-being of all employees, we create smoke-free workplaces for our employees. Smoking is prohibited in all enclosed areas within the offices, without exception.

(3) Development and Training

We strive to provide an environment where our employees can grow professionally and develop their career path that meets the long-term growth of our business simultaneously. In view of that, we encourage our staff to develop and enhance their knowledge, skill and work capability. Staff are encouraged to pursue educational or training opportunities that achieve personal growth and professional development. To enrich the knowledge of our staff in discharging their duties, we encourage our employees to attend relevant courses or seminars provided by external service providers. During the Reporting Period, our employees have joined various training activities. The training topic includes Laws rules and regulations, accounting standards and businesses related to the Company.

(4) Labour Standards

We are committed to protecting human rights. We comply with all relevant laws and regulations and have a zero tolerance policy towards the use of forced labor and child labor in our business operations. As prevention of using child labor, during the hiring process, our human resources department verify the personal information, including age of the applicants by checking their identity documents.

We strive to create an environment of respect, integrity and fairness for our employees and customers wherever we operate, and we expect our business partners to act in the same way.

(5) Supply Chain Management

We have been dedicated to doing business with honesty and integrity in stringent compliance with applicable local laws and regulations. Since we recognised that how we cooperate with our suppliers and business partners has a significant impact on the quality of our services and goods as well as our reputation, we expect our suppliers and business partners to operate in a manner that demonstrates best practices in connection with environmental and social matters. The criteria for the procurement and tendering of services or goods are based solely upon price, quality, need and other relevant factors, including environmental and social responsibility standards.

(6) Product Responsibility

Personal data privacy

We are committed to comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and to protecting privacy and confidentiality of personal data of our employees, customers and business partners and other identifiable individuals.

Personal information is maintained with care and can only be accessed by authorised persons. Employees may get information about the customers only when there is a good reason to do so. We collect and use customers' information in a responsible and non-discriminatory manner by restricting the use of the customers' information for the purposes consistent with those identified in our contracts. During the Reporting Period, no complaints received from clients due to disclosure of information.

(7) Anti-corruption

Corruption activities may undermine fair competition and corporate image. Anti-corruption represents not only the principle of business ethics, but also the bedrock of long-term stable development of the Group, as well as a protection for cadres and other employees. We commit to strictly comply with the Prevention of Bribery Ordinance enforced by the Independent Commission Against Corruption in order to maintain a fair and just society.

All employees are expected to carry out their work in an honest and ethical manner as outlined by the code as included in the staff handbook. We adopt our zero-tolerance policy for misconduct by providing channels for our employees to report instances they believe to be unethical or breach of the code. No incidents of bribery, extortion, fraud and money laundering had been identified by the Group for the Reporting Period.

We were not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering for the Reporting Period.

(8) Community involvement

We encourage employees to improve the society through community involvement, both management and employees of the Company have been eager to take their own initiatives in helping and supporting the local communities and neighbours.

Independent Auditor's Report

For the year ended 31 December 2016

MOORE STEPHENS

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大華馬施雲會計師事務所有限公司

To the shareholders of Future World Financial Holdings Limited
(Formerly known as "Central Wealth Financial Group Limited")
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Future World Financial Holdings Limited (formerly known as "Central Wealth Financial Group Limited") and its subsidiaries (together, the "**Group**") set out on pages 41 to 117, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements, and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Balance of the amount due to Able Success Asia Limited ("Able Success")

As at 31 December 2016, included in other payables was a balance of approximately HKD15,264,000 (2015: HKD15,264,000) being amount due to the former holding company, Able Success, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. He Jianhong ("**Mr. He**"). Mr. He's position as the chairman and executive director of the Company was suspended with effect from 27 January 2014 and was removed with effect from 10 October 2014. We were unable to obtain direct confirmation from Able Success and other supporting evidence to satisfy ourselves as to whether the balance was free from material misstatement. There were no other alternative audit procedures that we could carry out to obtain sufficient and appropriate audit evidence to verify the accuracy and completeness of this balance as at 31 December 2016. Any adjustments to the matter would have a consequential effect on the Group's consolidated statement of financial position as at 31 December 2016, its financial performance and the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related disclosures in the consolidated financial statements for the year ended 31 December 2016.

(b) Scope limitation – Prior year's audit scope limitation affecting opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor whose report dated 21 March 2016 expressed a disclaimer of opinion in respect of the matters described in (a) above and (i) below.

The predecessor auditor was unable to obtain sufficient appropriate audit evidence to ascertain the matters described in (a) above and (i) below:

(i) Provision for impairment of other receivables

As set out in Note 22(ii) to the consolidated financial statements, the directors were of the view that the Group was less likely to recover the outstanding balance due from Ease Faith Limited amounting to approximately HKD17,616,000 and therefore, full provision for impairment of this amount had been provided for the year ended 31 December 2015. However, the predecessor auditor had been unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the accuracy of such other receivable as at 31 December 2013 and 2014.

In relation to the above matter (i), the provision for impairment of other receivable has no effect to the opening balance as at 1 January 2016, closing balance as at 31 December 2016 and the results for the year ended 31 December 2016.

Because of the unavailability of reliable financial information, we were unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy ourselves about the provision for impairment of other receivable during the year ended 31 December 2015. Any adjustments to this matter would have a consequential effect on the provision for impairment of other receivable, and the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related disclosures in the consolidated financial statements for the year ended 31 December 2015. The comparative figures presented in the consolidated financial statements for the year ended 31 December 2016 may not be comparable with the figures for the current reporting period.

EMPHASIS OF MATTER

We draw attention to Note 42 to the consolidated financial statements, which describes an event after the reporting period relating to the Group. Our opinion is not disclaimed in respect of this matter.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor who expressed a disclaimer of opinion as described above, on those statements on 21 March 2016.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report in accordance with the 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 31 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 HKD'000	2015 HKD'000
Revenue	6	**78,369**	41,178
Cost of sales		**(147)**	(28,031)
Gross profit		**78,222**	13,147
Other income	8	**1,143**	220
Selling and distribution expenses		**–**	(1,398)
Administrative expenses		**(20,835)**	(17,669)
Impairment loss recognised in respect of receivable from Ease Faith Limited	22	**–**	(17,616)
Change in fair value of held-for-trading investments		**(43,140)**	(9,037)
Change in fair value of investment property		**16,000**	6,207
Change in fair value of derivative financial instrument		**(3,799)**	5,292
Gain on disposal of subsidiaries		**113,444**	1,335
Gain on deregistration of a subsidiary		**–**	149
Share of profit/(loss) of associates		**1,830**	(240)
Share-based payment expenses		**(10,490)**	(27,163)
Operating profit/(loss)		**132,375**	(46,773)
Finance costs	9	**(4,312)**	(501)
Profit/(Loss) before income tax	10	**128,063**	(47,274)
Income tax expense	11	**(30,612)**	(350)
Profit/(Loss) for the year		**97,451**	(47,624)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(1)**	(161)
Release of translation reserve upon deregistration of a subsidiary	31	**–**	(3)
Release of translation reserve upon disposal of subsidiaries	30	**–**	222
Other comprehensive income for the year, net of income tax		**(1)**	58
Total comprehensive income for the year		**97,450**	(47,566)
Profit/(Loss) for the year attributable to owners of the Company		**97,451**	(47,620)
Profit/(Loss) for the year attributable to non-controlling interests		**–**	(4)
		97,451	(47,624)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**97,450**	(47,562)
Non-controlling interests		**–**	(4)
		97,450	(47,566)
Earnings/(Losses) per share attributable to owners of the Company	15		
– Basic		**HK1.61 cents**	(HK1.22 cents)
– Diluted		**HK1.57 cents**	N/A

Consolidated Statement of Financial Position

31 December 2016

	Notes	2016 HKD'000	2015 HKD'000
Non-current assets			
Property, plant and equipment	16	**3,352**	2,001
Investment property	17	**272,000**	403,000
Interests in associates	18	**4,990**	3,160
Promissory notes receivable	30	**27,800**	–
		308,142	408,161
Current assets			
Held-for-trading investments	20	**310,256**	6,732
Interest in a film in progress	21	**12,960**	–
Trade and other receivables	22	**30,324**	28,683
Loan and interest receivables	22	**14,590**	12,020
Loan receivable from an associate	18	**90,000**	80,000
Derivative financial instrument	19	**1,493**	5,292
Cash and bank balances	23	**29,169**	98,114
		488,792	230,841
Current liabilities			
Accruals and other payables	24	**21,968**	20,840
Bank borrowings	25	**114,569**	187,180
Income tax paybles		**31,877**	1,767
		168,414	209,787
Net current assets		**320,378**	21,054
Net assets		**628,520**	429,215
Capital and reserves			
Share capital	26	**6,485**	5,778
Reserves	27	**622,039**	423,441
Equity attributable to owners of the Company		**628,524**	429,219
Non-controlling interests		**(4)**	(4)
Total equity		**628,520**	429,215

The consolidated statement of financial position was approved and authorised for issue by the board of directors on 31 March 2017 and are signed on its behalf by:

Siu Yun Fat	**Lau Fai Lawrence**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owners of the Company								
	Share capital HKD'000 *(Note 26)*	**Share premium** HKD'000 *(Note 27)*	**Share options reserve** HKD'000 *(Notes 27 & 28)*	**Translation reserve** HKD'000 *(Note 27)*	**Shares held under the share award scheme** HKD'000 *(Notes 27 & 29)*	**Accumulated losses** HKD'000	**Total** HKD'000	**Non-controlling interests** HKD'000	**Total** HKD'000
At 1 January 2015	3,285	171,162	5,982	(60)	–	(116,470)	63,899	–	63,899
Loss for the year	–	–	–	–	–	(47,620)	(47,620)	(4)	(47,624)
Other comprehensive income, net of income tax									
Item that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(161)	–	–	(161)	–	(161)
Release of translation reserve upon deregistration of a subsidiary *(Note 31)*	–	–	–	(3)	–	–	(3)	–	(3)
Release of translation reserve upon disposal of subsidiaries *(Note 30(c))*	–	–	–	222	–	–	222	–	222
Other comprehensive income for the year, net of income tax	–	–	–	58	–	–	58	–	58
Total comprehensive income for the year	–	–	–	58	–	(47,620)	(47,562)	(4)	(47,566)
Exercise of share options	237	32,715	(3,764)	–	–	–	29,188	–	29,188
Issuance of shares upon placing, net of transaction costs	2,256	371,503	–	–	–	–	373,759	–	373,759
Shares purchased under the share award scheme *(Note 29)*	–	–	–	–	(17,228)	–	(17,228)	–	(17,228)
Recognition of equity-settled share-based payments	–	–	27,163	–	–	–	27,163	–	27,163
At 31 December 2015 and 1 January 2016	5,778	575,380	29,381	(2)	(17,228)	(164,090)	429,219	(4)	429,215
Profit for the year	–	–	–	–	–	97,451	97,451	–	97,451
Other comprehensive income, net of income tax									
Item that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(1)	–	–	(1)	–	(1)
Other comprehensive income for the year, net of income tax	–	–	–	(1)	–	–	(1)	–	(1)
Total comprehensive income for the year	–	–	–	(1)	–	97,451	97,450	–	97,450
Exercise of share options	67	9,187	(1,217)	–	–	–	8,037	–	8,037
Issuance of shares, net of transaction costs	640	102,080	–	–	–	–	102,720	–	102,720
Shares purchased under the share award scheme *(Note 29)*	–	–	–	–	(19,392)	–	(19,392)	–	(19,392)
Recognition of equity-settled share-based payments	–	–	10,490	–	–	–	10,490	–	10,490
At 31 December 2016	**6,485**	**686,647**	**38,654**	**(3)**	**(36,620)**	**(66,639)**	**628,524**	**(4)**	**628,520**

