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 2017 Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Siu Yun Fat *(Chairman)*
Mr. Chen Xiaodong *(Chief Executive Officer)*
Mr. Cai Linzhan
Mr. Lau Fai Lawrence
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Zheng Zongjia

AUDIT COMMITTEE

Mr. Tam Tak Wah *(Chairman)*
Mr. Siu Siu Ling, Robert
Mr. Zheng Zongjia

REMUNERATION COMMITTEE

Mr. Siu Siu Ling, Robert *(Chairman)*
Mr. Tam Tak Wah
Mr. Zheng Zongjia

NOMINATION COMMITTEE

Mr. Tam Tak Wah *(Chairman)*
Mr. Siu Siu Ling, Robert
Mr. Zheng Zongjia

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
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

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 2017.

REVIEW OF RESULTS

The Group recorded a net profit of approximately HKD481,840,000 attributable to shareholders of the Company (2016: HKD97,451,000) and basic earnings per share of Hong Kong 6.77 cents (2016: Hong Kong 1.61 cents) for the year ended 31 December 2017. The increase in net profit was mainly attributed to increase in profit from the segment of securities trading and investment which includes net unrealised gain of held-for-trading investments at fair value through profit or loss and provision of finance services.

BUSINESS REVIEW

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

Treasury business

The treasury business includes securities trading and money lending business.

Securities trading business

The Group's securities investments portfolio comprised of equity securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which comprised of five listed companies in sectors of (1) securities and brokerage; (2) information technology; and (3) financial industry during the year. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The Company has specific investment objective for each investment. The securities investments were classified under available-for-sale financial assets and held-for-trading investments in the consolidated financial statements.

For the year, dividend income on investment in listed equity securities and net realised gain on investment from securities trading and investment segment increased to approximately HKD70,655,000 (2016: HKD556,000) and HKD22,852,000 (2016: Nil). As a whole, the segment recorded a profit of approximately HKD518,132,000 (2016: loss of approximately HKD43,824,000).

The dividend income comprised of (i) cash dividend of approximately HKD42,756,000; (ii) distribution of approximately HKD22,668,000 in form of listed shares of China Soft Power Technology Holdings Limited ("**CSPT**", stock code: 139); and (iii) 21,796,320 shares of the Company of approximately HKD5,231,000 from CMBC Capital Holdings Limited ("**CMBC**", formerly known as Skyway Securities Group Limited, stock code: 1141). The amount of distribution shares of approximately HKD22,668,000 in form of listed shares of CSPT and of approximately HKD5,231,000 in form of shares of the Company were classified under available-for-sale financial assets and the treasury shares in consolidated financial statements respectively.

During the year, the Group recorded a net unrealised gain of investments at fair value through profit or loss of approximately HKD434,465,000 (2016: net unrealised loss of approximately HKD43,140,000) and net unrealised gain of investments at fair value through reserve of approximately HKD26,794,000 (2016: Nil). Approximately 97% of the unrealised gain of investments of fair value through profit or loss were attributable to the Group's investment in securities of CMBC.

As at 31 December 2017, the details of the investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2017	Closing value as at 31.12.2017	Market value of the interests as at 31.12.2017	Fair value gain/(loss) for the Year	Dividend Income for the Year	Realised Gain/(loss) for the Year
			HKD	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Under available-for-sale financial assets							
CMBC (Stock code: 1141)	224,000,000	0.489%	0.530	118,720	26,848	–	–
CSPT (Stock code: 139)	553,954,650	4.356%	0.135	74,784	(54)	–	–
Total				193,504	26,794	–	–
Under held-for-trading investments							
CMBC	1,300,000,000	2.840%	0.530	689,000	422,500	70,214	–
CSPT	616,666,666	4.849%	0.135	83,250	8,017	–	11,403
Hong Kong Exchanges and Clearing Limited (Stock code: 388)	–	–	239.800	–	–	441	(702)
Tencent Holdings Limited (Stock code: 700)	247,000	0.003%	406.000	100,282	3,919	–	12,151
China Literature Limited (Stock code: 772)	1,059	0.000%	83.350	88	29	–	–
Total				872,620	434,465	70,655	22,852

As at 31 December 2017, the Group held an investment portfolio with market value of approximately HKD1,066,124,000 (i.e, available-for-sale financial assets of approximately HKD193,504,000 and held-for-trading investment of approximately HKD872,620,000) (31 December 2016: HKD310,256,000). Except for the investments in CMBC, CSPT and Tencent Holdings Limited, as at 31 December 2017, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

Performance and prospects of the investees

CMBC

CMBC and its subsidiaries (the "**CMBC Group**") are principally engaged in the business of brokerage and related services, securities investment and provision of finance. China Minsheng Banking Corporation Limited (stock code: 1988) was deemed to be interested in over 60% of the issued shares capital of CMBC as at 31 December 2017.

As mentioned in its interim report for the six months ended 30 September 2017, the CMBC Group's profit attributable to the owners for the period has increased to approximately HKD77.8 million, which is 697% as compared to the profit of approximately HKD11.2 million during the previous period. The CMBC Group's basic earnings per share was HK0.21 cents (30 September 2016: HK0.08 cents) and diluted earnings per share was HK0.21 cents (30 September 2016: HK0.07 cents). The CMBC Group's revenue increased by approximately 66.3% to approximately HKD74.7 million during the period, compared to approximately HKD44.9 million in the previous period. It was mainly due to the contribution from the investment and financing segment and the asset management and advisory segment during the period. CMBC closed at HKD0.530 as at 31 December 2017, with an increase of approximately 196% from its closing price of HKD0.179 as at 31 December 2016.

The Company holds positive view toward the future performance of CMBC.

CSPT

CSPT and its subsidiaries (the "**CSPT Group**") are principally engaged in investment holdings, trading and distribution of electronic and accessory products and other merchandise, financial investments and trading and money lending business.

As mentioned in its annual results announcement for the period from 1 April 2017 to 31 December 2017, the CSPT Group recorded a revenue of approximately HKD228.1 million for the period, compared to the negative revenue of approximately HKD52.1 million for the year ended 31 March 2017. The net profit for the period was approximately HKD368.9 million, compared to the net loss of approximately 156.4 million for the year ended 31 March 2017. Earnings per share attributable to ordinary equity holders of the parent for the period was HK0.03 cents (31 March 2017: basic loss per share of HK0.02 cents).

CSPT closed at HKD0.135 as at 31 December 2017, with a decrease of approximately 18% from its closing price of HKD0.164 as at 31 December 2016. Nevertheless, the Company is confident about the medium to long-term development of the securities industry in Hong Kong, and thus is optimistic on the future prospect of CSPT.

Hong Kong Exchanges and Clearing Limited ("**HKEx**")

HKEx together with its subsidiaries (the "**HKEx Group**") own and operate the only stock and futures markets in Hong Kong and clearing houses.

It was mentioned in HKEx's annual report for the year ended 31 December 2017, the HKEx Group's total revenue and other income amounted to HKD13.2 billion (2016: HKD11.1 billion) and the profit attributable to shareholders was HKD7,404 million (2016: HKD5,769 million) for the year ended 31 December 2017, up 19% and 28% respectively as compared to 2016. The HKEx Group's basic earnings per share was HKD6.03 (2016: HKD4.76) and diluted earnings per share was HKD6.02 (2016: HKD4.75).

As at 31 December 2017, the Group did not hold any HKEx Shares.

Tencent Holdings Limited ("**Tencent**")

Tencent and its subsidiaries (the "**Tencent Group**") are principally engaged in the provision of value-added services and online advertising services to users in the People's Republic of China ("**PRC**"). Its many services include social network, web portals, e-commerce, online/mobile games and provision of payment related services and other services.

As mentioned in its annual results announcement for the year ended 31 December 2017, the Tencent Group recorded a revenue of approximately RMB237,760 million for the year (2016: RMB151,938 million). The profit attributable to its equity holders for the year ended 31 December 2017 was approximately RMB71,510 million (2016: RMB41,095 million). Basic and diluted earnings per Tencent share for the year ended 31 December 2017 were approximately RMB7.598 (2016: RMB4.383) and approximately RMB7.499 (2016: RMB4.329) respectively. Tencent closed at HKD406.00 as at 31 December 2017, up approximately 114% from its closing price of HKD189.685 as at 31 December 2016.

Tencent is one of the largest internet companies, as well as gaming company in the world. The Board believes that Tencent will grow with the economy of the PRC and has massive future potential.

China Literature Limited ("**China Lit**")

China Lit, the online reading unit being spun out by Tencent, launched an initial public offering on the Stock Exchange in November 2017. Tencent was deemed to be interested in 57.62% of the issued shares capital of China Lit as at 31 December 2017. China Lit and its subsidiaries (the "**China Lit Group**") are principally engaged in the operation of online literature platform in the PRC.

As mentioned in its annual results announcement for the year ended 31 December 2017, the revenues of the China Lit Group increased by 60.2% from RMB2,556.9 million in 2016 to RMB4,095.1 million for the year ended 31 December 2017. Profit attributable to equity holders of China Lit rose from RMB36.7 million in 2016 to RMB556.1 million in 2017. China Lit Group's basic earnings per share was RMB0.74 (2016: RMB0.05) and diluted earnings per share was RMB0.72 (2016: loss of RMB0.08).

The closing price of China Lit was HKD83.35 as at 31 December 2017, an increase of approximately 52% of its initial offer price of HKD55.00. The Company is optimistic on the future business prospect and an increase in the stock's valuation of China Lit.

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 2017, Globally Finance generated revenue of approximately HKD10,844,000 (2016: HKD1,193,000) and recorded a profit of approximately HKD10,931,000 (2016: HKD1,070,000). The increase in profit was attributed to increase in interest income from money lending business.

Investment property

The Group is currently holding a residential property located at No. 19, Cumberland Road, Kowloon, Hong Kong.

During the year, the Group recorded rental income of HKD4,800,000 (2016: HKD2,918,000) and fair value gain of HKD8,000,000 (2016: HKD16,000,000) arising from change in fair value of investment property from the property investment segment.

On 29 December 2017, a subsidiary of the Company entered into a sale and purchase agreement with a subsidiary of CSPT (the "**Vendor**") in relation to the acquisition of the entire equity interests in Goodview Assets Limited ("**Goodview**"), a company incorporated in the British Virgin Islands and all obligations, liabilities and debts owing or incurred by Goodview to the Vendor for an aggregate consideration of HKD260,000,000, which will be satisfied by the allotment and issue of 1,793,103,448 ordinary shares of the Company. Goodview holds a luxury residential property located at No. 1, Lincoln Road, Kowloon, Hong Kong. The property is a trapezium compound with a 3-storey high residential house and 8 parking spaces thereon, with a registered site area of approximately 10,656 sq. ft. and a saleable area of approximately 7,570 sq. ft.. On 1 February 2018, the Vendor, with the consent from the Group, entered into a tenancy agreement in respect of the property with an independent third party at the monthly rent of HKD500,000 (inclusive of government rates, government rents and management fees) for a fixed term of one year commencing from 1 February 2018.

The acquisition constitutes a major transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Major Transaction**"). The consideration shares will be allotted and issued pursuant to a specific mandate (the "**Specific Mandate**") to be sought by the Company at an extraordinary general meeting to be held on 13 April 2018. A circular containing, among other information, (i) details of the Major Transaction, (ii) details of the Specific Mandate; and (iii) a notice of the extraordinary general meeting, has been despatched to the shareholders of the Company on 20 March 2018. For more information of which, please refer to the Company's announcements dated 29 December 2017 and 16 March 2018 and circular dated 20 March 2018.

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.

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.

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, Smartpay Financial Limited (formerly known as 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. The memorandum of understanding was expired on 25 July 2017 and no formal agreement has been signed.

The Group will continue to look for any potential opportunity in the e-commerce business. During the year, no revenue (2016: HKD73,702,000) was generated and a loss of approximately HKD28,235,000 (2016: profit of HKD71,310,000) was recorded for the segment of e-commerce business. Such a loss included the impairment loss on property, plant and equipment of approximately HKD14,888,000 and the provision for the onerous contract of the committed lease and other payments of approximately HKD8,445,000.

Chairman's Statement

Investment in film industry

Girls II《閨蜜2》

On 12 July 2016, China Wisdom Group Limited ("**China Wisdom**"), a wholly owned subsidiary of the Company, entered into a film agreement with Ocean Wave Motion Pictures (International) Limited ("**Ocean Wave**") in relation to the investment in a film project known as "Girls II". 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 project. As at 31 December 2017, China Wisdom has invested RMB10,800,000 (equivalent to approximately HKD12,960,000) in cash for investment in the said film project. 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, Ocean Wave shall provide relevant information regarding the box office revenue of the film. Ocean Wave shall pay China Wisdom the relevant part of investment return.

The film has been released in March 2018 in the PRC, Hong Kong and Taiwan.

Death Wish《猛龍怪客》

On 21 September 2017, China Wisdom and Ocean Wave entered into an agreement pursuant to which China Wisdom has agreed to advance a sum of USD1,320,000 (or its Hong Kong dollars equivalence) to Ocean Wave for Ocean Wave to distribute a film project tentatively known as "Death Wish" for a period of three years. Ocean Wave shall pay interest on the outstanding amount of the advancement at a rate of 8% per annum. China Wisdom shall be entitled to an additional upside return (if any) with reference to sum received or receivable by Ocean Wave in connection to the provision of distribution services of the film which shall be agreed by the parties thereto.