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 HKD'000	2015 HKD'000
Cash flows from operating activities		
Profit/(Loss) before income tax	**128,063**	(47,274)
Adjustments for:		
Finance costs	**4,312**	501
Interest income	**(282)**	(61)
Imputed interest income	**(700)**	–
Depreciation of property, plant and equipment	**767**	289
Amortisation of intangible asset	**–**	5
Impairment loss recognised in respect of receivable from Ease Faith Limited	**–**	17,616
Change in fair value of held-for-trading investments	**43,140**	9,037
Change in fair value of investment property	**(16,000)**	(6,207)
Gain on disposal of subsidiaries	**(113,444)**	(1,335)
Gain on deregistration of a subsidiary	**–**	(149)
Change in fair value of derivative financial instrument	**3,799**	(5,292)
Share of (profit)/loss of associates	**(1,830)**	240
Share-based payments expenses	**10,490**	27,163
Operating cash flows before movements in working capital	**58,315**	(5,467)
Increase in inventories	**–**	(529)
Increase in trade and other receivables	**(1,926)**	(7,820)
Increase in loan and interest receivables	**(2,570)**	(12,020)
Increase in held-for-trading investments	**(47,664)**	(15,769)
(Decrease)/Increase in trade and other payables	**(3,203)**	571
Increase in amount due to a former director	**–**	91
Cash generated from/(used in) operations	**2,952**	(40,943)
Income tax paid	**(502)**	(143)
Interest paid	**(29)**	(18)
Net cash generated from/(used in) operating activities	**2,421**	(41,104)
Cash flows from investing activities		
Interest received	**282**	61
Purchase of property, plant and equipment	**(2,710)**	(927)
Purchase of intangible assets	**–**	(46)
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	**(31,991)**	(109,249)
Repayment of promissory notes arising on acquisition of assets through acquisition of a subsidiary	**–**	(100,000)
Net cash inflow arising on disposal of subsidiaries	**6,723**	3,396
Net cash outflow arising on deregistration of a subsidiary	**–**	(3)
Investment cost in interest in a film in progress	**(12,960)**	–
Investment cost in associates	**–**	(3,150)
Loan to an associate	**(10,000)**	(80,000)
Net cash used in from investing activities	**(50,656)**	(289,918)

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 HKD'000	2015 HKD'000
Cash flows from financing activities		
Interest paid	**(4,283)**	(483)
Repayment of bank borrowings	**(5,071)**	(1,021)
Proceeds from exercise of share options	**8,037**	29,188
Shares purchased under the share award scheme	**(19,392)**	(17,228)
Proceeds from issuance of shares upon placing, net of transaction costs	**–**	373,759
Net cash (used in)/generated from financing activities	**(20,709)**	384,215
Net (decrease)/increase in cash and cash equivalents	**(68,944)**	53,193
Cash and cash equivalents at the beginning of the year	**98,114**	45,082
Effect of foreign exchange rates changes, net	**(1)**	(161)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**29,169**	98,114

1. GENERAL

Future World Financial Holdings Limited (formerly known as Central Wealth Financial Group Limited) (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 15 January 2016, the Company's name has been changed from "China For You Group Company Limited 中國富佑集團有限公司" to "Central Wealth Financial Group Limited 中達金融集團有限公司". Further, pursuant to the special resolution passed at the extraordinary general meeting of the Company on 1 November 2016, the Company's name has been changed from "Central Wealth Financial Group Limited 中達金融集團有限公司" to "Future World Financial Holdings Limited 未來世界金融控股有限公司".

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in e-commerce business, securities trading and investment, provision of financing services, trading business and related services and investment property in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

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

(a) Adoption of new/revised HKFRSs effective from 1 January 2016

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2016. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

HKAS 1 Amendments	Disclosure Initiative
HKAS 16 and HKAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Investment Entities: Applying the Consolidation Exception
HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The adoption of these new standards, amendments to standards and improvements do not have significant impact on the Group's financial performance and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(b) New and revised HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15 Amendments	Clarification to HKFRS 15 Revenue Contracts with Customers[1]
HKAS 7 Amendments	Disclosure Initiative[4]
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 *Effective for annual periods beginning on or after 1 January 2018*
2 *Effective for annual periods beginning on or after 1 January 2019*
3 *Effective for annual periods beginning on or after a date to be determined*
4 *Effective for annual periods beginning on or after 1 January 2017*

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 9 – Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(b) New and revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 – Financial Instruments (Continued)

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

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is still in the process of assessing the impact of HKFRS 9. The Directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

2. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

(b) New and revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers (Continued)

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 Amendments – Clarification to Revenue from Contracts with Customers

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

The Group is still in the process of assessing the impact of HKFRS 15. The directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 16 – Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

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

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

The Group is in the process of assessing the impact of HKFRS 16. The directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

3. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance (the "**CO**").

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment property, derivative financial instrument and held-for-trading investments that are measured at fair value at the end of each reporting period, as explained in the accounting policies included in the consolidated financial statements.

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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurement is categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement 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.

3. BASIS OF PREPARATION *(Continued)*

Prior year adjustment

The directors of the Company have made a restatement in the comparative figures of the current year's financial statements of the Company which are summarised below. The restatement has no impact on the Company's financial position on 1 January 2015 and the Company's financial performance for the year ended 31 December 2015.

Statement of financial position of the Company as at 31 December 2015

	As previously reported HKD'000	**Restatement** *(Note)* HKD'000	**As restated** HKD'000
Non-current assets			
Interests in subsidiaries	1		1
Interests in associates	3,161		3,161
	3,162		3,162
Current assets			
Other receivables, deposits and prepayments	663		663
Amounts due from subsidiaries	326,481	(17,228)	309,253
Loan to a subsidiary	18,530		18,530
Cash and bank balances	89,134		89,134
	434,808		417,580
Current liabilities			
Accruals and other payables	15,267		15,267
Net current assets	419,541		402,313
Net assets	422,703		405,475
Capital and reserves			
Share capital	5,778		5,778
Reserves	416,925	(17,228)	399,697
	422,703		405,475

3. BASIS OF PREPARATION *(Continued)*

Prior year adjustment *(Continued)*

Note:

Prior year adjustment – recognition of shares held under the share award scheme

The Company accounted for the shares held under the share award scheme as at 31 December 2015 amounting to HKD17,228,000 as an increase of amounts due from subsidiaries because the shares held under the share award scheme were held by a subsidiary of the Group, as a trustee. The Directors have subsequently re-assessed the classification and considered that these shares held under the share award scheme were indeed equity in nature. The error has been corrected and the effect on the statement of financial position of the Company as at 31 December 2015 is to decrease the carrying amounts of amounts due from subsidiaries and decrease the carrying amounts of reserves by HKD17,228,000.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

Where 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

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

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate 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 associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, from part of the Group's net investment in the associate), 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 associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Revenue recognition

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Licensing fee income is calculated monthly based on a pre-determined rate according to the transaction volume through the membership points redemption online shopping platform under the brand “Future World Lifestyle” licensing by the Group and operated by the licensee.

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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

The Group’s accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment property and is measured using the fair value model. Gains or losses arising from changes in the fair value of investment property is 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 or no future economic benefits are expected from its disposals. 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 the profit or loss in the period in which the property is derecognised.

Intangible asset

Intangible asset acquired separately

Intangible asset with indefinite useful lives that is acquired separately is carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

Borrowing costs

All borrowing costs that are not directly attributable to expenditures on qualifying assets are recognised in profit or loss in the period in which they are incurred.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("**FVTPL**") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of 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.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL *(Continued)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "change in fair value of held-for-trading investments" or "change in fair value of derivative financial instrument" line item. Fair value is determined in the manner described in Notes 19 and 42`.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at cost less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

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

Derivative financial instrument

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Impairment loss on financial assets

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

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

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

For certain categories of financial assets, such as promissory notes receivable, trade and other receivables, loan and interest receivables and loan receivable from an associate, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment loss on financial assets *(Continued)*

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (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 income or interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investments in subsidiaries and associates

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Interest in a film in progress

Interest in a film in progress is stated at cost less any impairment losses. Costs included all direct costs associated with the production of film. Impairment losses are made for costs which are in excess of the expected future return from the expect future return from the interest in the film rights. Costs are transferred to interest in film rights upon completion.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand.

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 "profit/(loss) before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income 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 associates, 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 interests 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 is 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment property that is measured using the fair value model, the carrying amounts of such property is 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing 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 on monetary items are recognised in profit or loss in the period in which they arise.

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or construction) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement benefits costs

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Share-based payment arrangements

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments 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). 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.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. 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 share options reserve.

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.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions (Continued)

Shares held under the share award scheme

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under the share award scheme" and deducted from equity.

For the shares granted under the share award scheme, the fair value of shares granted to employees is recognised as share-based payment expenses with a corresponding increase in capital reserve within equity. The fair value is based on the closing price of the Company's shares on grant date plus any directly attributable incremental costs. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest with corresponding adjustment to the capital reserve.

When the awarded shares are transferred to the awardees upon vesting, the related weighted average acquisition cost of the awarded shares vested are credited to the "Shares held under the share award scheme", and the grant date fair value of the awarded shares vested are debited to the capital reserve. The difference between the related weighted average acquisition cost and the grant date fair value of the awarded shares vested is transferred to retained profits directly.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Deferred taxation on investment property

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

Estimate of current tax and deferred tax

Significant judgement and estimates is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred tax provisions in the periods in which such determination are made. During the year ended 31 December 2016, the directors are of the opinion that licensing of e-commerce platform is subject to Hong Kong Profits Tax as the relevant revenue are Hong Kong sourced income.

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) *Estimated impairment of trade and other receivables*

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. There is no impairment loss recognised during the year ended 31 December 2016. An impairment loss of approximately HKD17,616,000 on the receivable from Ease Faith Limited ("Ease Faith") has been recognised during the year ended 31 December 2015. The movement of allowance for doubtful debts for trade and other receivable is set out in Note 22.

(ii) *Estimated useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management of the Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation to be recorded during each reporting period. The determination of useful lives are based on the Group's historical experience with similar assets. The depreciation for future periods is adjusted if there are material changes from previous estimates.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(iii) Estimated impairment of loan and interest receivables

In determining collective impairment allowances, management uses estimates based on historical experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experiences.

As at 31 December 2016, the carrying amount of loan and interest receivables were approximately HKD14,590,000 (2015: HKD12,020,000).

(iv) Fair value of investment property

At the end of the reporting period, investment property is stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in change in the fair value of the Group's investment property being recognised in the profit or loss. The carrying amount of investment property measured at fair value at 31 December 2016 was approximately HKD272,000,000 (2015: HKD403,000,000).

(v) Fair value of derivative financial instrument

As described in Note 19, the directors use their judgement in selecting an appropriate valuation technique which is commonly used by market participants for fair value measurement. The Group engages independent professional valuers to perform the valuation. The Group works closely with the independent professional valuers to establish the appropriate valuation techniques and inputs to the model. In estimating the fair value of an asset, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of derivative financial instrument. The carrying amount of derivative financial assets measured at fair value at 31 December 2016 was approximately HKD1,493,000 (2015: HKD5,292,000).