During the year ended 31 December 2017, China Wisdom recorded interest income for Death Wish film project of approximately HKD228,000.

Two Days《兩天》

On 11 October 2017, China Wisdom and Ocean Wave entered into an agreement pursuant to which China Wisdom has agreed to advance a sum of USD487,500 (or its Hong Kong dollars equivalence) to Ocean Wave for Ocean Wave to invest in a motion picture tentatively entitled "Two Days" for a period of three years. Ocean Wave shall pay interest on the outstanding amount of the advancement at a rate of 12% per annum.

During the year ended 31 December 2017, China Widsom recorded interest income for Two Days motion picture of approximately HKD72,000.

The film market is a huge market. The Group is confident in the future prospect of the film industry. However, films involve substantial investments. The Board considers that the entering into of the above agreements will allow the Group to have a stake in the return of 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 and distribution of the film. Besides, the agreements will allow the Group to have stable return without significant risk exposures. This will reduce the risk exposure on one hand but will allow the Group to enjoy reasonable financial return.

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 the business in securities trading and investments and provision of financing services that yield a much higher profit margin, no revenue was generated from this business during the year ended 31 December 2017 (2016: Nil), a loss of approximately HKD11,000 (2016: HKD3,097,000) 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 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. CWSI and CWF are wholly owned by Instant Achieve Limited ("**IAL**"), which in turn is owned as to 34% by the Group and 66% by Mr. Siu Gee Tai, an independent third party at the beginning of the year. IAL, CWSI and CWF (collectively referred to "**Instant Achieve Group**") were treated as associated companies of the Group and the Company adopted equity accounting method in preparing the consolidated financial statements of the Group.

On 30 September 2015, Globally Finance granted a loan facility ("**Loan Facility**") 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. In accordance with the terms of the Loan Facility agreement, Mr. Siu Gee Tai has granted a call option ("**Call Option**") to Globally Finance to acquire 66% issued share capital of IAL at an option price.

On 3 April 2017, the Group entered into an agreement with CSPT for the transfer of shares equivalent to 34% equity interest of IAL for a total consideration of HKD7,000,000. The transfer was completed on 7 April 2017 and the Group recorded a gain on disposal of approximately HKD216,000. Upon completion of the disposal, the Group did not hold any equity interest on IAL.

Subsequent to the completion of disposal of 34% equity interest of IAL, CSPT, Mr. Siu Gee Tai, IAL and Globally Finance have entered into a shareholder agreement on 7 April 2017. Pursuant to the terms of the shareholder agreement, CSPT and Mr. Siu Gee Tai undertake, inter alia, that Instant Achieve Group shall continue the business of carrying out the relevant licensed regulated activities under the Securities and Futures Ordinance (the "**SFO**") and no changes of shareholdings structure and nature of business, no disposal and charging of assets nor entering into any partnership or joint venture arrangement except with the prior written approval of Globally Finance.

On 1 September 2017, CSPT entered into a sale and purchase agreement with Mr. Siu Gee Tai pursuant to which he agreed to sell and CSPT agreed to purchase (or procure such designated party as CSPT may direct to purchase) 66% of the entire issued share capital of IAL. On the same date, CSPT entered into an agreement with Globally Finance to acquire the Loan Facility owed by IAL and the consideration of HKD90,000,000 was settled by the issue and allotment of 833,333,333 CSPT shares at an issue price of HKD0.108 per CSPT shares upon completion. On the same date, Globally Finance also entered into a termination deed with Mr. Siu Gee Tai to terminate the option deed dated 30 September 2015 relating to the grant of Call Option. The consideration for the termination deed was HKD9,000,000, which was settled by way of transfer of 83,333,333 CSPT shares by Mr. Siu Gee Tai at the transfer price of HKD0.108 per CSPT share to Globally Finance. The gain on disposal of Loan Facility and terminate of the option deed were approximately HKD11,667,000 and HKD8,074,000 respectively.

During the year and up to the completion of disposal of 34% equity interest of IAL, Instant Achieve Group recorded a profit of approximately HKD5,277,000 (2016: 5,384,000) and the share of profit of associates by the Group was approximately HKD1,794,000 (2016: HKD1,830,000).

Chairman's Statement

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

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）are set out in Note 36 to the consolidated financial statements.

PROSPECTS AND OUTLOOK

In the year of 2017, the global economy was experiencing a recovery, reflecting a rebound in investment, manufacturing activity and trade. Not only did the economy of U.S. growth better than expected, also the economy of China, Japan as well as the European countries continued to maintain an accelerated growth momentum. Benefitting from the vibrant global economy and the influx of capital inflow, the Hong Kong stock market showed a steady upward trend and hit successive new highs towards the end of 2017. In the beginning of 2018, the Hang Seng Index even overtook its previous high in October 2007, before the global financial crisis. However, the Dow Jones industrial average experienced its greatest one-day points fall in history afterwards. The Wall Street plunge followed significant declines in global markets including both the Hong Kong's Hang Seng index and the Shanghai Composite index erasing all the gains made so far in 2018. It was then forming some base for intraday bounce due to short-term oversold conditions and bottom-picking by value-seeking investors. The Hong Kong stock market is going to see lots of fluctuation in the coming year.

2017 was a robust year for the Hong Kong residential market, both price and transaction volumes increased as compared with the previous year. Demand in the primary market stayed strong with developers actively launching new projects. In the secondary markets, demand was driven by a strong market sentiment despite the presence of high stamp duties for all non-first time homebuyers. Rising confidence in economic growth, persistent low interest rates, and a continued inflow of Mainland capital are projected to positively impact the future growth of the Hong Kong residential market. At the same time, personal consumption and the overall economic performance will continue to be impacted by various external factors such as the escalating conflict between the U.S. and North Korea, the Federal Reserve's pace of raising interest rate, Brexit negotiations and the policy divergence among major central banks which are likely to tighten the local market liquidity.

Going forward, the group will remain focused on its existing businesses in securities trading and investments, provision of financing services and investment property in Hong Kong which will enhance the revenue steam of the Group. The Group plans to continue to stabilise and enhance the performance of its existing asset portfolio while actively identify and explore other investment and business opportunities to broaden its assets and revenue base. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

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, 28 March 2018

FINANCIAL REVIEW

The consolidated net profit attributable to owners of the Company for the year ended 31 December 2017 was approximately HKD481,840,000 equivalent to a profit of Hong Kong 6.77 cents per share, compared with a profit of HKD97,451,000, equivalent to a profit of Hong Kong 1.61 cents per share for last year. The increase in net profit attributable to owners of the Company was mainly attributed to increase in profit from the segment of securities trading and investment which included net unrealised gain of held-for-trading investments at fair value through profit or loss and provision of finance services.

In regard to the operational front, the Group recorded a revenue of approximately HKD86,599,000 (2016: HKD78,369,000) and net realised gain from securities of approximately HKD22,852,000 (2016: Nil) for the year ended 31 December 2017.

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HKD133,008,000 as at 31 December 2017 (2016: HKD29,169,000). The Group had total borrowings of approximately HKD261,721,000 (2016: HKD114,569,000) comprised with bank borrowings of approximately HKD111,961,000 (2016: HKD114,569,000) and margin loan payable of approximately HKD149,760,000 (2016: Nil) as at 31 December 2017. Among bank borrowings, approximately HKD2,681,000 are repayable within one year, HKD2,756,000 are repayable over one year but not exceeding two years, HKD8,738,000 are repayable over two years but not exceeding five years and HKD97,786,000 are repayable over five years. The bank borrowings bear interest at the lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum.

The margin loan payable bears fixed interest at 7% per annum. The margin loan payable is repayable within one year and was guaranteed by the Company. The margin loan was obtained at late of June 2017 to finance the securities investment. Details are set out in Note 27 to the consolidated financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 17.25% (2016: 18.2%). Net assets were approximately HKD1,516,946,000 (2016: HKD628,520,000).

As at 31 December 2017, the Group has total current assets of approximately HKD1,341,912,000 (2016: HKD488,792,000) and total current liabilities of approximately HKD301,685,000 (2016: HKD168,414,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 4.45 as at 31 December 2017 (2016: 2.90). The current ratio continues to maintain at a healthy condition.

The Group's finance costs for the year was approximately HKD7,263,000 (2016: HKD4,312,000) and was mainly related to interests paid on the bank borrowings and margin loan. The increase in finance cost was due to interest paid for the margin loan obtained during the year.

Pledge of Assets

At 31 December 2017, the Group's investment property, with carrying amount of HKD280,000,000 (2016: HKD272,000,000), has been pledged to secure the bank borrowings granted to the Group.

At 31 December 2017, the Group had pledged held-for-trading investments of approximately HKD872,620,000 (2016: Nil) and available-for-sale financial assets of approximately HKD193,504,000 (2016: Nil) to secure the margin loans payable under margin accounts.

LITIGATIONS AND CONTINGENCIES

Details of litigations and contingencies are set out in Note 36 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 42 to the consolidated financial statements.

Capital Risk

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

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Disposal of IAL

Details of disposal of IAL are set out under "Interests in associates – Securities brokerage" section in Chairman's Statement on page 9.

Major Transaction – Acquisition of Goodview Assets Limited

Details of acquisition of Goodview are set out under "Investment Property" section in Chairman's Statement on pages 6 to 7.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 15 employees situated in Hong Kong (2016: 18 employees situated in Hong Kong, Malaysia, Taiwan and the United States of America). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2017, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD32,103,000 (2016: HKD18,062,000).

CAPITAL STRUCTURE

During the year, (i) 827,000,000 new shares of the Company were issued and allotted as the result of completion of two placings; (ii) 470,000,000 new shares of the Company were issued as the result of completion of share swap between the Company and CSPT and (iii) 375,000,000 new shares of the Company were issued upon exercise of the share options of the Company. As at 31 December 2017, the Company had 8,157,187,998 shares in issue.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Siu Yun Fat

Mr. Siu, aged 35, 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 ("**CEO**") 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. Chen Xiaodong

Mr. Chen, aged 36, has been appointed as an Executive Director in August 2017 and the CEO in October 2017. Mr. Chen holds a bachelor degree of management from Royal Holloway, University of London. He also holds a master of science degree in process technology and business management from University of Warwick. He has more than 10 years of experience in bank and securities marketing and is familiar with the local market and has strong capabilities in market exploration, customer appraisal and risk management. He also has extensive experience of regulations and rules of financial market in Hong Kong and Mainland China, as well as certain corporate financial analysis skill. Mr. Chen is a cousin of Mr. Cai Linzhan, an Executive Director of the Company. Mr. Chen is currently an executive director and the chairman of CSPT, a company listed on the Main Board of the Stock Exchange. CSPT has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Cai Linzhan

Mr. Cai, aged 31, has been appointed as an Executive Director in June 2017 and was the CEO from June 2017 to 5 October 2017. He is also the Chief Strategy Officer (Film Production) of a wholly owned subsidiary of the Company since August 2016. Mr. Cai graduated from a junior college program of International Economics and Trade（國際經濟與貿易）in South China Institute of Software Engineering, Guangzhou University（廣州大學華軟軟件學院）in 2009. He held management positions with various real estate companies and has many years of experience in property development. He is now serving as the deputy general manager of a real estate developer in the PRC. Mr. Cai is a cousin of Mr. Chen Xiaodong, an Executive Director and the CEO.

Mr. Lau Fai Lawrence

Mr. Lau, aged 46, 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 Primeview Holdings Limited (stock code: 789), Titan Petrochemicals Group Limited (stock code: 1192) and China HKBridge Holdings Limited (stock code: 2323), all of above are listed on the Main Board of the Stock Exchange.

Mr. Yu Qingrui

Mr. Yu, aged 46, 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 CSPT which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Siu Ling, Robert

Mr. Siu, aged 65, 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 Remuneration Committee in June 2017. 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 was also an independent non-executive director of Skyway Securities Group Limited (now known as CMBC) and a director of MBMI Resources Inc., a company listed on the Toronto Stock Exchange.

Biographical Details of Directors and Senior Management

Mr. Tam Tak Wah

Mr. Tam, aged 52, 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, the chairman of the Audit Committee in February 2013 and the chairman of the Nomination Committee in June 2017 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 2020. 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 was an executive director of Skyway Securities Group Limited (now known as CMBC) and an independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823), both of them are listed on the Main Board of the Stock Exchange.

Mr. Zheng Zongjia

Mr. Zheng, aged 55, has been appointed as an Independent Non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Board in March 2018. Mr. Zheng graduated from the Shantou Polytechnic（汕頭職業技術學院）, Shantou, the PRC, specialising in Construction Engineering and Project Cost（建築工程和工程造價）. Mr. Zheng has extensive experience in the field of real estate development in the PRC.

SENIOR MANAGEMENT

The businesses of the Group are under the direct responsibility of the Executive Directors of which Mr. Siu Yun Fat and Mr. Lau Fai Lawrence are directors of the subsidiaries of the Company. They are regarded as senior management of the Company.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) securities trading and investment; (ii) provision of financing services; (iii) investment property in Hong Kong; (iv) e-commerce business and (v) trading business and related services, details of which are set out in Note 39 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 the Management Discussion and Analysis set out on pages 3 to 10 and 11 to 12 respectively.

RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2017 is set out in the Chairman's Statement on page 3 to 10 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 38 to 48.

DIVIDEND

No interim dividend was paid to the shareholders of the Company during the year (2016: Nil).