6. REVENUE

Revenue represents the income received and receivable arising from the Group's principal activities including i) trading business and related services; ii) securities trading and investment; iii) provision of financing services; iv) property investment; and v) licensing of e-commerce platform during the year. An analysis of the Group's revenue for the year is as follows:

	2016 HKD'000	2015 HKD'000
Income from trading business and related services	**–**	34,750
Income from securities trading and investments	**556**	4,804
Interest income from provision of financing services	**1,193**	1,174
Rental income from property investment	**2,918**	450
Income from licensing of e-commerce platform	**73,702**	–
	78,369	41,178

7. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Since September 2016, the Group commenced the licensing of e-commerce platform as a membership points redemption online store ("Licensing of e-commerce platform"). The Licensing of e-commerce platform became a new operating activity of the Group and this segment is separately assessed by the chief operating decision makers. Therefore, this segment is reported as a new reportable and operating segment.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

– Trading business and related services

– Securities trading and investment

– Provision of financing services

– Property investment

– Licensing of e-commerce platform

Segment revenues and results

The following is an analysis of the Group's revenue and results from operations by reportable and operating segment:

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Revenue												
– External sales	**-**	34,750	**556**	4,804	**1,193**	1,174	**2,918**	450	**73,702**	–	**78,369**	41,178
Segment result	**(3,097)**	(18,263)	**(43,824)**	(5,600)	**1,070**	1,103	**128,091**	6,194	**71,310**	–	**153,550**	(16,566)
Unallocated corporate income											**432**	220
Unallocated corporate expenses											**(13,456)**	(9,463)
Change in fair value of derivative financial instrument											**(3,799)**	5,292
Gain on disposal of subsidiaries											**-**	746
Share of profit/(loss) of associates											**1,830**	(240)
Share-based payment expenses											**(10,490)**	(27,163)
Finance costs											**(4)**	(100)
Profit/(Loss) before income tax											**128,063**	(47,274)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss from) by each segment without allocation of certain administration costs, directors' emoluments, other income, certain gain on disposal of subsidiaries, share-based payment expenses, change in fair value of derivative financial instrument, share of profit/(loss) of associates and certain finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2016 HKD'000	2015 HKD'000
Segment assets		
Trading business and related services	**724**	28,527
Securities trading and investment	**313,576**	8,047
Provision of financing services	**20,027**	16,406
Property investment	**300,951**	404,976
Licensing of e-commerce platform	**54,536**	–
Total segment assets	**689,814**	457,956
Unallocated corporate assets	**107,120**	181,046
Consolidated assets	**796,934**	639,002
Segment liabilities		
Trading business and related services	**1,017**	6,077
Securities trading and investment	**150**	80
Provision of financing services	**260**	230
Property investment	**115,610**	188,130
Licensing of e-commerce platform	**1,149**	–
Total segment liabilities	**118,186**	194,517
Unallocated corporate liabilities	**50,228**	15,270
Consolidated liabilities	**168,414**	209,787

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

- all assets are allocated to operating segments other that interests in associates, derivative financial instrument, loan receivable from an associate, certain other receivables and certain cash and bank balances; and

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

7. SEGMENT INFORMATION *(Continued)*

Other segment information

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Unallocated		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:														
Addition to property, plant and equipment	**20**	7	**2,690**	800	**-**	–	**-**	–	**-**	N/A	**-**	120	**2,710**	927
Addition to intangible asset	**-**	46	**-**	–	**-**	–	**-**	–	**-**	N/A	**-**	–	**-**	46
Acquisition of investment property through acquisition of a subsidiary	**-**	–	**-**	–	**-**	–	**256,000**	396,793	**-**	N/A	**-**	–	**256,000**	396,793
Disposal of investment property through disposal of subsidiaries	**-**	–	**-**	–	**-**	–	**(403,000)**	–	**-**	N/A	**-**	–	**(403,000)**	–
Acquisition of property, plant and equipment through acquisition of a subsidiary	**-**	–	**-**	–	**-**	–	**84**	904	**-**	N/A	**-**	–	**84**	904
Disposal of property, plant and equipment through disposal of subsidiaries	**-**	–	**-**	–	**-**	–	**(626)**	–	**-**	N/A	**-**	(120)	**(626)**	(120)
Disposal of intangible assets through disposal of subsidiaries	**-**	(41)	**-**	–	**-**	–	**-**	–	**-**	N/A	**-**	–	**-**	(41)
Depreciation of property, plant and equipment	**188**	185	**321**	67	**-**	–	**258**	37	**-**	N/A	**-**	–	**767**	289
Impairment loss recognised in respect of receivable from Ease Faith limited	**-**	17,616	**-**	–	**-**	–	**-**	–	**-**	N/A	**-**	–	**-**	17,616
Change in fair value of held-for-trading investments	**-**	–	**43,140**	9,037	**-**	–	**-**	–	**-**	N/A	**-**	–	**43,140**	9,037
Change in fair value of investment property	**-**	–	**-**	–	**-**	–	**(16,000)**	(6,207)	**-**	N/A	**-**	–	**(16,000)**	(6,207)
Finance costs	**-**	–	**-**	15	**-**	–	**4,290**	401	**18**	N/A	**4**	85	**4,312**	501
Gain on disposal of subsidiaries	**-**	(589)	**-**	–	**-**	–	**(113,444)**	–	**-**	N/A	**-**	(746)	**(113,444)**	(1,335)
Gain on deregistration of a subsidiary	**-**	(149)	**-**	–	**-**	–	**-**	–	**-**	N/A	**-**	–	**-**	(149)
Income tax expense	**(67)**	170	**(21)**	–	**-**	180	**19,000**	–	**11,700**	N/A	**-**	–	**30,612**	350
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets:														
Interest income	**(4)**	(12)	**(1)**	(1)	**(1)**	(3)	**(1)**	(1)	**(1)**	N/A	**(274)**	(44)	**(282)**	(61)
Share of (profit)/loss of associates	**-**	–	**-**	–	**-**	–	**-**	–	**-**	N/A	**(1,830)**	240	**(1,830)**	240
Change in fair value of derivative financial instrument	**-**	–	**-**	–	**-**	–	**-**	–	**-**	N/A	**3,799**	(5,292)	**3,799**	(5,292)

Geographical information

The Group's operations are located in Hong Kong for the years ended 31 December 2016 (2015: Hong Kong and the PRC). Information about the geographical analysis of the Group's revenue from external customers is presented based on the location of customers. Information about the geographical analysis of the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2016	2015	**2016**	2015
	HKD'000	HKD'000	**HKD'000**	HKD'000
Hong Kong	**78,369**	35,912	**308,142**	408,161
The PRC	**–**	5,266	**–**	–
	78,369	41,178	**308,142**	408,161

7. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

Customer

	2016 HKD'000	2015 HKD'000
A[1]	73,703	–
B[2]	–	17,620
C[2]	–	11,864

[1] Revenue from Licensing of e-commerce platform
[2] Revenue from trading business and related services

8. OTHER INCOME

	2016 HKD'000	2015 HKD'000
Interest income on promissory note	270	–
Interest income on bank deposits	12	26
Interest income on time deposit	–	35
Imputed interest income on promissory notes receivable *(Note 30)*	700	–
Net foreign exchange gains	–	156
Sundry income	161	3
	1,143	220

9. FINANCE COSTS

	2016 HKD'000	2015 HKD'000
Interest expenses on:		
Bank borrowings	4,283	401
Promissory notes	–	82
Others	29	18
	4,312	501

10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been arrived at after charging:

	2016 HKD'000	2015 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of HKD5,790,000 (2015: HKD9,256,000)	**10,659**	12,455
Other staff costs	**2,634**	3,701
Contributions to retirement benefits scheme	**69**	463
Share-based payment expenses for employees	**4,700**	3,014
Total staff costs	**18,062**	19,633
Auditors' remuneration:		
– Audit services	**2,607**	520
– Other services	**700**	560
Cost of inventories recognised as an expense	**–**	27,187
Depreciation of property, plant and equipment	**767**	289
Amortisation of intangible assets	**–**	5
Minimum lease payments in respect of operating leases of:		
– Internet hardware and software	**–**	544
– Premises	**1,027**	1,729
Direct operating expenses arising from investment property that generated rental income during the year	**148**	350
Share-based payment expenses for consultants	**–**	14,893

11. INCOME TAX EXPENSE

	2016 HKD'000	2015 HKD'000
Current tax:		
Tax for the year:		
– Hong Kong Profits Tax	**30,700**	340
– PRC Enterprise Income Tax	**–**	10
	30,700	350
Over-provision in respect of prior years	**(88)**	–
	30,612	350

11. INCOME TAX EXPENSE *(Continued)*

Notes:

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

2) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year ended 31 December 2014. On 13 March 2015, the Ministry of Finance ("**MOF**") and the State Administration of Taxation ("**SAT**") issued "Preferential Income Tax Policies for Small and Low-Profit Enterprises" (Caishui 2015 No. 34), which is in effective from 1 January 2015 to 31 December 2017. Based on the announcement, small and low-profit PRC enterprises whose annual taxable income not exceeding RMB200,000, shall be subject to income tax at the rate of 20% on 50% of the taxable profit.

3) At the end of the reporting period, the Group had unused tax losses of approximately HKD9,508,000 (2015: HKD6,715,000) available to offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

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

	2016 **HKD'000**	2015 HKD'000
Profit/(Loss) before income tax	**128,063**	(47,274)
Tax at domestic income tax rate of 16.5% (2015: 16.5%)	**21,130**	(7,800)
Tax effect of expenses not deductible for tax purpose	**11,539**	8,267
Tax effect of income not taxable for tax purpose	**(2,097)**	(1,924)
Tax effect of tax losses not recognised	**461**	1,804
Effect of different tax rates of subsidiaries in other jurisdictions	**–**	119
Tax effect of temporary differences not recognised	**(333)**	(116)
Over-provision in respect of prior years	**(88)**	–
Income tax expense for the year	**30,612**	350

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the years, disclosed pursuant to the applicable Listing Rules and the CO, is as follow:

2016

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Siu Yun Fat *(Chairman) (Note a)*	–	1,145	18	1,930	3,093
Mr. Liu Steven Qiang *(Chief executive officer) (Note e)*	–	318	–	–	318
Mr. Lau Fai Lawrence	–	429	18	–	447
Mr. Yu Qingrui	–	195	–	1,930	2,125
Mr. Yang Yang *(Note c)*	–	234	–	1,930	2,164
Ms. Cheng So Sheung *(Note d)*	–	291	6	–	297
Sub-total	–	2,612	42	5,790	8,444
Independent non-executive directors					
Mr. Siu Siu Ling, Robert	240	20	–	–	260
Mr. Tam Tak Wah	1,040	100	–	–	1,140
Mr. Chan Yee Por Simon *(Note c)*	180	100	–	–	280
Mr. Cheng Yong Yau *(Note f)*	274	24	–	–	298
Mr. Michael John Viotto *(Note g)*	217	20	–	–	237
Sub-total	1,951	264	–	–	2,215
Total	1,951	2,876	42	5,790	10,659

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

2015

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Siu Yun Fat *(Chief executive officer and chairman) (Note a)*	–	949	18	2,996	3,963
Mr. Lau Fai Lawrence	–	416	18	37	471
Mr. Chen Huaide *(Note b)*	–	108	–	–	108
Mr. Yu Qingrui	–	130	–	2,996	3,126
Mr. Yang Yang *(Note c)*	–	130	–	3,227	3,357
Sub-total	–	1,733	36	9,256	11,025
Independent non-executive directors					
Mr. Siu Siu Ling, Robert	180	15	–	–	195
Mr. Tam Tak Wah	960	80	–	–	1,040
Mr. Chan Yee Por Simon *(Note c)*	180	15	–	–	195
Sub-total	1,320	110	–	–	1,430
Total	1,320	1,843	36	9,256	12,455

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the two years ended 31 December 2016 and 2015.