The Board does not recommend the payment of a final dividend for the year (2016: 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 140. 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 Group during the year are set out in Notes 16 and 17 to the consolidated financial statements respectively.

SHARE CAPITAL

During the year, (i) 827,000,000 new shares of the Company were issued and allotted as the result of completion of two placings; (ii) 470,000,000 new shares of the Company were issued as the result of completion of share swap between the Company and CSPT and (iii) 375,000,000 new shares of the Company were issued upon exercise of the share options of the Company.

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

PLACINGS

(a) Placing of new share under general mandate on 7 August 2017

On 26 July 2017, a placing agreement has been entered into between the Company and CWSI as placing agent in relation to the placing of 400,000,000 shares of the Company at the placing price of HKD0.090 (the "**August Placing**"). The August Placing was completed on 7 August 2017.

(b) Placing of new share under general mandate on 18 September 2017

On 31 August 2017, a placing agreement has been entered into between the Company and CWSI as placing agent in relation to the placing of 427,000,000 shares of the Company at the placing price of HKD0.140 (the "**September Placing**"). The September Placing was completed on 18 September 2017.

The total 827,000,000 placing shares of the Company under the August Placing and the September Placing were issued under the general mandate which was granted to the Directors at the annual general meeting of the Company held on 31 May 2017 (the "**2017 AGM**").

(c) Placing of new share under general mandate on 2 January 2018

On 11 December 2017, a placing agreement has been entered into between the Company and CWSI as placing agent in relation to the placing of 1,630,000,000 shares of the Company at the placing price of HKD0.145 (the "**January Placing**"). The placing shares of the Company under the January Placing were issued under the general mandate which was granted to the Directors at the extraordinary general meeting of the Company held on 31 October 2017 (the "**EGM**"). The January Placing was completed on 2 January 2018.

As at the date of this report, the use of proceeds from the above placings are summarised as below:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
26 July 2017 and 7 August 2017	Placing of up to 400,000,000 new shares at the price of HKD0.09 per placing share.	The net proceeds from the placing amount to approximately HKD34.6 million.	The net proceeds from the placing were originally intended to be used for money lending business of the Group.	The net proceeds from the placing were used for securities trading and investment of the Group.
31 August 2017 and 18 September 2017	Placing of up to 427,000,000 new shares at the price of HKD0.14 per placing share.	The net proceeds from the placing amount to approximately HKD57.6 million.	The net proceeds from the placing were originally intended to be used for securities trading and investment of the Group.	The net proceeds from the placing were used for money lending business of the Group.
11 December 2017 and 6 February 2018	Placing of up to 1,630,000,000 new shares at the price of HKD0.145 per placing share.	The net proceeds from the placing amount to approximately HKD228 million.	The net proceeds from the placing were originally intended to be used for as to approximately: HKD51 million for repayment of margin loans, HKD20 million for property investment, HKD60 million for money lending business of the Group, HKD80 million for securities trading and investment of the Group and the remaining balance for general working capital.	The net proceeds from the placing were used for as to approximately: HKD120 million for repayment of margin loans, HKD33 million for money lending business of the Group, HKD66 million for securities trading and investment of the Group and the remaining balance for general working capital.

SHARE SWAP

On 7 August 2017, pursuant to a share swap agreement dated 27 July 2017 (the "**Share Swap Agreement**") entered into between the Company and CSPT, 470,000,000 new shares of the Company were issued and allotted at a subscription price of HKD0.110 per share (the "**FW Subscription Shares**") to a subsidiary of CSPT in exchange for 470,000,000 shares of CSPT as consideration shares at a total consideration of HKD51,700,000 pursuant to the Share Swap Agreement (the "**Share Swap**"). The FW Subscription Shares were issued under the general mandate granted to the Directors at the 2017 AGM. Upon completion of the Share Swap on 7 August 2017, CSPT became a substantial shareholder of the Company. Details of the Share Swap were disclosed in the announcements of the Company dated 27 July 2017 and 7 August 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company, except that (i) the receipt of 21,796,320 shares of the Company as part of dividend income from CMBC at a fair value of approximately HKD5,231,000 and the Group disposed these 21,796,320 shares of the Company on the Stock Exchange at a total consideration of approximately HKD2,427,000 and (ii) the trustee of the Share Award Scheme of the Company, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000.

PRE-EMPTIVE RIGHTS

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

RESERVES

The Company's reserves available for distribution to shareholders as at 31 December 2017 amounted to approximately HKD937,711,000 (2016: HKD581,035,000).

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 29 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DONATIONS

During the year, the Group did not make charitable and other donations (2016: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 15.5% of the Group's total revenue, of which 5.5% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 45.6% of the Group's total purchase, of which 20.7% 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. Chen Xiaodong *(Chief Executive Officer)*	(Appointed as Director on 11 August 2017 and as CEO on 6 October 2017)
Mr. Cai Linzhan	(Appointed as Director and CEO on 24 June 2017 and ceased to be CEO on 6 October 2017)
Mr. Lau Fai Lawrence	
Mr. Yu Qingrui	
Mr. Liu Steven Qiang *(Chief Executive Officer)*	(Resigned on 24 June 2017)
Ms. Cheng So Sheung *(Chief Financial Officer)*	(Resigned on 14 October 2017)

Independent Non-Executive Directors

Mr. Siu Siu Ling, Robert	
Mr. Tam Tak Wah	
Mr. Zheng Zongjia	(Appointed on 15 March 2018)
Mr. Michael John Viotto	(Resigned on 24 June 2017)
Mr. Cheng Yong Yau	(Resigned on 20 July 2017)
Mr. Hon Hak Ka	(Appointed on 20 July 2017 and resigned on 15 March 2018)

All Directors appointed by the Board are subject to re-election at the next following general meeting or the next following annual general meeting of the Company after their appointments. Accordingly, Mr. Chen Xiaodong, Mr. Cai Linzhan and Mr. Hon Hak Ka retired and were re-elected Directors at the EGM. 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. Lau Fai Lawrence, Mr. Yu Qingrui, Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia will retire from office at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

During the year and up to the date of this report, Mr. Siu Yun Fat and Mr. Lau Fai Lawrence are also directors of the subsidiaries of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company 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 AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, 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 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	Family Interest	Other Interest	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat	Beneficial owner	68,800,000	–	64,000,000 *(Note 1)*	132,800,000	1.63%
Chen Xiaodong	Beneficial owner	1,005,313	–	–	1,005,313	0.01%
Cai Linzhan	Beneficial owner	32,289,144	–	64,000,000 *(Note 1)*	96,289,144	1.18%
Yu Qingrui	Beneficial owner	90,404,425	–	64,000,000 *(Note 1)*	154,404,425	1.89%
Hon Hak Ka *(Note 2)*	Beneficial owner	2,020,000	1,316,000	–	3,336,000	0.041%
Tam Tak Wah	Beneficial owner	267,340	–	–	267,340	0.003%

Notes:

1. These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company adopted on 22 February 2012. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme" below.

2. Mr. Hon Hak Ka resigned as a Director of the Company with effect from 15 March 2018.

Save as disclosed above, as at 31 December 2017, 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 30 to the consolidated financial statements; and (iii) "Equity Settled Share-based Transactions" disclosure in Note 31 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.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Prior to the appointment of Mr. Chen Xiaodong as a Director of the Company on 11 August 2017, Globally Finance had entered into a loan agreement on 28 March 2017 regarding a loan of HKD15,000,000 to the spouse of Mr. Chen, Ms. Lam Yan Bing for a period of one year at a rate of 8% per annum. The loan and interests were fully repaid in mid-March 2018.

On 12 July 2016, China Wisdom entered into a film agreement with Ocean Wave in relation to the investment in a film project known as "Girls II". Ocean Wave is owned as to 50% by Mr. Chen and as to 50% by an independent third party. Details of which are set out in the section "Investment in film industry" in the Chairman's Statement on page 8 and the Company's announcement dated 12 July 2016.

The transactions between the Group and Mr. Chen after his appointment as a Director of the Company on 11 August 2017 are set out in the section "Connect Transaction" below.

Save as the above transactions with Mr. Chen, there were no other transactions, arrangements or contracts in relation to the Company's businesses, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the year or any time during the year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor there were any other transactions, and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and/or up to the date of this report, Mr. Chen Xiaodong, 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 of the Listing Rules.

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 2017 interim report are set out below:

1. Mr. Chen Xiaodong has been appointed as the CEO on 6 October 2017.

2. Mr. Cai Linzhan stepped down from the position of the CEO with effect from 6 October 2017.

3. Mr. Hon Hak Ka resigned as an Independent Non-executive Director of the Company and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board with effect from 15 March 2018.

4. Mr. Zheng Zongjia has been appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board with effect from 15 March 2018.

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

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2017, 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
CSPT	Interest of controlled corporations	691,830,188	8.48%
Hoshing Limited	Interest of controlled corporations	691,830,188	8.48%
Main Purpose Investments Limited	Beneficial owner	662,053,062	8.11%
Desert Gold Limited	Beneficial owner	29,777,126	0.37%

Note: Main Purpose Investments Limited and Desert Gold Limited were wholly-owned subsidiaries of Hoshing Limited which was, in turn, wholly-owned by CSPT.

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 2017 as required pursuant to section 336 of the SFO.

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 4 years from the date of this report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 has been refreshed at the 2017 AGM which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 31 May 2017.

During the year, 640,000,000 share options (2016: 200,000,000 share options) were granted under the Scheme 2012 and the aggregate estimated fair value of the share options granted thereunder is approximately HKD4,355,000 and HKD19,206,000 (2016: HKD11,579,000 and HKD9,402,000) for directors and employees/consultants of the Company respectively. The Group recognised a share-based payment expenses of HKD34,051,000 (2016: HKD10,490,000). These fair values at grant date were calculated using the binomial lattice model. Detail of valuation of the share options granted during the year is set out in Note 30 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 640,000,000, representing 6.54% of the issued share capital of the Company as at the date of this report.

Further details of the share option schemes of the Company are set out in Note 30 to the consolidated financial statements.

The movements in share options during the year are listed below:

Grantee	Date of grant *(Note 1)*	Exercise price per shares *HKD*	Number of share options: As at 1.1.2017	Granted during the Year	Exercised during the Year	Lapsed during the Year	As at 31.12.2017	Exercise period	Vesting date
Scheme 2003									
Senior management	02.05.2007	2.924	467,852	–	–	(467,852)	–	02.05.2007 – 01.05.2017	02.05.2007
Employees	02.05.2007	2.924	311,903	–	–	(311,903)	–	02.05.2007 – 01.05.2017	02.05.2007
	30.01.2008	2.0263	1,559,513	–	–	–	1,559,513	30.01.2008 – 29.01.2018	30.01.2008
Sub-Total			2,339,268	–	–	(779,755)	1,559,513		
Scheme 2012									
Directors									
Mr. Siu Yun Fat	27.07.2015	0.335	35,000,000	–	–	(35,000,000)	–	27.07.2015 – 26.07.2017	27.07.2015
	31.08.2016	0.210	36,000,000	–	(36,000,000)	–	–	31.08.2016 – 30.08.2018	01.05.2017
	28.07.2017	0.127	–	64,000,000 *(Note 2)*	–	–	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Mr. Cai Linzhan *(Note 3)*	31.08.2016	0.210	31,000,000	–	(31,000,000)	–	–	31.08.2016 – 30.08.2018	01.05.2017
	28.07.2017	0.127	–	64,000,000 *(Note 2)*	–	–	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Mr. Yu Qingrui	27.07.2015	0.335	35,000,000	–	–	(35,000,000)	–	27.07.2015 – 26.07.2017	27.07.2015
	31.08.2016	0.210	36,000,000	–	(36,000,000)	–	–	31.08.2016 – 30.08.2018	01.05.2017
	28.07.2017	0.127	–	64,000,000 *(Note 2)*	–	–	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Yang Yang	13.07.2015	0.270	35,000,000	–	–	(35,000,000)	–	13.07.2015 – 12.07.2017	13.07.2015
(Ex-Director) *(Note 4)*	31.08.2016	0.210	36,000,000	–	(36,000,000)	–	–	31.08.2016 – 30.08.2018	01.05.2017
Employees									
In aggregate	27.07.2015	0.335	35,000,000	–	–	(35,000,000)	–	27.07.2015 – 26.07.2017	27.07.2015
In aggregate	31.08.2016	0.210	61,000,000	–	(61,000,000)	–	–	31.08.2016 – 30.08.2018	01.05.2017
In aggregate	28.07.2017	0.127	–	64,000,000 *(Note 2)*	–	–	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Consultants									
In aggregate	22.06.2015	0.319	26,800,000	–	–	(26,800,000)	–	22.06.2015 – 21.06.2017	22.06.2015
In aggregate	27.07.2015	0.335	35,000,000	–	–	(35,000,000)	–	27.07.2015 – 26.07.2017	27.07.2015
In aggregate	04.09.2015	0.201	175,000,000	–	(175,000,000)	–	–	04.09.2015 – 03.09.2017	04.09.2015
In aggregate	28.07.2017	0.127	–	384,000,000	–	–	384,000,000	28.07.2017 – 27.07.2019	28.07.2017
Sub-Total			550,000,000	640,000,000	(375,000,000)	(201,800,000)	640,000,000		
Grand Total			552,339,268	640,000,000	(375,000,000)	(202,579,755)	641,559,513		

Notes:

1. The closing price of the shares immediately before 2 May 2007 was HKD0.900.

   The closing price of the shares immediately before 30 January 2008 was HKD0.630.

   The closing price of the shares immediately before 13 July 2015 was HKD0.215.

   The closing price of the shares immediately before 27 July 2015 was HKD0.350.

   The closing price of the shares immediately before 4 September 2015 was HKD0.188.

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

   The closing price of the shares immediately before 28 July 2017 is HKD0.109.

2. On 28 July 2017, the Board resolved to grant 640,000,000 share options to certain directors, employees and consultants of the Company of which 64,000,000 share options each to Mr. Siu Yun Fat, Mr. Cai Linzhan and Mr. Yu Qingrui who are executive directors of the Company and 64,000,000 share options to Ms. Lam Hay Yin, an investment manager of the Company (collectively the "**Relevant Grantees**"). The grant of the share options to each of the Relevant Grantees would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted to each of them in the 12-month period representing in aggregate over 1% of the relevant class of securities in issue. Pursuant to Rule 17.03(4) of the Listing Rules, such grants were approved by independent shareholders of the Company at the EGM.

3. Mr. Cai Linzhan has been appointed as a Director of the Company with effect from 24 June 2017.

4. Mr. Yang Yang resigned as a Director of the Company with effect from 30 September 2016.

Apart from the above movements, no share options were granted, exercised, lapsed or cancelled under the Scheme 2003 and the Scheme 2012 during the year.

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.

During the year ended 31 December 2017, 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 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000.

On 7 July 2017, the Board resolved to grant 98,568,000 share awards to certain employees and consultants of the Company. The awarded shares were fully vested on the date of grant.

As at 31 December 2017, no shares of the Company was held by the trustee of the Share Award Scheme (31 December 2016: 87,104,000 shares).

Movements in share awards granted during the year are as follows:

		Number of share awards				
Grantee	**Date of grant**	**As at 1.1.2017**	**Granted during the Year**	**Vested during the Year**	**Lapsed during the Year**	**As at 31.12.2017**
Employees						
In aggregate	07.07.2017	–	98,568,000	(98,568,000)	–	–
Total		–	98,568,000	(98,568,000)	–	–

Details of the Share Award Scheme are set out in the announcement of the Company dated 15 July 2015 and Note 31 to the consolidated financial statements.

CONNECTED TRANSACTIONS

(1) On 21 September 2017, China Wisdom and Ocean Wave entered into an agreement pursuant to which China Wisdom has agreed to advance a sum of USD1,320,000 (or its Hong Kong dollars equivalence) to Ocean Wave for Ocean Wave to distribute a film project tentatively known as "Death Wish" for a period of three years. Ocean Wave shall pay interest on the outstanding amount of the advancement at a rate of 8% per annum. China Wisdom shall entitled to an additional upside return (if any) with reference to sum received or receivable by Ocean Wave in connection to the provision of distribution services of the film which shall be agreed by the parties thereto. Based on the estimation of the Group, it is estimated that the additional upside return shall be not more than HKD2,000,000.

Ocean Wave is owned as to 50% by Mr. Chen Xiaodong and as to 50% by an independent third party. As Mr. Chen is a Director and the CEO, Ocean Wave is a connected person of the Company and the entering into of the agreement between China Wisdom and Ocean Wave constitutes a connected transaction of the Company. As the applicable percentage ratios under the Listing Rules are less than 5%, the transaction was subject to the reporting and announcement requirements but was exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) On 11 October 2017, China Wisdom and Ocean Wave entered into an agreement pursuant to which China Wisdom has agreed to advance a sum of USD487,500 (or its Hong Kong dollars equivalence) to Ocean Wave for Ocean Wave to invest in a motion picture tentatively entitled "Two Days" for a period of three years. Ocean Wave shall pay interest on the outstanding amount of the advancement at a rate of 12% per annum.

As the applicable percentage ratios in respect of the agreement after aggregation with the above advancement under the Listing Rules are less than 5%, the entering into of the agreement constitutes a connected transaction for the Company and was subject to the reporting and announcement requirements under the Listing Rules but was exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

RELATED AND CONNECTED PARTY TRANSACTIONS

Details of material related party transactions for the year are set out in Note 37 to the consolidated financial statements.

Save as disclosed herein and above under the section "Connected Transactions", the Company has not entered into other transactions with its connected parties which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

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 2017.

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.

EVENTS AFTER THE END OF REPORTING PERIOD

Events after the end of reporting period are set out in Note 44 to the consolidated financial statements.

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.

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. Moore Stephens was retired and re-appointed as auditor of the Company by the shareholders of the Company at the 2017 AGM. 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 2017 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, 28 March 2018

Corporate Governance Report

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 2017 as set out in Appendix 14 of the Listing Rules except for the following deviations:

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 2017, the Board comprised eight Directors, five of which are Executive Directors, namely Mr. Siu Yun Fat, Mr. Chen Xiaodong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence and Mr. Yu Qingrui and three are Independent Non-executive Directors, namely Mr. Hon Hak Ka, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah. On 15 March 2018, Mr. Hon Hak Ka resigned as an Independent Non-executive Director of the Company and Mr. Zheng Zongjia has been appointed as an Independent Non-executive Director of the Company.

Biographical details of the Directors are set out under the section "Biographical Details of Directors and Senior Management" on pages 13 to 15 of this report. Save as disclosed in the section, 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. Cai Linzhan to replace Mr. Liu Steven Qiang as the CEO with effect from 24 June 2017 and later appointed Mr. Chen Xiaodong to replace Mr. Cai as the CEO with effect from 6 October 2017. The CEO 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 as the Chairman of the Board is responsible 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 2017, 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 of the Company in a general meeting.

All Directors appointed by the Board are subject to re-election at the next following general meeting or the next following annual general meeting of the Company 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. Accordingly, 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 retired and were re-elected Directors at the 2017 AGM; and Mr. Chen Xiaodong, Mr. Cai Linzhan and Mr. Hon Hak Ka retired and were re-elected Directors at the EGM.

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. Siu Siu Ling, Robert *(Chairman)*	(appointed as chairman on 24 June 2017)
Mr. Tam Tak Wah	
Mr. Zheng Zongjia	(appointed on 15 March 2018)
Mr. Michael John Viotto	(resigned as chairman and member on 24 June 2017)
Mr. Cheng Yong Yau	(resigned on 20 July 2017)
Mr. Hon Hak Ka	(appointed on 20 July 2017 and resigned on 15 March 2018)

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 four 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. Tam Tak Wah *(Chairman)*	(appointed as chairman on 24 June 2017)
Mr. Siu Siu Ling, Robert	
Mr. Zheng Zongjia	(appointed on 15 March 2018)
Mr. Michael John Viotto	(resigned as chairman and member on 24 June 2017)
Mr. Cheng Yong Yau	(resigned on 20 July 2017)
Mr. Hon Hak Ka	(appointed on 20 July 2017 and resigned on 15 March 2018)

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 three 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. Siu Siu Ling, Robert	
Mr. Zheng Zongjia	(appointed on 15 March 2018)
Mr. Michael John Viotto	(resigned on 24 June 2017)
Mr. Cheng Yong Yau	(resigned on 20 July 2017)
Mr. Hon Hak Ka	(appointed on 20 July 2017 and resigned on 15 March 2018)

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 held four meetings. The Audit Committee has met with the predecessor external auditor to discuss and address any unresolved audit issues. It has also interviewed the representatives from several selected firms for the appointment of new auditor. The Committee has also met two times with the presence of the representatives of the external auditors to review the draft audited consolidated financial statements of the Group (including the 2016 annual results and the 2017 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.

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. The spouse of Mr. Hon Hak Ka, an Independent Non-executive Director of the Company appointed on 20 July 2017, has disposed 500,000 shares of the Company on 16 August 2017, which was within the Black-Out Period and without Mr. Hon first notifying the designated director of the Company and obtaining a dated written acknowledgement. The Company has explained to Mr. Hon and his spouse the standard and requirements to be complied with in securities dealing to ensure no recurrence of similar event in future. Mr. Hon resigned as an Independent Non-executive Director of the Company with effective from 15 March 2018.

Saved as disclosed above, 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 2017.

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 HKD908,000 and HKD150,000 in relation to the audit service and non-audit related services respectively provided by the Company's predecessor and current auditors, were charged to the profit or loss for the year ended 31 December 2017. The non-audit services were related to certain agreed-upon procedures for the interim results.

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 2017:

	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	17/17	–	–	–	2/2
Mr. Chen Xiaodong[1]	8/9	–	–	–	0/1
Mr. Cai Linzhan[2]	11/12	–	–	–	0/1
Mr. Lau Fai Lawrence	17/17	–	–	–	2/2
Mr. Yu Qingrui	17/17	–	–	–	2/2
Mr. Liu Steven Qiang[3]	3/5	–	–	–	1/1
Ms. Cheng So Sheung[4]	11/12	–	–	–	1/1
Independent Non-Executive Directors					
Mr. Siu Siu Ling, Robert	16/17	4/4	3/3	4/4	2/2
Mr. Tam Tak Wah	15/17	4/4	3/3	4/4	2/2
Mr. Michael John Viotto[5]	5/5	3/3	2/2	2/2	1/1
Mr. Cheng Yong Yau[6]	5/6	3/3	2/3	2/3	1/1
Mr. Hon Hak Ka[7]	10/11	1/1	0/0	1/1	1/1

Notes

1. Mr. Chen Xiaodong has been appointed as a Director on 11 August 2017.

2. Mr. Cai Linzhan has been appointed as a Director on 24 June 2017.

3. Mr. Liu Steven Qiang resigned as a Director on 24 June 2017.

4. Ms. Cheng So Sheung resigned as a Director on 14 October 2017.

5. Mr. Michael John Viotto resigned as a Director on 24 June 2017.

6. Mr. Cheng Yong Yau resigned as a Director on 20 July 2017.

7. Mr. Hon Hak Ka has been appointed as a Director on 20 July 2017 and resigned as a Director on 15 March 2018.

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 2017. Such review is conducted annually. The scope of review conducted by the 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 subsidiaries 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 2017.

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 is pleased to present the Environmental, Social and Governance Report (the "**ESG Report**") which highlights our commitment in achieving environmental and social sustainability.

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules. For information on our corporate governance, please refer to the "Corporate Governance Report" of this report.

Unless otherwise stated, this ESG report focuses on the activities of the Hong Kong offices of the Group for the year ended 31 December 2017 (the "**Reporting Period**"). As of 31 December 2017, two offices have been maintained by the Group in Hong Kong, which are located at Tsim Sha Tsui and Kwun Tong respectively.

CONNECTING WITH OUR STAKEHOLDERS

In preparation of this ESG Report, we have considered the opinion of various stakeholders. We communicated with our employees, customers, shareholders and business associates through different communication channels such as regular meetings, announcements and staff performance reviews. To further improve our sustainability performance, we embrace and appreciate any feedback and suggestions from our stakeholders. Feedback and suggestions can be sent to us via the following:

Address: Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong.
Email: info@fw-fh.com
Website: https://www.fw-fh.com/

ENVIRONMENTAL SUSTAINABILITY

The Group is a service oriented enterprise mainly with office operations, our daily business does not directly damage/affect the ecological environment and does not generate material direct emission, industrial pollutants, sewage, packaging material or hazardous waste. Nevertheless, as a responsible corporation, we strive to improve our environmental performance through promoting environmentally-friendly practices in our own business operations. We commit to reduce our waste produced wherever possible and manage our use of resources, in order to ensure that our environmental impact is minimal and our resources are utilised efficiently.

During the Reporting Period, our Group did not have any non-compliance issues in respect of any applicable laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Energy consumption and air emissions

Energy consumption accounts for a major part of our greenhouse gas ("**GHG**") emissions. The electricity consumption by the Group was 55,203.14 kWh, with an energy intensity of 35.51 kWh/m^2 of office area.

During the Reporting Period, we undertook various energy-saving measures to improve energy efficiency and reduce energy consumption in operations.

Objectives	Energy-saving measures
Raise staff's awareness on conserving energy	Remind staff to switch off all lighting and air conditioning in the meeting room when it is not in use by posting energy-saving reminders
Avoid unnecessary energy consumption	Encourage the employees to set the computers to automatic standby or sleep mode and switch off all idle electrical devices or lights before leaving office
Increase energy efficiency	Adjust the air-conditioner to maintain an indoor room temperature of 24-26 degree Celsius Arrange technicians to remove dust particles of the air filter of air-conditioners to facilitate the air flow efficiency Purchase electrical appliances with higher energy efficiency Choose printer or photocopier with energy-saving features

Apart from the above measures, in order to help improving roadside air quality, most of the vehicles using in our operation are electric vehicles ("**EVs**"). As EVs have no tailpipe emissions, we trusted that it would reduce the GHG accordingly.

Our emission data for the Reporting Period are shown as below:

Types of emissions	Unit	Data
Nitrogen Oxides ("**NOx**")	Kg	5.90
Respiratory Suspended Particles ("**RSP**")/Particulate Matter ("**PM**")	Kg	0.43

Greenhouse gas emissions	Unit	Data
Scope 2 – Indirect Emission	Tonnes of CO_2e	29.81
Total GHG emissions (Scope 1, 2) intensity	Tonnes of CO_2e per m^2 of office area	0.02

Note 1: Emission factors were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by HKEx, unless stated otherwise.