During the two years ended 31 December 2016 and 2015, no emoluments were paid by the Group to the Directors or chief executive as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Notes:

a) Stepped down from chief executive officer on 19 September 2016.

b) Resigned on 24 November 2015.

c) Resigned on 30 September 2016.

d) Appointed on 14 September 2016.

e) Appointed as executive director and chief executive officer on 19 September 2016.

f) Appointed on 12 September 2016.

g) Appointed on 29 September 2016.

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

Notes: (Continued)

h) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

i) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During the years ended 31 December 2016 and 2015, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 28. The amount of the benefits in relation to share options has been determined in the sole discretion of the board of directors.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2015: four directors), details of whose remuneration are set out in Note 12 above. Details of the remuneration for the year of the remaining two (2015: one) highest paid employee(s) who is/are neither a director nor chief executive of the Company is/are as follows:

	2016	2015
	HKD'000	HKD'000
Salaries, bonuses and other benefits in kind	**650**	400
Contributions to retirement benefits scheme	**18**	16
Share-based payment expenses	**3,117**	2,931
	3,785	3,347

The number of the highest paid employee(s) who is/are not the Directors whose remuneration fell within the following bands is as follows:

	Number of employee	
	2016	2015
Nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**–**	–
HKD1,500,001 to HKD2,000,000	**1**	–
HKD2,000,001 to HKD2,500,000	**1**	–
HKD2,500,001 to HKD3,000,000	**–**	–
HKD3,000,001 to HKD3,500,000	**–**	1

During the year ended 31 December 2016, two (2015: one) non-director and non-chief executive highest paid employee(s) was/were granted share options, in respect of the services provided to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 28. The amount of the benefit in relation to the share options has been determined in the sole discretion of the board of directors.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

15. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic and diluted earnings/(losses) per share attributable to owners of the Company is based on the following data:

	2016 **HKD'000**	2015 HKD'000
Profit/(Loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(losses) per share	**97,451**	(47,620)

Number of shares

	2016 **'000**	2015 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(losses) per share	**6,053,237**	3,888,134
Effect of dilutive potential ordinary shares:		
Share options issued by the Company *(Note)*	**136,984**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(losses) per share	**6,190,221**	3,888,134

Note:

The computation of diluted loss per share for the year ended 31 December 2015 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in losses per share for the year which was regarded as anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Motor vehicles HKD'000	Office equipment HKD'000	Total HKD'000
Cost				
At 1 January 2015	702	–	222	924
Addition	–	800	127	927
Acquired on an acquisition of a subsidiary *(Note 32)*	1,976	–	250	2,226
Disposal of subsidiaries *(Note 30)*	–	–	(120)	(120)
At 31 December 2015 and 1 January 2016	2,678	800	479	3,957
Addition	–	2,690	20	2,710
Acquired on an acquisition of a subsidiary *(Note 32)*	84	–	–	84
Disposal of subsidiaries *(Note 30)*	(1,976)	–	(250)	(2,226)
At 31 December 2016	**786**	**3,490**	**249**	**4,525**
Accumulated depreciation				
At 1 January 2015	256	–	89	345
Acquired on an acquisition of a subsidiary *(Note 32)*	1,215	–	107	1,322
Provided for the year	173	67	49	289
At 31 December 2015 and 1 January 2016	1,644	67	245	1,956
Acquired on an acquisition of a subsidiary *(Note 32)*	50	–	–	50
Provided for the year	371	321	75	767
Disposal of subsidiaries *(Note 30)*	(1,462)	–	(138)	(1,600)
At 31 December 2016	**603**	**388**	**182**	**1,173**
Carrying values				
At 31 December 2016	**183**	**3,102**	**67**	**3,352**
At 31 December 2015	1,034	733	234	2,001

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

Leasehold improvements	Over the shorter of the lease terms or 20%
Motor vehicles	20%
Office equipment	20%

17. INVESTMENT PROPERTY

	2016 HKD'000	2015 HKD'000
Fair value		
At 1 January	**403,000**	–
Disposal of subsidiaries *(Note 30)*	**(403,000)**	–
Acquired on an acquisition of a subsidiary *(Note 32)*	**256,000**	396,793
Changes in fair value recognised in profit or loss	**16,000**	6,207
At 31 December	**272,000**	403,000

The Group's property interests held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment property.

At 31 December 2016, the Group's investment property, with carrying amount of HKD272,000,000 (2015: HKD403,000,000), has been pledged to secure the bank borrowings granted to the Group (Note 25).

Fair value measurement of the Group's investment property

The fair value of the Group's investment property at the date of acquisition of Chinacorp (ie. 11 July 2016) (as detailed in Note 32(a)) and at 31 December 2016 have been arrived at on the basis of a valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited ("A.G.") (2015: DTZ Debenham Tie Leung Limited ("DTZ")), an independent qualified professional valuer, not connected to the Group. A.G. and DTZ have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment property is a level 3 fair value measurement. The reconciliation of the opening and closing fair value balance is shown as the above table.

17. INVESTMENT PROPERTY *(Continued)*

Fair value measurement of the Group's investment property *(Continued)*

The fair value of investment property was estimated using market comparison approach. Fair values are based on prices for recent market transaction in similar properties with significant adjustments for differences in the location or condition of the Group's investment property. These adjustments are based on unobservable inputs.

Significant unobservable inputs	**Range of unobservable inputs**	**Relationship of unobservable inputs to fair value**
Premium/(discount) on quality of property (e.g. location, size and condition of the properties)	-12.3% to 8.1%	The higher premiums for the quality of the Group's property, the higher the fair value
Selling price per unit of market comparables, taking into account of difference such as age and location	HKD31,113 to HKD48,159 per square feet ("**sq. ft.**")	The higher the selling price per unit, the higher the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the investment property's highest and best use, which does not differ from their actual use.

Details of the Group's investment property and information about the fair value hierarchy as at 31 December 2016 and 31 December 2015 are as follows:

	2016 HKD'000	2015 HKD'000
Investment property:		
Level 3	**272,000**	403,000

During the year ended 31 December 2016, there were no transfers into or out of Level 3 or any other Level. The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

18. INTERESTS IN ASSOCIATES/LOAN RECEIVABLE FROM AN ASSOCIATE

	2016 HKD'000	2015 HKD'000
Cost of investment in associates	**3,400**	3,400
Accumulated share of post-acquisition profit/(loss) and other comprehensive income, net of dividend received	**1,590**	(240)
	4,990	3,160

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group has agreed to sell 66% issued share capital of Instant Achieve Limited ("**IAL**"), a wholly owned subsidiary of the Group, at a consideration of HKD330,000 (Note 30(b)). After the completion of the disposal, IAL became an associate of the Group.

The Group advanced HKD29,000,000, HKD51,000,000 and HKD10,000,000, in aggregate of HKD90,000,000, to IAL on 30 September 2015, 27 October 2015 and 11 February 2016 respectively (collectively, the "**Loan receivables from IAL**"). The loans are interest-free, unsecured and repayable on demand.

On 30 September 2015, the Group entered into a call option deed (the "**Call Option Deed**") with the major shareholder of IAL (the "**Grantor**"). Pursuant to the Call Option Deed, the Grantor granted a right to the Group to purchase 66% issued share capital of IAL (the "**Call Option**"). The Group is entitled to exercise the Call Option within five years from the date of grant of the Call Option. The fair value of the Call Option is disclosed in Note 19. With considering (i) the exercise of the Call Option is subject to regulatory approval, which is out of control of the Group; and (ii) the Call option is out of money, the directors are of the opinion that the Call Option does not constitute a substantive right such that the Group has control over IAL. Accordingly, IAL and its subsidiaries are accounted for as associates.

Loan receivables from IAL at the end of the reporting period was neither past due nor impaired. Details of the Group's associates at the end of the reporting period are as follow:

Name of entity	Place of incorporation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities and place of operation
		2016	2015	**2016**	2015	
IAL	The British Virgin Islands (the "**BVI**")	**34%**	34%	**34%**	34%	Investment holding in Hong Kong
Central Wealth Securities Investment Limited ("**CWSI**") *(Note)*	Hong Kong	**34%**	34%	**34%**	34%	Dealing in securities and advising on securities in Hong Kong
Central Wealth Futures Limited ("**CWF**") *(Note)*	Hong Kong	**34%**	34%	**34%**	34%	Inactive

Note: CWSI and CWF are the wholly-owned subsidiaries of IAL.

18. INTERESTS IN ASSOCIATES/LOAN RECEIVABLE FROM AN ASSOCIATE *(Continued)*

Summarised financial information of IAL

Summarised financial information in respect of the Group's associates are set out below. The summarised financial information below represents amounts shown in IAL's consolidated financial statements prepared in accordance with HKFRSs.

IAL and its subsidiaries are accounted for using the equity method in these consolidated financial statements.

	2016 **HKD'000**	2015 HKD'000
Current assets	**102,899**	87,863
Non-current assets	**1,950**	1,105
Current liabilities	**(90,588)**	(80,091)
Net assets	**14,261**	8,877

	Year ended **31 December** **2016** **HKD'000**	Period from 15 May 2015 to 31 December 2015 HKD'000
Revenue	**10,225**	1,351
Profit/(Loss) and total comprehensive income for the year/period	**5,384**	(707)
Dividend received from associates during the year/period	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in IAL recognised in the consolidated financial statements for the year ended 31 December 2016:

	2016 **HKD'000**	2015 HKD'000
Net assets of IAL	**14,261**	8,877
Proportion of the Group's ownership interest in IAL	**34%**	34%
	4,848	3,018
Goodwill	**142**	142
Carrying amount of the Group's interest in IAL	**4,990**	3,160

19. DERIVATIVE FINANCIAL INSTRUMENT

	2016	2015
	HKD'000	HKD'000
Financial asset:		
Call option *(Note)*	**1,493**	5,292

The below table reconciled the fair value of the call option for the year:

	2016	2015
	HKD'000	HKD'000
At 1 January	**5,292**	–
Fair value gain at inception	**–**	5,292
Fair value changes	**(3,799)**	–
At 31 December	**1,493**	5,292

Note:

As at 31 December 2016, the Group has loan receivable from IAL, an associate of the Group, with an aggregate amount of HKD90,000,000 (2015: HKD80,000,000). Meanwhile, the Group entered into a Call Option Deed with the Grantor. Details are set out in Note 18.

Key terms and conditions of the Call Option are set out as follows:

Condition: To obtain or satisfy any and all necessary relevant statutory and regulatory requirements, approvals and consents in relation to the transaction contemplated hereof (including but not limited to any approval from the Securities and Futures Commission in respect of the change in shareholdings of IAL as a result of the exercise of Call Option)

Exercise period: 5 years starting from 30 September 2015

Option shares: Up to 1,320 shares of IAL

Option price: Minimum option price

USD1.00 per option share

If CWSI record accumulated net profits

Option price = HKD6.6 million + (Accumulated net profits of CWSI x (HKD6.6 million/ (HKD10 million + total loan amount owed by IAL from Globally Finance Limited)))

If CWSI record accumulated net losses

Option price = HKD6.6 million + (Accumulated net losses of CWSI x (HKD6.6 million/ (HKD10 million + total loan amount owed by IAL from Globally Finance Limited)))

19. DERIVATIVE FINANCIAL INSTRUMENT *(Continued)*

The fair value of the Call Option was evaluated by Roma Appraisals Limited, an independent qualified professional valuer not connected to the Group. The inputs into the valuation were as follows:

	2016	2015
Market value of 66% issued share capital of IAL *(Note a)*	**HKD4,224,258**	HKD8,818,969
Exercise price	**HKD7,257,194**	HKD6,530,100
Risk free rate *(Note b)*	**1.39%**	1.02%
Expected option period *(Note c)*	**3.747 years**	4.749 years
Expected volatility *(Note d)*	**66.45%**	64.58%

The fair value of the Call Option was approximately HKD1,493,000 and HKD5,292,000 as at 31 December 2016 and 31 December 2015, respectively, hence, the change in fair value of approximately HKD3,799,000 was recognised in the profit or loss during the year ended 31 December 2016.