Waste management

Due to the nature of our business activities, the Group does not generate any hazardous waste. Paper waste is our major source of non-hazardous waste. In order to manager our paper waste, we have implemented the following procedures:

- Select double-sided printing setting whenever possible
- Place recycle bins next to the printer to collect single-side-used paper for reuse purpose
- Encourage staff to use electronic documents for communication instead of print-out copies

In addition, as production of paper can bring negative impacts to the environment such as deforestation, air pollution, water pollution and also contribute to global warming, we used Forest Stewardship Council certified paper for our annual report to support sustainable use of resources. During the Reporting Period, non-hazardous waste generated from print paper was approximately 37.5 kg, representing intensity of approximately 2.68 kg per employee.

Water consumption management

The water consumption by the Group was 34m^3, with water intensity of 0.03m^3/m^2 of office area. Only water consumption of Kwun Tong business center is included as water consumption since the office water consumption for Tsim Sha Tsui office is managed by the Building Management Office and respective data is not available. Although water supply is generally abundant in Hong Kong, it is far from unlimited. We have the responsibility to monitor and conserve our water consumption. Our staff are committed to putting into practice the following measures:

- Closely monitor and ensure reasonable water consumption
- Post water-saving reminders at occupied areas

SOCIAL SUSTAINABILITY

Employment

We believe that our employees are valuable assets for sustainability in our business development. Our success is based upon on capability to attract and retain talents. We provide equal opportunities for employees in respect of recruitment, training and development, job advancement, compensation and benefits. Employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic, background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. Any suspect incidents of sexual harassment will be promptly investigated, disciplinary actions will be exercised on violated persons.

The Group does not aware of any material non-compliance with any relevant laws and regulations, such as Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap. 608 of the laws of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong), that have a 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 for the Reporting Period.

Competitive compensation and benefits package

We offer basic salary with discretionary bonus based on the Group's and employees' performances. Salary is reviewed and adjusted yearly based on performance appraisals and market trend. Employees are entitled to mandatory provident fund and various types of leave including annual, sick, compensation, marriage, maternity, paternity, compassionate, examination and also study leave. During festivals like Chinese New Year's Eve, Mid-Autumn Festival, Winter Solstice, Christmas's Eve and New Year's Eve, staff is dismissed earlier for celebration. Being a family-friendly employer, we provide five-day working week for our staff to attain work life balance.

Labour standards

The Group respects and upholds internationally recognized human rights and is consciously resisting any actions disregarding and abusing human rights. Our recruitment process strictly follows the Employment Ordinance to avoid child and forced labour. None of our operation or suppliers have exposed to the significant risk of having child and forced labour. During the Reporting Period, no case of child labour or forced labour has been reported.

Health and safety

Our effort in ensuring staff's health and safety focuses on raising staff awareness and protecting them from work-related accidents or injuries through the following measures:

- Prohibit smoking in all areas of the office premises
- Post fire escape route near exit
- In the case of adverse weather conditions, allow certain staff to leave early based on their needs.

With the above measures, no work related fatalities or lost days due to work injury were recorded and the Group does not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards for the Reporting Period.

Training and development

The Group strives to assist employees to acquire all necessary knowledge and skills related to their duties by providing them with training and development opportunities. Trainings stimulate employees' motivation and unleash their potential in different aspects, allowing the Group to effectively allocate work opportunities among employees based on their abilities. To promote self-development, our staff are allowed to attend relevant training courses during office hours, where appropriate.

Supply chain management

The Group's major business suppliers include providers of premises, legal, professional and other business services. They are not considered to pose significant social risks to the Group's business operations.

The Group ensures appropriate criteria has been considered in selecting the most suitable suppliers. Contract terms shall be mutually acknowledged and payment shall be duly settled with high transparency. Purchased products are inspected upon acceptance, to ensure that product quality tallies with provided description.

Personal data privacy

Our business involves dealing with personal data of clients. Protecting our customers' interest and privacy is one of our top concerns to present outstanding customer service. The Group undertakes to comply with Personal Data (Privacy) Ordinance and other applicable laws in safeguarding clients' personal information, and has formulated relevant guidelines to require employees to carefully handle personal and confidential information of clients.

The Group does not aware of any non-compliance with relevant laws and regulations that has a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress for the Reporting Period.

Anti-corruption

We operated under integrity and moral principles. Code of conduct has been documented in the Staff Handbook, prohibiting staff from receiving any benefits from the suppliers, customers or any parties having business or commercial relationship with companies under the Group or offering benefits to the same.

The Group requires:

- all employee shall comply with code of business conduct and ethics; and
- employees are prohibited to, through taking advantage of their positions, offer any reward or other benefits to or receive the same from customers, suppliers or any parties having business with the Company

We consider that reporting channels are useful means of identifying possible misconduct or fraud, Whistle Blowing Policy was in place to allow employees to report any suspected misconduct or frauds to relevant department head through effective channels. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

The Group does 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 during the Reporting Period.

Community investment

The Group targets to be a responsible corporation. During regular meetings, employees are encouraged to participate and to serve in a wide range of community activities so as to contribute to society.

HKEX ESG GUIDE CONTENT INDEX

Subject Areas, aspects, general disclosure and key performance indicators ("KPI")		Chapter/Disclosure	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	• Environmental sustainability • Energy consumption and air emissions • Waste management • Water consumption management	38
KPI A1.1	The types of emissions and respective emissions data.	• Energy consumption and air emissions	39
KPI A1.2	Greenhouse gas emissions in total and where appropriate, intensity.	• Energy consumption and air emissions	39
KPI A1.3	Total hazardous waste produced and where appropriate, intensity.	No material hazardous waste produced for the Reporting Period	
KPI A1.4	Total non-hazardous waste produced and where appropriate, intensity.	• Waste management	40
KPI A1.5	Description of measures to mitigate emissions and results achieved.	• Environmental sustainability • Energy consumption and air emissions • Waste management • Water consumption management	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	• Waste management	40

		Chapter/Disclosure	Page
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	• Environmental sustainability • Energy consumption and air emissions • Waste management • Water consumption management	38-40
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	• Energy consumption and air emissions	39
KPI A2.2	Water consumption in total and intensity.	• Water consumption management	40
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	• Energy consumption and air emissions	39
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	• Water consumption management	40
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	• Environmental sustainability	38
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	• Environmental sustainability • Energy consumption and air emissions • Waste management • Water consumption management	38-40
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	• Environmental sustainability • Energy consumption and air emissions • Waste management • Water consumption management	38-40

		Chapter/Disclosure	Page
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	• Employment • Competitive compensation and benefits package	40-41
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Not disclosed for the Reporting Period	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed for the Reporting Period	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	• Health and safety	41
KPI B2.1	Number and rate of work-related fatalities.	Not disclosed for the Reporting Period	
KPI B2.2	Lost days due to work injury.	Not disclosed for the Reporting Period	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Not disclosed for the Reporting Period	

		Chapter/Disclosure	Page
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	• Training and development	41
KPI B3.1	The percentage of employees trained by gender and employee category.	Not disclosed for the Reporting Period	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Not disclosed for the Reporting Period	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	• Labour standards	41
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Not disclosed for the Reporting Period	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Not disclosed for the Reporting Period	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• Supply chain management	42
KPI B5.1	Number of suppliers by geographical region.	Not disclosed for the Reporting Period	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Not disclosed for the Reporting Period	

		Chapter/Disclosure	Page
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	• Product responsibility	42
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed for the Reporting Period	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Not disclosed for the Reporting Period	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not disclosed for the Reporting Period	
KPI B6.4	Description of quality assurance process and recall procedures.	Not disclosed for the Reporting Period	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Not disclosed for the Reporting Period	

		Chapter/Disclosure	Page
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	• Anti-corruption	42
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Anti-corruption	42
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	• Anti-corruption	42
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	• Community investment	42
KPI B8.1	Focus areas of contribution.	Not disclosed for the Reporting Period	
KPI B8.2	Resources contributed to the focus area.	Not disclosed for the Reporting Period	

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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
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future World Financial Holdings Limited and its subsidiaries (together, the "**Group**") set out on pages 55 to 139, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation of fair value of investment property

Refer to Notes 4, 5 and 17 to the consolidated financial statements

Key Audit Matters	How our audit addressed the Key Audit Matter
The Group has an investment property in Hong Kong. Such investment property is measured at fair value of HKD280,000,000 as at 31 December 2017. Significant estimation and judgement are required by the management of the Comapny to determine the fair value of the investment property. To support management's estimation of the fair value, the Group engaged an external valuer to perform valuation on the investment property as at 31 December 2017.	Our key procedures to address the matter included: • Evaluated the objectivity, independence and competency of the valuer; and • Assessed the methodologies and assumptions adopted in the valuation for estimating the fair value of the investment property.

Impairment assessment of trade and other receivables, and loan and interest receivables

Refer to Notes 4, 5 and 23 to the consolidated financial statements

Key Audit Matters	How our audit addressed the Key Audit Matter
As at 31 December 2017, the Group had trade and other receivables, and loan and interest receivables amounting to HKD44,223,000 and HKD279,101,000 respectively. The Group had not recognised any impairment losses on trade and other receivables, and loan and interest receivables during the year ended 31 December 2017. The estimated impairment losses are determined by the management of the Company based on the credit reviews performed, taking into account repayment history of the counterparties and the current market conditions. We have identified management's impairment assessments of the recoverability of trade and other receivables, and loan and interest receivables as a key audit matter because the amounts of the receivables are significant and the assessments required significant management judgement and involved high level of estimation uncertainty.	Our key procedures to address the matter included: • Obtained an ageing analysis of trade and other receivables, and loan and interest receivables from the management of the Company and discussed with the management of the Company whether the amounts are recoverable; • Challenged the management's assessment of the recoverability of long outstanding and overdue trade and other receivables, and loan and interest receivables; • Obtained credit information of certain debtors from the management of the Company as part of the assessment of the recoverability of trade and other receivables, and loan and interest receivables; and • Checked subsequent settlements of trade and other receivables, and loan and interest receivables on a sample basis.

OTHER MATTER

We draw attention to the fact that our audit opinion was disclaimed on the consolidated financial statements of the Group for the year ended 31 December 2016 due to the limitation of scope on the balance of amount due to Able Success Asia Limited ("**Able Success**"). The details of the balance of amount due to Able Success were set out in Notes 25 and 36 to the consolidated financial statements of the Group.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2017 of the Group other than the consolidated financial statements and our auditor's report thereon.

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

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

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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 audit committee of the Company assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 28 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	**2017 HKD'000**	2016 HKD'000
Net realised gain from securities trading and investments	6	**22,852**	–
Revenue	6	**86,599**	78,369
Cost of sales		**(3,796)**	(147)
Gross profit		**82,803**	78,222
Other income	8	**1,513**	1,143
Administrative expenses		**(25,167)**	(20,835)
Impairment loss on property, plant and equipment	16	**(14,888)**	–
Change in fair value of held-for-trading investments	21	**434,465**	(43,140)
Change in fair value of investment property	17	**8,000**	16,000
Change in fair value of derivative financial instrument	19	**600**	(3,799)
(Loss)/Gain on disposal of subsidiaries	33	**(39)**	113,444
Gain on disposal of associates	18	**216**	–
Gain on disposal of derivative financial instrument	19	**8,074**	–
Gain on disposal of receivable from a former associate	18	**11,667**	–
Share of profit of associates	18	**1,794**	1,830
Share-based payment expenses	30	**(47,948)**	(10,490)
Provision for the onerous contract of the committed lease and other payments	16	**(8,445)**	–
Operating profit		**475,497**	132,375
Finance costs	9	**(7,263)**	(4,312)
Profit before income tax	10	**468,234**	128,063
Income tax credit/(expense)	11	**13,605**	(30,612)
Profit for the year		**481,839**	97,451
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**2**	(1)
Change in fair value of available-for-sale financial assets	20	**26,794**	–
Other comprehensive income for the year, net of income tax		**26,796**	(1)
Total comprehensive income for the year		**508,635**	97,450
Profit for the year attributable to:			
Owners of the Company		**481,840**	97,451
Non-controlling interests		**(1)**	–
		481,839	97,451
Total comprehensive income attributable to:			
Owners of the Company		**508,636**	97,450
Non-controlling interests		**(1)**	–
		508,635	97,450
Earnings per share attributable to owners of the Company	15		
– Basic		**HK6.77 cents**	HK1.61 cents
– Diluted		**HK6.43 cents**	HK1.57 cents

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HKD'000	2016 HKD'000
Non-current assets			
Property, plant and equipment	16	**3,215**	3,352
Investment property	17	**280,000**	272,000
Interests in associates	18	**–**	4,990
Promissory notes receivable	33(c)	**–**	27,800
Available-for-sale financial assets	20	**193,504**	–
		476,719	308,142
Current assets			
Held-for-trading investments	21	**872,620**	310,256
Interest in a film in progress	22	**12,960**	12,960
Trade and other receivables	23	**44,223**	30,324
Loan and interest receivables	23	**279,101**	14,590
Loan receivable from an associate	18	**–**	90,000
Derivative financial instrument	19	**–**	1,493
Cash and bank balances	24	**133,008**	29,169
		1,341,912	488,792
Current liabilities			
Accruals and other payables	25	**22,848**	21,968
Bank borrowings	26	**111,961**	114,569
Other borrowings	27	**149,760**	–
Income tax payables		**17,116**	31,877
		301,685	168,414
Net current assets		**1,040,227**	320,378
Net assets		**1,516,946**	628,520
Capital and reserves			
Share capital	28	**8,157**	6,485
Reserves		**1,508,794**	622,039
Equity attributable to owners of the Company		**1,516,951**	628,524
Non-controlling interests		**(5)**	(4)
Total equity		**1,516,946**	628,520

The consolidated financial statements on the pages from 55 to 139 were approved and authorised for issue by the board of directors on 28 March 2018 and are signed on its behalf by:

Siu Yun Fat
Director

Lau Fai Lawrence
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company											
	Share capital HKD'000 *(Note 28)*	**Treasury shares** HKD'000 *(Note 28)*	**Share premium** HKD'000 *(Note 29)*	**Share options reserve** HKD'000 *(Notes 29 & 30)*	**Translation reserve** HKD'000 *(Note 29)*	**Available-for-sale financial assets reserve** HKD'000 *(Note 29)*	**Shares held under share award scheme** HKD'000 *(Notes 29 & 31)*	**Other reserve** HKD'000 *(Note 29)*	**(Accumulated losses)/ Retained earnings** HKD'000	**Total** HKD'000	**Non-controlling interests** HKD'000	**Total** HKD'000
At 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 upon placing, 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 and 1 January 2017	6,485	–	686,647	38,654	(3)	–	(36,620)	–	(66,639)	628,524	(4)	628,520
Profit for the year	–	–	–	–	–	–	–	–	481,840	481,840	(1)	481,839
Other comprehensive income, net of income tax												
Items that may be reclassified subsequently to profit or loss:												
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	2	–	–	–	–	2	–	2
Change in fair value of available-for-sale financial assets *(Note 20)*	–	–	–	–	–	26,794	–	–	–	26,794	–	26,794
Other comprehensive income for the year, net of income tax	–	–	–	–	2	26,794	–	–	–	26,796	–	26,796
Total comprehensive income for the year	–	–	–	–	2	26,794	–	–	481,840	508,636	(1)	508,635
Exercise of share options	375	–	108,221	(31,421)	–	–	–	–	–	77,175	–	77,175
Lapse of share options	–	–	–	(17,046)	–	–	–	–	17,046	–	–	–
Receipt of treasury shares *(Note 28)*	–	(22)	(5,209)	–	–	–	–	–	–	(5,231)	–	(5,231)
Disposal of treasury shares *(Note 28)*	–	22	5,209	–	–	–	–	–	(2,804)	2,427	–	2,427
Receipt of proceeds for placing to be completed *(Note 29)*	–	–	–	–	–	–	–	120,000	–	120,000	–	120,000
Issuance of shares for share swap	470	–	51,700	–	–	–	–	–	–	52,170	–	52,170
Issuance of shares upon placing, net of transaction costs	827	–	91,602	–	–	–	–	–	–	92,429	–	92,429
Shares purchased under the share award scheme *(Note 31)*	–	–	–	–	–	–	(7,127)	–	–	(7,127)	–	(7,127)
Shares award to staff or consultant under share award scheme *(Note 31)*	–	–	–	–	–	–	43,747	–	(29,849)	13,898	–	13,898
Recognition of equity-settled share-based payments	–	–	–	34,050	–	–	–	–	–	34,050	–	34,050
At 31 December 2017	**8,157**	**-**	**938,170**	**24,237**	**(1)**	**26,794**	**-**	**120,000**	**399,594**	**1,516,951**	**(5)**	**1,516,946**

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 HKD'000	2016 HKD'000
Cash flows from operating activities			
Profit before income tax		**468,234**	128,063
Adjustments for:			
Finance costs		**7,263**	4,312
Interest income		**(313)**	(282)
Imputed interest income		**(1,200)**	(700)
Depreciation of property, plant and equipment		**1,540**	767
Impairment loss on property, plant and equipment		**14,888**	–
Change in fair value of held-for-trading investments		**(434,465)**	43,140
Change in fair value of investment property		**(8,000)**	(16,000)
Change in fair value of derivative financial instrument		**(600)**	3,799
Loss/(Gain) on disposal of subsidiaries		**39**	(113,444)
Gain on disposal of associates		**(216)**	–
Gain on disposal of derivative financial instrument		**(8,074)**	–
Gain on disposal of receivable from a former associate		**(11,667)**	–
Share of profit of associates		**(1,794)**	(1,830)
Share-based payments expenses		**47,948**	10,490
Receipt of non-cash dividend		**(27,899)**	–
Operating cash flows before movements in working capital		**45,684**	58,315
Increase in trade and other receivables		**(13,999)**	(1,926)
Increase in loan and interest receivables		**(264,511)**	(2,570)
Increase in held-for-trading investments		**(16,065)**	(47,664)
Increase in accruals and other payables		**6,147**	(3,203)
Cash (used in)/generated from operations		**(242,744)**	2,952
Income tax paid		**(1,156)**	(502)
Interest paid		**(2)**	(29)
Net cash (used in)/generated from operating activities		**(243,902)**	2,421
Cash flows from investing activities			
Receipt from disposal of treasury shares obtained as part of non-cash dividend		**2,427**	–
Interest received		**313**	282
Purchase of property, plant and equipment		**(16,349)**	(2,710)
Purchase of available-for-sale financial assets		**(91,872)**	–
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	34	**–**	(31,991)
Receipt upon redemption of promissory notes		**29,000**	–
Net cash inflows arising on disposal of associates	18	**7,000**	–
Net cash outflows arising on disposal of subsidiaries	33	**(5,148)**	6,723
Investment cost in interest in a film in progress		**–**	(12,960)
Loan to an associate		**–**	(10,000)
Net cash used in from investing activities		**(74,926)**	(50,656)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HKD'000	2016 HKD'000
Cash flows from financing activities			
Interest paid		**(7,261)**	(4,283)
Repayment of bank borrowings		**(2,608)**	(5,071)
Proceeds from other borrowings		**149,760**	–
Proceeds from exercise of share options		**77,175**	8,037
Shares purchased under share award scheme		**(7,127)**	(19,392)
Proceeds from issuance of shares upon placing, net of transaction costs		**92,429**	–
Proceeds from placing of new shares to be completed	29	**120,000**	–
Net cash generated from/(used in) financing activities		**422,368**	(20,709)
Net increase/(decrease) in cash and cash equivalents		**103,837**	(68,944)
Cash and cash equivalents at the beginning of the year		**29,169**	98,114
Effect of foreign exchange rates changes, net		**2**	(1)
Cash and cash equivalents at the end of the year		**133,008**	29,169

1. GENERAL

Future World Financial Holdings 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**").

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

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 2017

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 2017. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to a number of HKFRSs

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

However, additional disclosure has been in Note 46 made to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of Cash Flows: Disclosure Initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Also, the transitional provision set out in the amendments to HKAS 7 have been applied and hence no comparative information is provided.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers – Clarification to HKFRS 15[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HKFRS 16	Leases[2]
HK(IFRIC) – 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[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 1 January 2021*
4 *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.*

The Group has already commenced an assessment of the impact of adopting the above new and revised HKFRSs. 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 HKFRS 9 and HKFRS 16 as detailed below:

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**").

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

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

HKFRS 9 – Financial Instruments (Continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of the financial assets at FVTPL. The Group intends to designate the available-for-sale investments currently carried at fair value to be financial assets at FVTOCI. Detailed impact will be disclosed in the consolidated financial statements for the year ending 31 December 2018.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps 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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKAS 18. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

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 directors of the Company have preliminary assessed the impact of HKFRS 15, and anticipate that the application of HKFRS 15 will have no material impact on the consolidated financial statements. Such an assessment is subject to change when the directors perform a more detailed analysis.

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

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

HKFRS 16 – Leases

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

HKFRS 16, which upon the effective date will supersede HKAS 17 “ Leases “ and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

3. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the “**CO**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Basis of measurement

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

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

3. BASIS OF PREPARATION *(Continued)*

Basis of measurement *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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.

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 in Note 47, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as 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.

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.

Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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 43.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

Loans and receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment loss on financial assets *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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, bank borrowings and other borrowings are subsequently measured at amortised cost, using the effective interest method.

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 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 assets or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition (Continued)

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 expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 HKFRSs, in which case the impairment loss is treated as a revaluation decrease under that HKFRSs.

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 HKFRSs, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRSs.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Cash and cash equivalents

Cash and bank balances 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 before income tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 31.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to employees *(Continued)*

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.

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.

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 located in Hong Kong 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 were of the opinion that licensing of e-commerce platform is subject to Hong Kong Profits Tax as the relevant revenue were Hong Kong sourced income.

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

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 and interest in a film in progress

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 2017. The movement of allowance for doubtful debts for trade and other receivable is set out in Note 23.

(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.

(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 2017, the carrying amount of loan and interest receivables were approximately HKD279,101,000 (2016: HKD14,590,000).

(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 a firm of independent qualified 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 2017 was approximately HKD280,000,000 (2016: HKD272,000,000).

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

Key sources of estimation uncertainty *(Continued)*

(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 engaged a firm of independent qualified professional valuers to perform the valuation. The Group worked closely with the valuers to establish the appropriate valuation techniques and inputs to the model. In estimating the fair value of an asset, the Group used 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 as at 31 December 2016 was approximately HKD1,493,000.

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:

	2017 **HKD'000**	2016 HKD'000
Revenue		
Dividend income from securities trading and investments	**70,655**	556
Interest income from provision of financing services	**10,844**	1,193
Interest income from other loan receivables	**300**	–
Rental income from property investment	**4,800**	2,918
Income from licensing of e-commerce platform	**–**	73,702
	86,599	78,369
Net realised gain from securities trading and investments	**22,852**	–

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.

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 financial performance

The following is an analysis of the Group's revenue and financial performance 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**-**	–	**70,655**	556	**11,144**	1,193	**4,800**	2,918	**-**	73,702	**86,599**	78,369
Segment financial performance	**(11)**	(3,097)	**518,132**	(43,824)	**10,931**	1,070	**9,224**	128,091	**(28,235)**	71,310	**510,041**	153,550
Unallocated corporate income											**1,513**	432
Unallocated corporate expenses											**(17,682)**	(13,456)
Change in fair value of derivative financial instrument											**600**	(3,799)
Loss on disposal of subsidiaries											**(39)**	–
Gain on disposal of associates											**216**	–
Gain on disposal of derivative financial instrument											**8,074**	–
Gain on disposal of loan receivables from a former associate											**11,667**	–
Share of profit of associates											**1,794**	1,830
Share-based payment expenses											**(47,948)**	(10,490)
Unallocated finance costs											**(2)**	(4)
Profit before income tax											**468,234**	128,063

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 revenue, change in fair value of derivative financial instrument, certain loss on disposal of subsidiaries, gain on disposal of associates, gain on disposal of derivative financial instrument, gain on disposal of loan receivables from a former associate, share of profit of associates, share-based payment expenses 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:

	2017 **HKD'000**	2016 HKD'000
Segment assets		
Trading business and related services	**429**	724
Securities trading and investment	**1,111,756**	313,576
Provision of financing services	**266,787**	20,027
Property investment	**280,655**	300,951
Licensing of e-commerce platform	**9,075**	54,536
Total segment assets	**1,668,702**	689,814
Unallocated corporate assets	**149,929**	107,120
Consolidated assets	**1,818,631**	796,934
Segment liabilities		
Trading business and related services	**–**	1,017
Securities trading and investment	**149,910**	150
Provision of financing services	**5,416**	260
Property investment	**114,126**	115,610
Licensing of e-commerce platform	**18,453**	1,149
Total segment liabilities	**287,905**	118,186
Unallocated corporate liabilities	**13,780**	50,228
Consolidated liabilities	**301,685**	168,414

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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**953**	2,690	**-**	–	**-**	–	**15,396**	–	**-**	–	**16,349**	2,710
Acquisition of investment property through acquisition of a subsidiary	**-**	–	**-**	–	**-**	–	**-**	256,000	**-**	–	**-**	–	**-**	256,000
Disposal of investment property through disposal of subsidiaries	**-**	–	**-**	–	**-**	–	**-**	(403,000)	**-**	–	**-**	–	**-**	(403,000)
Acquisition of property, plant and equipment through acquisition of a subsidiary	**-**	–	**-**	–	**-**	–	**-**	84	**-**	–	**-**	–	**-**	84
Disposal of property, plant and equipment through disposal of subsidiaries	**(58)**	–	**-**	–	**-**	–	**-**	(626)	**-**	–	**-**	–	**(58)**	(626)
Depreciation of property, plant and equipment	**5**	188	**857**	321	**-**	–	**17**	258	**508**	–	**153**	–	**1,540**	767
Impairment loss of property, plant and equipment	**-**	–	**-**	–	**-**	–	**-**	–	**14,888**	–	**-**	–	**14,888**	–
Provision for the onerous contract of the committed lease and other payments	**-**	–	**-**	–	**-**	–	**-**	–	**8,445**	–	**-**	–	**8,445**	–
Change in fair value of held-for-trading investments	**-**	–	**(434,465)**	43,140	**-**	–	**-**	–	**-**	–	**-**	–	**(434,465)**	43,140
Change in fair value of investment property	**-**	–	**-**	–	**-**	–	**(8,000)**	(16,000)	**-**	–	**-**	–	**(8,000)**	(16,000)
Finance costs	**-**	–	**4,143**	–	**-**	–	**3,118**	4,290	**-**	18	**2**	4	**7,263**	4,312
Loss/(Gain) on disposal of subsidiaries	**39**	–	**-**	–	**-**	–	**-**	(113,444)	**-**	–	**-**	–	**39**	(113,444)
Income tax (credit)/expense	**159**	(67)	**-**	(21)	**5,236**	–	**(19,000)**	19,000	**-**	11,700	**-**	–	**(13,605)**	30,612
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)	**(1)**	(1)	**-**	(1)	**-**	(1)	**-**	(1)	**(312)**	(274)	**(313)**	(282)
Share of profit of associates	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(1,794)**	(1,830)	**(1,794)**	(1,830)
Change in fair value of derivative financial instrument	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(600)**	3,799	**(600)**	3,799

Geographical information

The Group's revenue and profit are derived entirely from the operations located in Hong Kong. Almost all of the Group's non-current assets are located in Hong Kong.