Notes:

(a) The market value of 66% issued share capital of IAL is estimated by adopting the income-based approach as at the date of valuation.

(b) The risk-free rate adopted was the yield rate of the Hong Kong Treasury Bill over the expected option period as at the date of valuation.

(c) Expected option period is the expected remaining life of the option.

(d) Expected volatility is based on the historical price volatilities of the comparable companies, over the expected option period as at the date of valuation as extracted from Bloomberg.

The fair value of the call option, classified as Level 3, was determined using Binomial Option Pricing Model.

Valuation technique and significant unobservable inputs are as follows:

Valuation technique	**Significant unobservable inputs**	**Relating of unobservable inputs to fair value**
Binomial Option Pricing Model	Discount rate and option exercise price	The lower of discount rate and option exercise price, the higher fair value of the option, and vice versa.

20. HELD-FOR-TRADING INVESTMENTS

	2016 HKD'000	2015 HKD'000
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	**310,256**	6,732

21. INTEREST IN A FILM IN PROGRESS

During the year ended 31 December 2016, China Wisdom Group Limited ("China Wisdom"), an indirect wholly-owned subsidiary of the Group, entered into an investing agreement to invest a total of RMB12,000,000 (equivalent to HKD14,400,000) in a film production with another film production investor. Pursuant to the investing agreement, China Wisdom acts as a passive investor and does/will not involve in any of the activities of the film production. As at 31 December 2016, a sum of RMB10,800,000 (equivalent to HKD12,960,000) has been paid. The remaining balance of RMB1,200,000 (equivalent to HKD1,440,000) will be due upon obtaining the relevant approval from the government authority to publish such film. As at 31 December 2016, the production of the relevant film is still in progress.

22. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

	Notes	**2016** ***HKD'000***	2015 *HKD'000*
Trade receivables	*(i)*	**23,347**	24,954
Receivable from Ease Faith Limited	*(ii)*	**17,616**	17,616
Less: allowance for doubtful debts		**(17,616)**	(17,616)
		–	–
Other receivables, deposits and prepayments		**6,977**	3,729
Total trade and other receivables		**30,324**	28,683
Loan and interest receivables (including interest receivables of approximately HKD590,000 (2015: HKD20,000))	*(iii)*	**14,590**	12,020

22. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes:

(i) Trade receivables

As at 31 December 2016, trade receivables represent amounts receivable from licensing of e-commerce platform (2015: sales of goods supplied to customers). No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers the credit information of the potential customer in assessing the customer's credit quality and defines the credit limits for that customer.

During the year ended 31 December 2016, the Group generally allows an average credit period of 15-30 days (2015: 120 days) to its customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates, which approximated the respective revenue recognition dates:

	2016 HKD'000	2015 HKD'000
0 – 30 days	**23,347**	–
31 – 60 days	**–**	16,210
61 – 90 days	**–**	–
91 – 120 days	**–**	8,744
	23,347	24,954

At 31 December 2016 and 31 December 2015, the directors considered that no impairment is necessary as the receivables are not yet past due and subsequent settlements are noted.

At the end of each reporting period, the Group's trade and other receivables were assessed for impairment on an individual and collective bases. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral for any of its trade receivables as at 31 December 2016 and 31 December 2015.

(ii) Receivable from Ease Faith Limited ("Ease Faith")

Following the suspension of the position, functions and duties held by Mr. He Jianhong ("**Mr. He**"), the former chairman and executive director of the Company, with effective from 27 January 2014, the directors conducted reviews of the major projects and transactions of the Group. During the course of the internal review, the Company noted that, Great Rich Trading Limited ("**Great Rich**"), a wholly-owned subsidiary of the Company, entered into two purchases contracts with Ease Faith to purchase raw materials for the purpose of trading (the "**Purchases Contracts**") and paid a deposit of approximately HKD17,616,000 (the "**Receivable from Ease Faith**"). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Purchases Contracts or unjust enrichment on money had and received. The representatives of the Group had taken part in the mediation with Ease Faith. The directors consider that possibility that Great Rich could be able to recover the outstanding Receivable from Ease Faith is remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015. Details are also set out in Note 34(b).

22. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) Receivable from Ease Faith *(Continued)*

The movements in allowance for doubtful debts of Receivable from Ease Faith are as follows:

	2016 **HKD'000**	2015 HKD'000
At 1 January	**17,616**	–
Impairment loss recognised	**–**	17,616
At 31 December	**17,616**	17,616

(iii) Loan and interest receivables

The loan receivables are unsecured, bear fixed interest rate at 8%-10% (2015: 1.5%) per annum and are repayable according to the respective loan agreements.

The maturity profile of these loan and interest receivables, net of impairment losses recognised, if any, at the end of the reporting period, analysed by the remaining periods to their contracted maturities, is as follows:

	2016 **HKD'000**	2015 HKD'000
Within 1 year	**14,590**	12,020

The loan receivables have been reviewed by the management of the Group to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on an individual and collective bases.

On 1 September 2015, the Group advanced a loan to an independent third party (the "**Borrower**") amounting to HKD4,000,000 which bore interest at a fixed rate of 1.5% per annum. The balance was unsecured and initially repayable in March 2016. On 11 December 2015, the Company noted that the Borrower acquired 7.79% issued shares of the Company in total and became a shareholder of the Company. As at 31 December 2015, included in the loan and interest receivables was an amount due from a shareholder of HKD4,005,000. The amount has been settled in full during the year.

As at 31 December 2016, the directors considered that no impairment loss on loan and interest receivables is necessary as the loan and interest receivables are not yet past due and subsequent settlements are noted (2015: Nil).

23. CASH AND BANK BALANCES

Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

Included in cash and bank balances are the following amounts denominated in a currency other than functional currency of the entities:

	2016 HKD'000	2015 HKD'000
RMB	255	29

At 31 December 2016, there was approximately HKD255,000 (2015: HKD29,000) denominated in RMB and deposited with banks in the PRC. The RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

24. ACCRUALS AND OTHER PAYABLES

Material balances included in accruals and other payables are as follows:

(i) The amount due to the spouse of Mr. He amounting to HKD310,000 as at 31 December 2016 and 31 December 2015; and

(ii) The amount due to Able Success Asia Limited ("**Able Success**"), the entire issued share capital of which is beneficially owned by Mr. He, of approximately HKD15,264,000 as at 31 December 2016 and 31 December 2015.

25. BANK BORROWINGS

	2016 HKD'000	2015 HKD'000
Secured bank borrowings	114,569	187,180

	2016 HKD'000	2015 HKD'000
Carrying amount repayable:		
Within one year	2,609	7,675
More than one year, but not more than two years	2,665	7,898
More than two years, but not more than five years	8,511	25,006
More than five years	100,784	146,601
	114,569	187,180

25. BANK BORROWINGS *(Continued)*

	2016 **HKD'000**	2015 HKD'000
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**111,960**	179,505
Carrying amount repayable within one year	**2,609**	7,675
	114,569	187,180

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum at 31 December 2016 (2015: HKD Prime Rate – 1.75% and HIBOR (1 month) + 2% per annum). The weighted average effective interest rates on the bank borrowings are as follows:

	2016	2015
Secured bank borrowings (per annum)	**2.194% – 3.518%**	2.197% – 3.500%

At 31 December 2016 and 2015, the Group's investment property has been pledged to the bank borrowings granted to the Group (Note 17).

26. SHARE CAPITAL

	Number of ordinary shares *(Note a)*	**Number of preference shares**	**Amount** HKD'000
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2016 and 31 December 2015	249,480,000,000	520,000,000	250,000
Issued and fully paid:			
At 1 January 2015	3,285,487,998	–	3,285
Exercise of share options *(Note b)*	236,100,000	–	237
Issuance of shares upon placing *(Note c)*	2,256,000,000	–	2,256
At 31 December 2015 and 1 January 2016	5,777,587,998	–	5,778
Exercise of share options *(Note d)*	67,600,000	–	67
Issuance of shares *(Note e)*	640,000,000	–	640
At 31 December 2016	**6,485,187,998**	**–**	**6,485**

26. SHARE CAPITAL *(Continued)*

Notes:

a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.

b) On 10 June 2015, 236,100,000 share options were exercised. The proceeds from the exercise of share options were approximately HKD29 million.

c) On 26 June 2015, the Company entered into a placing agreement with Skyway Securities Investment Limited (the "Skyway Agent"), pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis a maximum of 656,000,000 placing shares at a placing price of HKD0.26 per placing share. The gross proceeds from the placing are approximately HKD170.5 million. The net proceeds after deducting the placing commission and other related expenses was approximately HKD165 million. The completion of the placing took place on 17 July 2015. Further details of the placing are set out in the announcements of the Company dated 26 June 2015 and 17 July 2015 respectively.

   On 22 September 2015, the Company and the Skyway Agent further entered into (i) placing agreement under general mandate, pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis a maximum of 700,000,000 placing shares at a placing price of HKD0.135 per placing share ("GM Placing"). The completion of GM Placing took place on 22 October 2015; (ii) placing agreement under specific mandate, pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis a maximum of 900,000,000 placing shares at a placing price of HKD0.135 per placing share ("SM Placing"). The completion of SM Placing took place on 11 December 2015. The total gross proceeds from GM Placing and SM Placing were approximately HKD216 million. The net proceeds after deducting the placing commissions and other related expenses from GM Placing and SM Placing were approximately HKD208 million. Further details of GM Placing and SM Placing are set out in the announcements of the Company dated 22 September 2015, 22 October 2015, 17 November 2015 and 11 December 2015, respectively.

d) On 20 July 2016, 65,600,000 share options were exercised. The proceeds from the exercise of share options are approximately HKD7,635,000.

   On 4 October 2016, 2,000,000 share options were exercised. The proceeds from the exercise of share options are approximately HKD402,000.

e) On 2 February 2016, the Company entered into a Sale and Purchase Agreement in relation to the acquisition of the subsidiary, Chinacorp (HK) Investment Limited, and the assignment of loan by allotment and issue of 640,000,000 shares amounting to approximately HKD102,720,000 as part of the consideration. Details are set out in Note 32(a).

27. RESERVES

The following describes the nature and purpose of each reserve within owners' equity

Reserves	Description and purpose
Share premium	Under the Companies Law (Revised) Chapter 22 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 or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.
Share option reserve	Cumulative expenses recognised on the granting of share options over the vesting period.
Translation reserve	Cumulative gains/losses arising on retranslating the net assets/liabilities of foreign operations into presentation currency.
Shares held under the share award scheme	The consideration paid for shares held under the share award scheme.

The Company

	Share premium HKD'000 *(Note)*	**Share options reserve** HKD'000 *(Note 28)*	**Shares held under the share award scheme** HKD'000 *(Note 29)*	**Accumulated losses** HKD'000	**Total** HKD'000
At 1 January 2015	171,162	5,982	–	(123,402)	53,742
Loss and comprehensive expense for the year	–	–	–	(64,434)	(64,434)
Exercise of share options	32,715	(3,764)	–	–	28,951
Issuance of shares upon placing, net of transaction costs	371,503	–	–	–	371,503
Recognition of equity-settled share-based payments	–	27,163	–	–	27,163
At 31 December 2015, as previously reported	575,380	29,381	–	(187,836)	416,925
Restatement (Note 3)	–	–	(17,228)	–	(17,228)
As 31 December 2015, as restated	575,380	29,381	(17,228)	(187,836)	399,697
Profit and comprehensive income for the year	–	–	–	80,190	80,190
Exercise of share options	9,187	(1,217)	–	–	7,970
Issuance of shares, net of transaction costs	102,080	–	–	–	102,080
Shares purchased under the share award scheme (Note 29)	–	–	(19,392)	–	(19,392)
Recognition of equity-settled share-based payments	–	10,490	–	–	10,490
At 31 December 2016	**686,647**	**38,654**	**(36,620)**	**(107,646)**	**581,035**

28. SHARE OPTION SCHEME

Scheme 2003

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the "**Scheme 2003**"). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003 was terminated and a new share option scheme (the "**Scheme 2012**") was adopted. The adoption of Scheme 2012 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2003 and shall continue to be valid and subject to the provisions of Scheme 2003.

The purpose of the Scheme 2003 is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme 2003, the Directors may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director), any non-executive director (including independent non-executive director), any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or its investee companies to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 21 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors of the Company but in any event not exceeding 10 years. The exercise price is determined by the directors and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

28. SHARE OPTION SCHEME *(Continued)*

Scheme 2012

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003, was terminated and the Scheme 2012 was adopted. The purpose of the Scheme 2012 is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme 2012, the Directors may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director), any non-executive director (including independent non-executive director), any supplier of goods or services to any member of the Group or any entity in which the Group holds any equity interest (the "**Invested Entity**"), any customer of the Group or any Invested Entity, any consultant, adviser, agent and contractor engaged by the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity to take up options to subscribe for shares in the Company representing up to a maximum 30% of the issued share capital of the Company from time to time and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the Board but in any event not exceeding 10 years. The exercise price is determined by the directors and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

The scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 had been refreshed at the adjourned annual general meetings held on 21 July 2014 and 30 June 2015 respectively, which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at the date of the respective annual general meetings.

The scheme mandate limit had been further refreshed at the annual general meeting held on 30 June 2016 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercise of the options under Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 30 June 2016, i.e. 577,758,799 shares.

28. SHARE OPTION SCHEME *(Continued)*

Scheme 2012 *(Continued)*

The following table discloses details and movements of the Company's share options held by senior management, employees and consultants under Scheme 2003 and Scheme 2012 during the years ended 31 December 2016 and 2015:

	Date of grant	2016 exercise price HKD	2015 exercise price HKD	Exercisable period	Outstanding at 1.1.2015	Granted during the year	Exercised during the year	Outstanding at 31.12.2015	Granted during the year	Exercised during the year	Outstanding at 31.12.2016
Scheme 2003											
Senior management	2 May 2007	2.9240	2.9240	2 May 2007 to 1 May 2017	467,852	–	–	467,852	–	–	467,852
Employees	2 May 2007	2.9240	2.9240	2 May 2007 to 1 May 2017	311,903	–	–	311,903	–	–	311,903
	30 January 2008	2.0263	2.0263	30 January 2008 to 29 January 2018	1,559,513	–	–	1,559,513	–	–	1,559,513
Weighted average exercise price		2.33	2.33		2,339,268	–	–	2,339,268	–	–	2,339,268
Scheme 2012											
Directors	24 July 2014	N/A	0.1164	24 July 2014 to 23 July 2016	65,600,000	–	–	65,600,000	–	(65,600,000)	–
	13 July 2015	0.2700	0.2700	13 July 2015 to 12 July 2017	–	35,000,000	–	35,000,000	–	–	35,000,000
	27 July 2015	0.3350	0.3350	27 July 2015 to 26 July 2017	–	70,000,000	–	70,000,000	–	–	70,000,000
	4 September 2015	N/A	0.2010	4 September 2015 to 3 September 2017	–	600,000	–	600,000	–	(600,000)	–
	31 August 2016	0.2100	N/A	31 August 2016 to 30 August 2018	–	–	–	–	108,000,000	–	108,000,000
Employees	24 July 2014	N/A	N/A	24 July 2014 to 23 July 2016	32,800,000	–	(32,800,000)	–	–	–	–
	27 July 2015	0.3350	0.3350	27 July 2015 to 26 July 2017	–	35,000,000	–	35,000,000	–	–	35,000,000
	4 September 2015	N/A	0.2010	4 September 2015 to 3 September 2017	–	1,400,000	–	1,400,000	–	(1,400,000)	–
	31 August 2016	0.2100	N/A	31 August 2016 to 30 August 2018	–	–	–	–	92,000,000	–	92,000,000
Consultants	24 July 2014	N/A	0.1164	24 July 2014 to 23 July 2016	32,800,000	–	(32,800,000)	–	–	–	–
	1 September 2014	N/A	N/A	1 September 2014 to 31 August 2016	170,500,000	–	(170,500,000)	–	–	–	–
	22 June 2015	0.3190	0.3190	22 June 2015 to 21 June 2017	–	26,800,000	–	26,800,000	–	–	26,800,000
	27 July 2015	0.3350	0.3350	27 July 2015 to 26 July 2017	–	35,000,000	–	35,000,000	–	–	35,000,000
	4 September 2015	0.2010	0.2010	4 September 2015 to 3 September 2017	–	175,000,000	–	175,000,000	–	–	175,000,000
Weighted average exercise price		0.25	0.24		301,700,000	378,800,000	(236,100,000)	444,400,000	200,000,000	(67,600,000)	576,800,000

28. SHARE OPTION SCHEME *(Continued)*

Scheme 2012 *(Continued)*

The weighted average remaining contractual life of these outstanding share options is approximately 0.97 years (2015: 1.46 years).

During the year ended 31 December 2015, the fair values of the share options were determined at the dates of grants by using the Black-Scholes-Merton Option Pricing Model and Binomial Option Pricing Model, evaluated by DTZ, an independent professional valuer not connected to the Group, with the following inputs:

	13 July 2015	**27 July 2015**	**4 September 2015**
Share price at date of grant	HKD0.2700	HKD0.2900	HKD0.1890
Exercise price	HKD0.2700	HKD0.3350	HKD0.2010
Expected volatility	62.75%	62.40%	62.71%
Risk-free rate	0.39%	0.39%	0.48%
Expected dividend yield	0%	0%	0%
Expected life	2 years	2 years	2 years

During the year ended 31 December 2016, the fair values of the share options were determined at the date of grant by using the Binomial Option Pricing Model, evaluated by DTZ, an independent professional valuer not connected to the Group, with the following inputs:

	31 August 2016
Share price at date of grant	HKD0.210
Exercise price	HKD0.210
Expected volatility	104.05%
Risk-free rate	0.47%
Expected dividend yield	0%
Expected life	2 years

Share options granted under the Scheme 2003 and the Scheme 2012 may be exercised at any time during the exercisable period as disclosed above.

The details of the fair value per option for options granted during the years ended 31 December 2016 and 31 December 2015 were set out below:

During the year ended 31 December 2015, the fair value of options granted to directors and employees was approximately HKD12,270,000 and the Group also granted 26,800,000, 35,000,000 and 175,000,000 share options of approximately HKD14,893,000 to its consultants on 22 June 2015, 27 July 2015 and 4 September 2015, respectively, in exchange for cost of services provided. The Group recognised an aggregate expense of approximately HKD27,163,000 for the year ended 31 December 2015 in relation to share options granted by the Company.

During the year ended 31 December 2016, the fair value of options granted to directors and employees amounting to approximately HKD20,980,000, of which HKD10,490,000 was included in the profit or loss for the year ended 31 December 2016.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 15 July 2015 (the "**Adoption Date**"), the directors adopted a share award scheme (the "**Share Award Scheme**") to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. A trustee is appointed by the Group for administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the Company's shares may be acquired by the administration committee or the trustee at the cost of the Company. Such shares will be held in trust for the selected person until the vesting criteria and conditions have been satisfied.

The directors may, from time to time, at its sole and absolute discretion, select any executives, officers, directors, holders of any securities issued by any members of the Group and others of the Group (collectively referred to as "**Selected Person**") for participation in the Share Award Scheme and grant such number of awarded shares to any Selected Person of the Group at nil consideration. The directors are entitled to impose any conditions (including a period of continued services within the Group after the award) with respect to the vesting of the awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the directors.

Details of the shares held under the Share Award Scheme are set out below:

	2016			2015		
	Average purchase price HKD	**Number of shares held ’000**	**Amount HKD’000**	Average purchase price HKD	Number of shares held ’000	Amount HKD’000
At 1 January	**0.30**	**56,560**	**17,228**	–	–	–
Shares purchased during the year	**0.63**	**30,544**	**19,392**	0.30	56,560	17,228
At 31 December	**0.42**	**87,104**	**36,620**	0.30	56,560	17,228

During the year ended 31 December 2016, all the awarded shares have not been awarded to the Selected Person.

The scheme mandate limit had been refreshed at the annual general meeting held on 30 June 2016 which the total number of shares of the Company may be awarded pursuant to the Share Award Scheme shall not exceed 10% of the shares of the Company in issue as at 30 June 2016, i.e. 577,758,799 shares.

The Company will not issue or grant any awarded shares under the Share Award Scheme which would result in the total number of the awarded shares together with shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option schemes of the Company representing in aggregate over 30% of the shares in issue as at the date of such grant.

30. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Sky Eagle Global Limited and Metro Victor Limited (collectively referred to as "Sky Eagle Disposal Group")

On 4 March 2016, the Group entered into a sale and purchase agreement with an independent third party in relation to the disposal of Sky Eagle Disposal Group at a consideration of HKD218,000,000. The principal business of the Sky Eagle Disposal Group is property investment.

Consideration received:	**HKD'000**
Cash received	**7,000**
Shares of a Hong Kong listed company *(Note (i))*	**299,000**
Promissory notes *(Note (ii))*	**27,100**
	333,100
Analysis of assets and liabilities disposed of:	
Investment property *(Note 17)*	**403,000**
Property, plant and equipment *(Note 16)*	**626**
Accounts receivable	**218**
Other receivables	**95**
Cash and bank balances	**277**
Other payables	**(1,176)**
Bank borrowing	**(183,384)**
Net assets disposed of	**219,656**
Gain on disposal	**113,444**
Total consideration	**333,100**
Net cash inflow arising on disposal:	
Consideration received in cash	**7,000**
Less: cash and bank balances disposed of	**(277)**
	6,723

Notes:

(i) The Hong Kong listed company shares of 1,300,000,000 were allotted and issued at HKD0.140 each and with closing market price at HKD0.23 each on 15 July 2016.

(ii) The promissory notes carry interest rate at 2% per annum with 2-year maturity issued on 15 July 2016. The fair value of the promissory notes as at issuance date was determined using an effective interest rate of 5.4% per annum.

Reconciliation of the promissory notes receivable:

	HKD'000
Nominal value	29,000
Discount at inception	(1,900)
	27,100
Unwinding of imputed interest as other income *(Note 8)*	700
Carrying amount as at 31 December 2016	27,800

30. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of IAL and its subsidiary

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group has agreed to sell 66% issued share capital of IAL at a consideration of HKD330,000. The disposal was completed on 14 May 2015. IAL is inactive during the period from 1 January 2015 to 14 May 2015.

	HKD'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment *(Note 16)*	**120**
Other receivables	**207**
Cash and bank balances	**42**
Other payables	**(535)**
Amount due to the Group	**(250)**
Net liabilities disposed of	**(416)**
Gain on disposal	**746**
Total consideration	**330**
Consideration received – cash	**330**
Fair value of interest retained (note)	**–**
	330
Net cash inflow arising on disposal:	
Consideration received in cash	**330**
Less: cash and bank balances disposed of	**(42)**
	288

After the completion of disposal, the Group owns 34% issued share capital of IAL and IAL became an associate of the Group (Note 18).