7. SEGMENT INFORMATION *(Continued)*

Information about major customer

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

Customer

	2017 **HKD'000**	2016 HKD'000
A[1]	**43,500**	–
B[2]	**–**	73,703

1 Revenue from Securities trading and investment, for the disposal of shares of a Hong Kong listed company to an independent third party

2 Revenue from Licensing of e-commerce platform

8. OTHER INCOME

	2017 **HKD'000**	2016 HKD'000
Imputed interest income on promissory notes receivable *(Note 33(c))*	**1,200**	700
Interest income on bank deposits	**75**	12
Interest income on promissory note	**238**	270
Sundry income	**–**	161
	1,513	1,143

9. FINANCE COSTS

	2017 **HKD'000**	2016 HKD'000
Interest expenses on:		
Bank borrowings	**3,118**	4,283
Other borrowings	**4,143**	–
Others	**2**	29
	7,263	4,312

10. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2017 HKD'000	2016 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of HKD9,800,000 (2016: HKD5,790,000)	**16,202**	10,659
Other staff costs	**4,639**	2,634
Contributions to retirement benefits scheme	**105**	69
Share-based payment expenses for employees	**11,157**	4,700
Total staff costs	**32,103**	18,062
Auditor's remuneration:		
– Audit services		
Current year	**700**	2,607
Under-provision in respect of prior year	**208**	–
– Other services	**150**	700
Depreciation of property, plant and equipment	**1,540**	767
Minimum lease payments in respect of operating leases of premises	**3,795**	1,027
Direct operating expenses arising from investment property that generated rental income during the year	**302**	148
Share-based payment expenses for consultants	**26,991**	–

11. INCOME TAX CREDIT/(EXPENSE)

	2017 HKD'000	2016 HKD'000
Current tax:		
– Hong Kong Profits Tax	**5,236**	30,700
Over-provision in respect of prior years	**(18,841)**	(88)
Income tax (credit)/expense	**(13,605)**	30,612

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.

   No provision has been made for PRC Enterprise Income Tax as the Group did not generate any estimate assessable profit in the current year and prior year.

3) At the end of the reporting period, the Group had unused tax losses of approximately HKD26,161,000 (2016: HKD9,508,000) available to offset against future profits. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department. 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 before income tax as follows:

	2017 HKD'000	2016 HKD'000
Profit before income tax	**468,234**	128,063
Tax at domestic income tax rate of 16.5%	**77,259**	21,130
Tax effect of expenses not deductible for tax purpose	**17,792**	11,539
Tax effect of income not taxable for tax purpose	**(92,571)**	(2,097)
Tax effect of tax losses not recognised	**6,599**	461
Utilisation of tax losses previously not recognised	**(3,851)**	–
Tax effect of temporary differences not recognised	**8**	(333)
Over-provision in respect of prior years	**(18,841)**	(88)
Income tax (credit)/expense for the year	**(13,605)**	30,612

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

2017

	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)	–	1,300	18	3,382	4,700
Mr. Chen Xiaodong					
(Chief executive officer) (Note b)	–	152	7	–	159
Mr. Lau Fai Lawrence	–	429	18	–	447
Mr. Yu Qingrui	–	195	30	3,382	3,607
Mr. Cai Linzhan *(Note c)*	–	101	5	3,036	3,142
Mr. Liu Steven Qiang *(Note d)*	–	577	–	–	577
Ms. Cheng So Sheung *(Note e)*	–	754	15	–	769
Sub-total	–	3,508	93	9,800	13,401
Independent non-executive directors					
Mr. Cheng Yong Yau *(Note f)*	480	–	–	–	480
Mr. Hon Hak Ka *(Note g)*	269	23	8	–	300
Mr. Siu Siu Ling, Robert	240	20	–	–	260
Mr. Tam Tak Wah	1,200	100	–	–	1,300
Mr. Michael John Viotto *(Note h)*	461	–	–	–	461
Sub-total	2,650	143	8	–	2,801
Total	2,650	3,651	101	9,800	16,202

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

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 d)*	–	318	–	–	318
Mr. Lau Fai Lawrence	–	429	18	–	447
Mr. Yu Qingrui	–	195	–	1,930	2,125
Mr. Yang Yang *(Note i)*	–	234	–	1,930	2,164
Ms. Cheng So Sheung *(Note e)*	–	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 i)*	180	100	–	–	280
Mr. Cheng Yong Yau *(Note f)*	274	24	–	–	298
Mr. Michael John Viotto *(Note h)*	217	20	–	–	237
Sub-total	1,951	264	–	–	2,215
Total	1,951	2,876	42	5,790	10,659

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 2017 and 2016.

During the two years ended 31 December 2017 and 2016, 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) Appointed as executive director on 11 August 2017 and chief executive officer on 6 October 2017.

c) Appointed as executive director and chief executive officer on 24 June 2017 and stepped down from chief executive officer on 6 October 2017.

d) Appointed as executive director and chief executive officer on 19 September 2016 and resigned on 24 June 2017.

e) Appointed on 14 September 2016 and resigned on 14 October 2017.

f) Appointed on 12 September 2016 and resigned on 20 July 2017.

g) Appointed on 20 July 2017.

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

Notes: (Continued)

h) Appointed on 29 September 2016 and resigned on 24 June 2017.

i) Resigned on 30 September 2016.

j) 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.

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

During the years ended 2017, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. Details of the share option scheme are set out in Note 30. 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 four directors (2016: three directors), details of whose remuneration are set out in Note 12 above. Details of the remuneration for the year of the remaining one (2016: two) highest paid employee(s) who is/are neither a director nor chief executive of the Company is/are as follows:

	2017	2016
	HKD'000	HKD'000
Salaries, bonuses and other benefits in kind	**650**	650
Contributions to retirement benefits scheme	**18**	18
Share-based payment expenses	**9,573**	3,117
	10,241	3,785

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(s)	
	2017	2016
HKD1,500,001 to HKD2,000,000	**–**	1
HKD2,000,001 to HKD2,500,000	**–**	1
HKD10,000,001 to HKD10,500,000	**1**	–

During the year ended 31 December 2017, one (2016: two) 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 30. 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 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

15. EARNINGS PER SHARE

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

	2017	2016
	HKD'000	HKD'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**481,840**	97,451

Number of shares

	2017	2016
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,117,495**	6,053,237
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**372,542**	136,984
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,490,037**	6,190,221

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Motor vehicles HKD'000	Office equipment HKD'000	Total HKD'000
Cost				
At 1 January 2016	2,678	800	479	3,957
Addition	–	2,690	20	2,710
Acquired on an acquisition of a subsidiary *(Note 34)*	84	–	–	84
Disposal of subsidiaries *(Note 33)*	(1,976)	–	(250)	(2,226)
At 31 December 2016 and 1 January 2017	786	3,490	249	4,525
Addition	15,259	953	137	16,349
Disposal of subsidiaries *(Note 33)*	(702)	–	(222)	(924)
At 31 December 2017	**15,343**	**4,443**	**164**	**19,950**
Accumulated depreciation and impairments				
At 1 January 2016	1,644	67	245	1,956
Acquired on an acquisition of a subsidiary *(Note 34)*	50	–	–	50
Provided for the year	371	321	75	767
Disposal of subsidiaries *(Note 33)*	(1,462)	–	(138)	(1,600)
At 31 December 2016 and 1 January 2017	603	388	182	1,173
Provided for the year	642	857	41	1,540
Disposal of subsidiaries *(Note 33)*	(653)	–	(213)	(866)
Impairments	14,751	–	137	14,888
At 31 December 2017	**15,343**	**1,245**	**147**	**16,735**
Carrying values				
At 31 December 2017	**–**	**3,198**	**17**	**3,215**
At 31 December 2016	183	3,102	67	3,352

During the year ended 31 December 2017, the Group did not lease out the display store relating to the promotion of e-commerce platform. As at 31 December 2017, the directors of the Company consider that there are still no formal plan agreed with the major customer of the licensing of e-commerce platform and therefore, reassessed the recoverable amount of capital expenditure, with carrying amount of approximately HKD14,888,000, relating to the design and decoration cost of the display store, to be nil. Accordingly, an impairment loss on property, plant and equipment and provision for the onerous contract of the committed lease and other related payments of approximately HKD14,888,000 and HKD8,445,000, respectively, have been recognised during the current year.

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 – RESIDENTIAL UNIT LOCATED IN HONG KONG

	2017 **HKD'000**	2016 HKD'000
Fair value		
At 1 January	**272,000**	403,000
Disposal of subsidiaries *(Note 33)*	**–**	(403,000)
Acquired on an acquisition of a subsidiary *(Note 34)*	**–**	256,000
Changes in fair value recognised in profit or loss	**8,000**	16,000
At 31 December	**280,000**	272,000

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 2017, the Group's investment property, with carrying amount of HKD280,000,000 (2016: HKD272,000,000), has been pledged to secure the bank borrowings granted to the Group (Note 26).

Fair value measurement of the Group's investment property

The fair value of the Group's investment property at 31 December 2017 have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("**Roma**") (2016: A.G. Wilkinson & Associates (Surveyors) Limited ("**A.G. Wilkinson**")), a firm of independent qualified professional valuers, not connected to the Group. Roma and A.G. Wilkinson have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

17. INVESTMENT PROPERTY – RESIDENTIAL UNIT LOCATED IN HONG KONG *(Continued)*

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

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.

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**
(Discount)/premium on quality of property (e.g. location, size and condition of the properties)	-17.5% to 19.7% (2016: -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 difference such as age and location	HKD43,500 to HKD49,000 (2016: HK$31,113 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.

During the year ended 31 December 2017, 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

	2017 HKD'000	2016 HKD'000
Cost of investment in associates	–	3,400
Accumulated share of post-acquisition profit and other comprehensive income, net of dividend received	–	1,590
	–	4,990

On 3 April 2017, the Group entered into a sale and purchase agreement with China Soft Power Technology Holdings Limited ("**CSPT**"), a Company whose shares are listed on the Main Board of the Stock Exchange, in which Mr. Chen Xiaodong ("**Mr. Chen**") and Mr. Yu Qingrui ("**Mr. Yu**"), who are the directors and shareholders of the Company, are also directors and shareholders of CSPT, in relation to the disposal of 34% issued share capital of Instant Achieve Limited ("**IAL**"), an associate of the Company, for a cash consideration of HKD7,000,000 (the "**Disposal of IAL**"). Upon completion of the Disposal of IAL on 7 April 2017, the Group did not have any equity interest in IAL and therefore, the Group derecognised IAL and its subsidiaries as the associates of the Group and ceased to share their results.

On 1 September 2017, the Group entered into an assignment with CSPT, in relation to the assignment of HKD90,000,000 loan receivable from IAL, at a consideration of HKD90,000,000. The consideration shall be settled by 833,333,333 of CSPT ordinary shares (the "**Consideration Shares**") set out in the related agreement. Upon completion of the assignment on 8 September 2017, the Group received the Consideration Shares with closing market price of HKD0.122 each at that date. The fair value of the Consideration Shares amounted to approximately HKD101,667,000. As a result, the Group recognised a gain on disposal of the loan receivable from a former associate amounting to approximately HKD11,667,000.

On 1 September 2017, the Group entered into a termination deed ("**Termination Deed**") with Mr. Siu Gee Tai ("**Mr. Siu**"), in relation to terminate the call option deed entered into on 30 September 2015 ("**Call Option Deed**"). Details are set out in Note 19.

	HKD'000
Disposal of investment in associates	
Net carrying amount of interests in associates	**6,784**
Gain on disposal	**216**
Total consideration, received in cash	**7,000**
Disposal of receivable from a former associate	
Net carrying amount of loan receivables from IAL	**90,000**
Gain on disposal	**11,667**
Total consideration, received in form of 833,333,333 ordinary shares of CSPT	**101,667**

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

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
		2017	2016	**2017**	2016	
IAL	The British Virgin Islands (the "**BVI**")	**N/A**	34%	**N/A**	34%	Investment holding in Hong Kong
Central Wealth Securities Investment Limited ("**CWSI**") *(Note)*	Hong Kong	**N/A**	34%	**N/A**	34%	Dealing in securities and advising on securities in Hong Kong
Central Wealth Futures Limited ("**CWF**") *(Note)*	Hong Kong	**N/A**	34%	**N/A**	34%	Dealing in futures and advising on futures in Hong Kong

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

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 is accounted for using the equity method in these consolidated financial statements.