Note:

As at 14 May 2015, the liabilities of IAL and its subsidiaries exceeded their assets, therefore, the directors considered that the fair value of interest retained in IAL and its subsidiary was nil.

30. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Disposal of Boway Enterprises (International) Limited and Guangzhou For You Internet Technology Company Limited ("Guangzhou For You") (collectively referred to as "Boway Disposal Group")

On 3 November 2015, the Group entered into a sale and purchase agreement with Mr. Chen Huaide ("Mr. Chen"), the former director of the Company, in relation to the disposal of Boway Disposal Group at a consideration of HKD3,300,000. The disposal was completed on 31 December 2015. The principal activity of Guangzhou For You was trading business and related services.

Consideration received:	**HKD'000**
Cash received	**3,300**
Analysis of assets and liabilities over which control was lost:	
Intangible assets	**41**
Inventories	**842**
Other receivables, deposits and prepayments	**2,170**
Cash and bank balances	**56**
Trade and other payables	**(908)**
Net assets disposed of	**2,201**
Cumulative exchange differences in respect of the net assets of the Disposal Group reclassified from equity to profit or loss on loss of control of the Disposal Group	**222**
Legal and professional incurred for the disposal	**288**
Gain on disposal	**589**
Total consideration	**3,300**
Net cash inflow arising on disposal:	
Consideration received in cash	**3,300**
Less: Cash and bank balances disposed of	**(56)**
Legal and professional fee paid for the disposal	**(136)**
	3,108

31. DEREGISTRATION OF A SUBSIDIARY

During the year ended 31 December 2015, the Group deregistered an indirectly wholly-owned subsidiary, 廣州市達以富貿易有限公司 (「達以富」). 達以富 was inactive during the year.

Net liabilities of 達以富 at the date of deregistration were as follows:

	HKD'000
Cash and bank balances	**3**
Other payables and accrued charges	**(149)**
Net liabilities	**(146)**
Cumulative exchange differences in respect of the net liabilities of 達以富 reclassified from equity to profit or loss on deregistration of 達以富	**(3)**
Gain on deregistration	**(149)**
Net cash outflow arising on deregistration:	
Cash and bank balances	**(3)**

達以富 did not have significant contribution to the Group's financial performance and cash flow for the year ended 31 December 2015.

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

(a) Acquisition of Chinacorp

In February 2016, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group has agreed to acquire the entire issued share capital of Chinacorp (HK) Investment Limited ("Chinacorp") at a consideration of HKD117,000,000. The acquisition was completed on 11 July 2016. Chinacorp is principally engaged in the property investment business and is holding an investment property in Hong Kong. The acquisition had been accounted for as acquisition of assets.

Assets acquired and liabilities assumed at the date of acquisition were as follows:

	HKD'000
Property, plant and equipment *(Note 16)*	**34**
Investment property *(Note 17)*	**256,000**
Other receivables and deposits	**28**
Cash and bank balances	**9**
Other payables and accruals	**(507)**
Bank borrowings	**(115,844)**
Total consideration	**139,720**
Total consideration satisfied by:	
Cash	**32,000**
Settled by allotment and issue of shares of the Company *(Note (i))*	**102,720**
Settled by promissory notes *(Note (ii))*	**5,000**
	139,720
Analysis of net cash outflow arising on acquisition of assets through acquisition of Chinacorp:	
Consideration paid by cash	**(32,000)**
Less: cash and bank balances acquired of	**9**
	(31,991)

Notes:

(i) 640,000,000 shares of the Company were allotted and issued at HKD0.125 each on 11 July 2016. The value of the shares was determined by reference to the fair value of the assets and liabilities acquired minus the cash paid and fair value of promissory notes issued at acquisition date.

(ii) The promissory notes carried interest rate at 2% per annum with 2-year maturity from on 11 July 2016. The promissory notes were fully settled on 4 August 2016.

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY *(Continued)*

(b) Acquisition of Metro Victor

On 17 August 2015, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group has agreed to acquire the entire issued share capital of Metro Victor Limited ("Metro Victor") at a consideration of HKD210,000,000. The acquisition was completed on 30 November 2015. Metro Victor is principally engaged in the property investment business and is holding an investment property in Hong Kong. The acquisition had been accounted for as acquisition of assets.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	HKD'000
Property, plant and equipment *(Note 16)*	904
Investment property *(Note 17)*	396,793
Other receivables and deposits	30
Cash and bank balances	751
Other payables and accruals	(277)
Bank borrowings	(188,201)
Total consideration	210,000

	HKD'000
Total consideration satisfied by:	
Cash	110,000
Settled by promissory notes *(Note)*	100,000
	210,000

	HKD'000
Analysis of net cash outflow arising on acquisition of assets through acquisition of Metro Victor:	
Consideration paid by cash	(110,000)
Less: cash and bank balances acquired of	751
	(109,249)

Note:

The promissory notes carried interest rate at 2% per annum with 2-year maturity from on 30 November 2015. The promissory notes were fully settled on 15 December 2015.

33. COMMITMENTS

a) Operating lease – the Group as lessor

Investment property rental income earned during the year ended 31 December 2015 was HKD450,000. The investment property was expected to generate rental yield of 1.34% on an ongoing basis. The property held has committed tenant for the next 1 year, as at 31 December 2015.

As at 31 December 2015, the Group had contracted with tenant for the following futures minimum lease payments:

	2016 HKD'000	2015 HKD'000
Within one year	**–**	4,950

b) Operating lease commitment – the Group as lessee

	2016 HKD'000	2015 HKD'000
Minimum lease payments paid under operating leases during the year:		
– Premises	**1,027**	1,729
– Internet hardware and software	**–**	544
	1,027	2,273

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

	2016 HKD'000	2015 HKD'000
Within one year	**3,668**	950
After one year but within five years	**5,712**	–
	9,380	950

Operating lease payments represent rentals payable by the Group for certain of its premises and internet hardware and software. Leases are negotiated for an average term of 1-3 year(s) (2015: 2 years) and no arrangements have been entered into for contingent rental payments.

33. COMMITMENTS *(Continued)*

c) Capital commitment

	2016 **HKD'000**	2015 HKD'000
Contracted but not provided for:		
– Decoration cost for display store for e-commerce platform	**4,773**	–

d) Other commitment

For the registered capital of HKD500,000 for 深圳駿盛匯貿易有限公司 (「駿盛匯」), an indirectly wholly-owned subsidiary of the Company, the Group shall pay 20% of the registered capital within three months after the date of issuance of business license of 駿盛匯 and shall pay the remaining 80% of the registered capital within two years after the date of issuance of business license. Although the business license has been issued on 4 November 2014, the Group has yet to pay up any capital for 駿盛匯 at 31 December 2016. The board of directors considers that the risk to pay the penalty is remote and hence no provision has been provided as at 31 December 2016 (2015: Nil).

As at 31 December 2016, the Group has an unrecognised contractual commitment of RMB12,000,000 (equivalent to HKD14,400,000) relating to an investment in a film production. Details are set out in Note 21.

34. LITIGATIONS AND CONTINGENCIES

a) The alleged guarantee and the claim

In December 2013, the Board received demand letter from alleged creditors of two companies, requesting the Company, being the alleged guarantor of debts in the total sum of approximately RMB842 million owed by two companies (the "**Alleged Creditors**") unknown to the Company (the "**Alleged Guarantees**"), to settle the alleged debts on or before 11 December 2013, and forewarning that, failing which, the Alleged Creditors would take legal action against the Company.

On 14 January 2014, the Company received a writ of summons and statement of claim issued by 廣東省金屬回收公司 (Guangdong Metal Recycling Corporation*) ("**GMRC**"), one of the two Alleged Creditors in relation to the Alleged Guarantees, against: (i) Able Success as 1st defendant; (ii) Mr. He as the 2nd defendant; and (iii) the Company as the 3rd defendant, claiming an aggregate sum of approximately RMB644 million (the "**Claim**").

As disclosed in the announcement of the Company dated 25 April 2016, the High Court action in relation to the Claim filed by GMRC against the Company has been discontinued as on an entirely without admission of liability basis, the Company and GMRC reached a final settlement of the Claim. Therefore, the directors are of the view that the Claim by GMRC will not have any material adverse impact on the overall business operation and financial position of the Group.

* *For identification purpose only*

34. LITIGATIONS AND CONTINGENCIES *(Continued)*

b) Disputes for Receivable from Ease Faith

As detailed in Note 22(ii), Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Purchases Contracts or unjust enrichment on money had and received.

After taking legal advice from legal adviser, the Board is of the view that Great Rich has a reasonable chance on its claims against Ease Faith. However, after the representatives of the Group had taken part in mediation with Ease Faith during the year ended 31 December 2015, the directors considered that the possibility that Great Rich could be able to recover the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015.

35. MATERIAL RELATED PARTY TRANSACTIONS AND DISCLOSURES

Compensation to key management personnel

The remuneration for key management personnel of the Group, including directors and other members of key management, during the year was as follows:

	2016 **HKD'000**	2015 HKD'000
Short-term benefits	**4,827**	3,163
Post-employment benefits	**42**	36
Share-based payments	**5,790**	9,256
	10,659	12,455

36. RETIREMENT BENEFITS PLANS

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000 after June 2014. Contributions to the plan vest immediately.

The employees of the Company's subsidiary in the PRC are members of a state managed retirement benefit scheme operated by the government of the PRC.

The total cost charged to the profit or loss of approximately HKD111,000 (2015: HKD499,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

37. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2016 and 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Paid-up share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Group				Principal activities
			Directly		Indirectly		Directly		Indirectly		
			2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %	**2016 %**	2015 %	
Great Rich	Hong Kong	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding and trading business and related services
Ever Good Industries (International) Limited	Hong Kong	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Trading business and related services
Smart Prosper Enterprises (International) Limited	Hong Kong	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Globally Finance Limited	Hong Kong	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Provision of financing services
Golden Horse Hong Kong Investment Limited	Hong Kong	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Securities trading and investment
Sky Eagle Global Limited *(Note c)*	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Innovation Times Limited	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Bright Oriental Worldwide Limited	Hong Kong	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Sky Faith International Investment Limited	Hong Kong	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Licensing of e-commerce platform
Central Mark Group Limited	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Skypark Developments Limited	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
駿盛匯 *(Note e)*	PRC	Nil *(Note d)*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
Metro Victor *(Note c)*	Hong Kong	HKD1	**–**	–	**–**	100%	**–**	–	**–**	100%	Property investment
Infinite Bright Limited	Hong Kong	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
HK Ocean Wave Motion Pictures Limited	Hong Kong	HKD100	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
China Wisdom	Hong Kong	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment in film production in Hong Kong
Sky Billion Capital Resources Limited	Hong Kong	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive

37. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ operation	Paid-up share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Group				Principal activities
			Directly		Indirectly		Directly		Indirectly		
			2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	
			%	%	**%**	%	**%**	%	**%**	%	
Chinacorp (HK) Investment Limited *(Note b)*	Hong Kong	HKD1	**–**	–	**100%**	–	**–**	–	**100%**	–	Property investment
Power Estate Limited *(Note a)*	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	N/A	**–**	N/A	**100%**	N/A	**–**	N/A	Investment holding
Power Maker Limited *(Note a)*	Hong Kong	HKD1	**–**	N/A	**100%**	N/A	**–**	N/A	**100%**	N/A	Inactive
Success Estate Investments Limited *(Note a)*	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	N/A	**–**	N/A	**100%**	N/A	**–**	N/A	Investment holding
Future Fintech Limited *(Note a)*	Hong Kong	HKD1	**–**	N/A	**100%**	N/A	**–**	N/A	**100%**	N/A	Inactive
Alpha Idea Holdings Limited *(Note a)*	Brithsh Virgin Islands/ Hong Kong	1 ordinary share of USD1	**100%**	N/A	**–**	N/A	**100%**	N/A	**–**	N/A	Inactive
Future Finet Limited *(Note a)*	Hong Kong	HKD1	**100%**	N/A	**–**	N/A	**100%**	N/A	**–**	N/A	Inactive

Notes:

a) Newly incorporated companies during the year ended 31 December 2016.

b) Newly acquired company during the year ended 31 December 2016.

c) Disposed companies during the year ended 31 December 2016.

d) The registered capital of HKD500,000 has not been paid up at 31 December 2016.

e) The subsidiary is registered as a wholly owned foreign enterprise under PRC law.

None of the subsidiaries had issued any debt securities at 31 December 2016 and 31 December 2015.

38. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consist of net debt, which includes the bank borrowings disclosed in Note 25, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associates 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 and share buy–backs as well as the issue of new debt or the redemption of existing debt.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

(i) Financial assets

	2016 **HKD'000**	2015 HKD'000
FVTPL:		
Held-for-trading investments	**310,256**	6,732
Derivative financial instrument	**1,493**	5,292
	311,749	12,024
Loans and receivables (including cash and bank balances):		
Promissory notes receivable	**27,800**	–
Trade and other receivables	**25,148**	28,175
Loan and interest receivables	**14,590**	12,020
Loan receivable from an associate	**90,000**	80,000
Cash and bank balances	**29,169**	98,114
	186,707	218,309
	498,456	230,333

(ii) Financial liabilities

	2016 **HKD'000**	2015 HKD'000
Financial liabilities at amortised cost:		
Accruals and other payables	**21,968**	20,840
Bank borrowings	**114,569**	187,180
	136,537	208,020

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including promissory notes receivable, trade and other receivables, loan and interest receivables, held-for-trading investments, derivative financial instrument, loan receivable from an associate, cash and bank balances, accruals and other payables, amount due to a former director and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group's exposure to currency risk is attributable to the cash and bank balances, trade and other receivables, accruals and other payables and amount due to a former director are denominated in foreign currencies other than the functional currency of the group entity. The directors consider that the foreign currency exposure is minimal. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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.

	2016 **HKD'000**	2015 HKD'000
RMB		
Monetary assets:		
Cash and bank balances	**255**	29
Trade and other receivables	**–**	7
	255	36
Monetary liabilities:		
Accruals and other payables	**(420)**	–
	(165)	36

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

Market risk *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the foreign currency risk of RMB. The following table details the Group's sensitivity analysis, the analysis assumes a 5% increase and decrease in foreign currency against the functional currency, with all other variable held constant. 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 only outstanding foreign currency denominated in monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit (2015: decrease in post-tax loss) where functional currency strengthens 5% against foreign currency. For a 5% weakening of functional currency against the foreign currency, there would be equal and opposite impact on the post-tax loss and the balances below would be negative.

	2016		2015	
	Increase in foreign exchange rate	**Effect on post-tax profit HKD'000**	Increase in foreign exchange rate	Effect on post-tax loss HKD'000
RMB	**5%**	**(7)**	5%	2

As HKD is linked to USD, the Group does not have material exchange risk on such currency.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings as detailed in Notes 22 and 25 respectively. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's bank balances are short-term in nature and the exposure of the interest rate is minimal.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming these borrowings outstanding at the end of reporting period were outstanding for whole year. A 100 basis points increase or decrease in HIBOR and Prime rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest for the year.

	2016 HKD'000 (Decrease)/ Increase in post-tax profit	2015 HKD'000 (Increase)/ Decrease in post-tax loss
100 basis point increase	**957**	(1,563)
100 basis point decrease	**(957)**	1,563

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

Market risk *(Continued)*

(iii) *Price risk*

Price risk on held-for-trading investments

The Group is exposed to equity price risk through its held-for-trading investments. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in respective stock exchanges. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks of held-for-trading investments at the end of reporting period.

If the prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, post-tax profit for the year ended 31 December 2016 would increase/decrease by approximately HKD12,953,000 (2015: post-tax loss would decrease/increase by approximately HKD281,000) as a result of the change in fair value of held-for-trading investments.

Price risk on derivative financial instrument

The Group is exposed to price risk through derivative financial instrument.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risks of derivative financial instrument at the end of reporting period.

If the prices of the respective derivative financial instrument had been 5% higher/lower and all other variables were held constant, post-tax profit for the year ended 31 December 2016 would be increase/decrease by approximately HKD1,447,000 and HKD1,548,000, respectively (2015: post-tax loss would be decrease/increase by approximately HKD97,000 and HKD110,000) as a result of the change in fair value of derivative financial instrument.

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

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss.

As at 31 December 2016, 100% (2015: 100%) of the trade receivables of the Group are located in Hong Kong (2015: Hong Kong).

The carrying amounts of promissory notes receivable, trade and other receivables, loan and interest receivables, loan receivable from an associate and cash and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of accumulated impairment losses, if any. At 31 December 2016, the Group has concentration of credit risk as 94% (2015: 100%) of the total trade receivables was due from one debtor (2015: two debtors).

The Group monitors trade and other receivables and loan and interest receivables and only trades and deals with creditworthy third parties. Accordingly, the directors considered that the Group's exposure to bad debt is not significant.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables and loan and interest receivables are set out in Note 22.

The credit risk on liquid fund is limited because the counterparties are bank with high credit rating assigned by international credit-rating agencies.

Concentration risk

The Group has significant concentration risk on the largest customer as it represented 94% (2015: 43%) of the total revenue for the year ended 31 December 2016.

Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and bank balances. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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.

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

Liquidity risk *(Continued)*

The total undiscounted cash flows of each financial liability based on the earliest date on which the Company can be required to pay approximate to their carrying amounts at the end of the reporting period as follows:

	Weighted average interest rate (%)	**On demand or within one year HKD'000**	**Total contractual undiscounted cash flow HKD'000**	**Carrying amounts HKD'000**
	per annum			
2016				
Accruals and other payables	**–**	**21,968**	**21,968**	**21,968**
Bank borrowings	**3.00%**	**118,006**	**118,006**	**114,569**
		139,974	**139,974**	**136,537**

	Weighted average interest rate (%)	On demand or within one year HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amounts HKD'000
2015				
Accruals and other payables	–	20,840	20,840	20,840
Bank borrowings	2.87%	192,554	192,554	187,180
		213,394	213,394	208,020

41. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS

Fair value of the Group's 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 are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 December 2016 HKD'000	Fair value as at 31 December 2015 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities classified as held-for-trading investments in the consolidated statement of financial position	**310,256**	6,732	Level 1	Quoted bid prices in an active market	N/A
Derivative financial instrument in the consolidated statement of financial position	**1,493**	5,292	Level 3	Binomial Option Pricing Model – Risk free rate, expected option period and expected volatility	Discount rate and option exercise price

There were no transfers between Level 1, 2 and 3 during the year ended 31 December 2016 (2015: N/A).

	Fair value hierarchy Level 1 HKD'000	**Level 2 HKD'000**	**Level 3 HKD'000**	**Total HKD'000**
2016				
Financial assets				
Held-for-trading investments	**310,256**	**–**	**–**	**310,256**
Derivative financial instrument	**–**	**–**	**1,493**	**1,493**

	Fair value hierarchy Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Total HKD'000
2015				
Financial assets				
Held-for-trading investments	6,732	–	–	6,732
Derivative financial instrument	–	–	5,292	5,292

An increase in the option exercise price used in valuation would result in a decrease in the fair value measurement of the derivative financial instrument, and vice versa. A 5% increase/decrease in the option exercise price and holding all other variables constant would decrease/increase the carrying amount of the derivative financial instrument by HKD1,447,000 and HKD1,548,000, respectively (2015: HKD97,000 and HKD110,000).

41. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurement of financial assets on recurring basis

	Derivative financial instrument classified as asset HKD'000
At 1 January 2015	–
Fair value change	5,292
At 31 December 2015	5,292
Fair value change	(3,799)
At 31 December 2016	**1,493**

The above total gains or losses for the year are included in the profit or loss.

Except as detailed in the above table, the directors consider that carrying amounts of financial assets and financial liabilities recognised in consolidated financial statements approximate their fair values.

42. EVENT AFTER THE REPORTING PERIOD

On 13 January 2017, the Group terminated the license agreement dated 23 September 2016, entered into between a subsidiary of the Group and the Group's major customer in relation to the licensing of e-commerce platform. Subsequent to the termination, the Group entered into a memorandum of understanding with the major customer in relation to explore another mode of co-operation. As of the date of the approval of the consolidated financial statements, the liaison between the Group and the major customer is still in progress.

On the same date, the Group also entered into a supplementary agreement with the major customer that the Group agreed to bear the design and decoration cost of display store for promotion of the e-commerce platform up to an amount, in aggregate, not more than HKD30,000,000 by end of 31 December 2018.

43. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2016

(a) Part of the consideration received for the disposal of Sky Eagle Disposal Group are shares of a Hong Kong listed companies amounting to HKD299,000,000 (fair value at the date of the disposal) and promissory notes amounting to HKD29,000,000. Details are set out in Note 30 (a).

(b) Part of the consideration settled for the acquisition of Chinacorp are 640,000,000 shares of the Company amounting to HKD102,720,000 and promissory notes amounting to HKD5,000,000. Details are set out in Note 32 (a).

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2016 HKD'000**	2015 HKD'000 (restated)	2014 HKD'000
Non-current assets				
Interests in subsidiaries		**1**	1	1
Interests in associates		**4,990**	3,161	–
Promissory notes receivable		**27,800**	–	–
		32,791	3,162	1
Current assets				
Other receivables, deposits and prepayments		**417**	663	438
Amounts due from subsidiaries		**568,044**	309,253	32,841
Loan to a subsidiary		**18,530**	18,530	33,979
Cash and bank balances		**1,940**	89,134	5,287
		588,931	417,580	72,545
Current liabilities				
Accruals and other payables		**15,202**	15,267	15,519
Income tax payables		**19,000**	–	–
		34,202	15,267	15,519
Net current assets		**554,729**	402,313	57,026
Net assets		**587,520**	405,475	57,027
Capital and reserves				
Share capital	26	**6,485**	5,778	3,285
Reserves	27	**581,035**	399,697	53,742
		587,520	405,475	57,027

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2017 and are signed on its behalf by:

Siu Yun Fat
Director

Lau Fai Lawrence
Director

Five-year Financial Summary

RESULTS

	For the Year Ended 31 December				
				(Restated)	(Restated)
	2016	2015	2014	2013	2012
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**78,369**	41,178	68,821	189	91,155
Profit/(Loss) before taxation	**128,063**	(47,274)	4,275	(54,086)	(108,171)
Income tax credit (expense)	**(30,612)**	(350)	(1,560)	–	2,767
Profit/(Loss) for the year	**97,451**	(47,624)	2,715	(54,086)	(105,404)

ASSETS AND LIABILITIES

	As at 31 December				
				(Restated)	(Restated)
	2016	2015	2014	2013	2012
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**796,934**	639,002	86,800	19,328	78,502
Total liabilities	**(168,414)**	(209,787)	(22,901)	(22,044)	(19,417)
Total equity/(deficit)	**628,520**	429,215	63,899	(2,716)	59,085