	2017 **HKD'000**	2016 HKD'000
Current assets	**N/A**	102,899
Non-current assets	**N/A**	1,950
Current liabilities	**N/A**	(90,588)
Net assets	**N/A**	14,261

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

Summarised financial information of IAL *(Continued)*

	Period from 1 January 2017 to 7 April 2017 HKD'000	Year ended 31 December 2016 HKD'000
Revenue	**2,592**	10,225
Profit and total comprehensive income for the period/year	**5,277**	5,384
Dividend received from associates during the period/year	**–**	–

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
Net assets of IAL	14,261
Proportion of the Group's ownership interest in IAL	34%
	3,018
Goodwill	142
Carrying amount of the Group's interest in IAL	4,990

19. DERIVATIVE FINANCIAL INSTRUMENT

	2017 HKD'000	2016 HKD'000
Financial asset:		
Call option *(Note)*	**–**	1,493

Note: On 30 September 2015, the Group entered into a call option deed (the "**Call Option Deed**") with Mr.Siu, 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.

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 (Note 18). Meanwhile, the Group entered into a Call Option Deed with the Grantor.

19. DERIVATIVE FINANCIAL INSTRUMENT *(Continued)*

On 1 September 2017, the Group entered into an assignment with CSPT, in relation to the assignment of HKD90,000,000 loan receivable from IAL, at a consideration of HKD90,000,000. Details are set out in Note 18.

On 1 September 2017, the Group entered into the Termination Deed with Mr. Siu, in relation to terminate the Call Option Deed at a consideration of HKD9,000,000. The consideration shall be settled by a promissory note amounting to HKD9,000,000 on 1 September 2017. The promissory note is further settled by 83,333,333 of CSPT shares at HKD0.108 each. Upon termination of the Call Option Deed on 8 September 2017, the Group recognised the 83,333,333 shares with closing market price of HKD0.122 each as at that date. As a result, the Group did not entitle any right to purchase the issued share capital of IAL and therefore, derecognised the derivative financial instrument. The Group recorded a gain on disposal of derivative financial instrument of approximately HKD8,074,000.

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

	2017 **HKD'000**	2016 HKD'000
At 1 January	**1,493**	5,292
Changes in fair value recognised in profit or loss	**600**	(3,799)
Disposal during the year	**(2,093)**	–
At 31 December	**–**	1,493

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 (66% of IAL issued shares)
Option price:	Minimum option price US$1.00 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 as at 31 December 2016 was calculated using the Binomial Option Pricing Model evaluated by **Roma**, an independent qualified professional valuer not connected to the Group. The inputs into the valuation were as follows:

	31 December 2016
Market value of 66% issued share capital of IAL *(Note a)*	HKD4,224,258
Exercise price	HKD7,257,194
Risk free rate *(Note b)*	1.39%
Expected option period *(Note c)*	3.747 years
Expected volatility *(Note d)*	66.45%

The fair value of the Call Option was approximately HKD2,093,000 and HKD1,493,000 as at 30 June 2017 and 31 December 2016, respectively, hence, the change in fair value of approximately HKD600,000 was recognsied in the profit or loss during the year ended 31 December 2017.

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. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 **HKD'000**	2016 HKD'000
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	**193,504**	–

The below table reconciled the fair value of the available-for-sale financial assets for the year:

	HKD'000
At 1 January 2017	**–**
Additions	**91,872**
Additions as a result of receipt of dividend income *(Note 45)*	**22,668**
Additions as a result of share swap *(Note 32)*	**52,170**
Changes in fair value	**26,794**
Carrying amount as at 31 December 2017	**193,504**

Note:

The fair values of the listed equity securities investments as at 31 December 2017 were determined based on the quoted market closing prices on the Stock Exchange.

At 31 December 2017, the Group's available-for-sale financial assets, with carrying amount of approximately HK$89,249,000 (31 December 2016: Nil), has been pledged to secure the other borrowing granted to the Group (Note 27).

21. HELD-FOR-TRADING INVESTMENTS

	2017 **HKD'000**	2016 HKD'000
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	**872,620**	310,256

The below table reconciled the fair value of the held-for-trading investment for the year:

	HKD'000
At 1 January 2017	**310,256**
Additions	**322,654**
Additions as a result of disposal of receivables from a former associate *(Note 18)*	**101,667**
Additions as a result of disposal of derivatives financial instrument *(Note 19)*	**10,167**
Disposals	**(306,589)**
Changes in fair value	**434,465**
Carrying amount as at 31 December 2017	**872,620**

21. HELD-FOR-TRADING INVESTMENTS *(Continued)*

Note:

The fair values of the listed equity securities investments as at 31 December 2017 and 2016 were determined based on the quoted market closing prices on the Stock Exchange.

At 31 December 2017, the Group's held-for-trading investments, with carrying amount of approximately HKD789,282,000 (31 December 2016: Nil), has been pledged to secure the margin loan facilities granted to the Group as details in Note 27).

22. 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 an film production investor incorporated in Hong Kong and principally engaged in film investment (the "**File 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 2017 and 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) has been paid after obtained the relevant approval from the government authority to publish such film in February 2018.

Mr. Yu, a director and shareholder of the Company, agreed to provide guarantee to China Wisdom that the box office of the film would not be less than RMB400 million.

The return of film investment is mainly based on the box office of the film, as set out in the investing agreement. In the opinion of the directors of the Company, no impairment is necessary as the return from guaranteed RMB400 million box office by Mr. Yu could cover the cost of investment.

During the year ended 31 December 2017, the Group has provided financial assistance to the Film Production Investor on film distribution. Further details of the financial assistance are set out in Note 23(iii).

23. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

	Notes	2017 HKD'000	2016 HKD'000
Trade and other receivables			
Trade receivables	(i)	**42,100**	23,347
Receivable from Ease Faith Limited	(ii)	**–**	17,616
Less: allowance for doubtful debts		**–**	(17,616)
		–	–
Other receivables, deposits and prepayments		**2,123**	6,977
		44,223	30,324
Loan and interest receivables			
From investment in film industry (including interest receivables of approximately HKD300,000 (2016: Nil))	(iii)	**14,399**	–
For money lending business (including interest receivables of approximately HKD2,702,000 (2016: HKD590,000))	(iv)	**264,702**	14,590
		279,101	14,590

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

Notes:

(i) Trade receivables

As at 31 December 2017, trade receivables comprise amounts receivable from the lease of investment property and securities trading and investment (2016: licensing of online shopping platform). 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 customers' credit quality and defines the credit limits for that customer.

During the year ended 31 December 2017, the Group requires the tenant to pay in advance on the first day of each and every month and requires the securities customers to pay in accordance to the respective sales and purchase agreements. During the year ended 31 December 2016, the Group generally allows an average credit period of 15-30 days. 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:

	2017 **HKD'000**	2016 HKD'000
0 – 30 days	**42,100**	23,347

At 31 December 2017 and 31 December 2016, the directors considered that no impairment is necessary as the receivable is 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 2017 and 31 December 2016.

(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 (the "**High Court**") 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 "**Claim**"). The representatives of the Group had taken part in the mediation with Ease Faith. The directors considered the possibility of Great Rich to recover the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 had been recognised during the year ended 31 December 2015.

On 7 August 2017, the Claim was dismissed by the High Court Judge. The Company therefore written-off the receivable against the provision.

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

Notes: (Continued)

(iii) Loan and interest receivables – from investment in film industry

During the year ended 31 December 2017, the Group has entered into two loan agreements to provide loans to film distribution. As at 31 December 2017, the other loan receivables and interest receivables due from the Film Production Investor was approximately United States Dollars ("**USD**") 1,808,000 (equivalent to approximately HKD14,099,000) and USD38,000 (equivalent to approximately HKD300,000), respectively. The loans are unsecured, bear fixed interest rate ranging from 8%-12% per annum and interest accrued and principal are repayable on the third anniversary of the date of the agreements or under the demand of the Group.

In addition to the interest receivables, the Group is entitled an additional return (the "**Upside Return**") from one of the loans, with reference to sum received or receivable by the Film Production Investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during the year.

Mr. Yu agreed to provide guarantee in favour of the Group on the principal receivables, interest receivables and Upside Return receivables, if any, from the Film Production Investor.

Other receivables of the Company, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year HKD'000	**2017 HKD'000**	2016 HKD'000
Other loans and interest receivables from Film Production Investor	14,399	**14,399**	–

(iv) Loan and interest receivables – for money lending business

The loan receivables from 6 borrowers (2016: 3 borrowers) are unsecured, bear fixed interest rate ranging from 8% to 10% per annum and repayable according to the respective loan agreements.

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

	2017 HKD'000	2016 HKD'000
Within 1 year	**147,061**	14,590
More than two years, but not more than five years *(Note)*	**117,641**	–
	264,702	14,590

Note: These loan and interest receivables are not scheduled to be received within one year from the end of the reporting period but contain a repayment on demand clause.

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

Notes: (Continued)

(iv) Loan and interest receivables – for money lending business ***(Continued)***

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 a collective basis.

During the year ended 31 December 2017, the Group has entered into a loan agreement to lend HKD15,000,000 at a fixed interest rate at 8% per annum to and generated interest income of HKD917,000 from the spouse of Mr. Chen.

During the year ended 31 December 2017, the Group has provided loans amounted to HKD117,000,000 at a fixed interest rate at 8% per annum to and generated interest income of HKD2,695,000 from CSPT, a company which is a shareholder of the Company and of which Mr. Chen and Mr. Yu are common directors. And of which the Company is a shareholder of CSPT. These loans are repayable on the third anniversary of the date of the agreements or under the demand of the Group.

During the year ended 31 December 2017, 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 (2016: Nil).

Loans receivables of the Company, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year HKD'000	**2017 HKD'000**	2016 HKD'000
Spouse of Mr. Chen	15,312	15,312	–
Loans to CSPT	118,900	117,641	–

24. 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:

	2017	2016
	HKD'000	HKD'000
RMB	**137**	255

At 31 December 2017, there was approximately HKD137,000 (2016: HKD255,000) denominated in RMB and deposited with banks in the PRC. 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.

25. ACCRUALS AND OTHER PAYABLES

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

(i) The amount due to Able Success Asia Limited ("**Able Success**"), the former holding company, of approximately HKD11,498,000 as at 31 December 2017 (2016: HKD15,264,000).

(ii) Rental deposit of HKD1,200,000 was received from the tenant as at 31 December 2017 (2016: Nil).

(iii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD6,698,000 as at 31 December 2017 (2016: Nil). Details regarding the provision for the onerous contract is set out in Note 16.

26. BANK BORROWINGS

	2017 HKD'000	2016 HKD'000
Secured bank borrowings	**111,961**	114,569

	2017 HKD'000	2016 HKD'000
Carrying amount scheduled to repay as follows:		
Within one year	**2,681**	2,609
More than one year, but not more than two years	**2,756**	2,665
More than two years, but not more than five years	**8,738**	8,511
More than five years	**97,786**	100,784
	111,961	114,569

	2017 HKD'000	2016 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)	**109,280**	111,960
Carrying amount repayable within one year	**2,681**	2,609
	111,961	114,569

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

	2017	2016
Secured bank borrowings (per annum)	**2.75%**	2.194% – 3.518%

At 31 December 2017 and 2016, the Group's investment property has been pledged to the bank borrowings granted to the Group (Note 17).

27. OTHER BORROWINGS

On 22 June 2017, Golden Horse Hong Kong Investment Limited ("**Golden Horse**"), a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement ("**Margin Loan Agreement**"), an independent securities broker (the "**Securities Broker**"). Pursuant to the Margin Loan Agreement, the Securities Broker provided a margin loan facility to the Group up to HKD100,000,000 at a fixed interest rate of 7% per annum payable in arrears.

The aforesaid loan can be utilised by the Group to acquire, on and/or off the Stock Exchange, the listed shares of CMBC Capital Holdings Limited ("**CMBC**") (the "**CMBC Share(s)**") no more than HKD60,000,000 and acquire specified listed shares ("**Specified Listed Shares**") no more than HKD40,000,000.

Note: Specified Listed Shares means listed shares excluding, the listed shares of CSPT and CMBC.

On 15 August 2017, Golden Horse and the Securities Broker have entered into an amendment and restatement deed ("**Margin Loan Deed**"). Pursuant to the Margin Loan Deed, the Securities Broker provided a margin loan facility to the Group up to HKD150,000,000 at a fixed interest rate of 7% per annum payable in arrears.

As at 31 December 2017, the other borrowings are guaranteed by the Company and secured by the pledged of available-for-sale financial assets of approximately HKD89,249,000 (Note 20) and held-for-trading investments of approximately HKD789,282,000 (Note 21), respectively. The other borrowings are repayable within twelve months from the first drawdown date.

28. SHARE CAPITAL

	Number of ordinary shares *(Note a)*	Number of preference shares	Amount HKD'000
Share capital			
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2017 and 31 December 2016	249,480,000,000	520,000,000	250,000
Issued and fully paid:			
At 1 January 2016	5,777,587,998	–	5,778
Exercise of share options *(Note b)*	67,600,000	–	67
Issuance of shares upon placing *(Note c)*	640,000,000	–	640
At 31 December 2016 and 1 January 2017	6,485,187,998	–	6,485
Exercise of share options *(Note d)*	375,000,000	–	375
Issuance of shares *(Note e)*	470,000,000	–	470
Issuance of shares upon placing *(Note f)*	827,000,000	–	827
At 31 December 2017	**8,157,187,998**	**–**	**8,157**
Treasury shares			
At 31 December 2016 and 1 January 2017	–	–	–
Receipt during the year *(Note g)*	(21,796,320)	–	(22)
Disposed during the year *(Note h)*	21,796,320	–	22
At 31 December 2017	–	–	–

Notes:

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

b) 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.

c) 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 34.

28. SHARE CAPITAL *(Continued)*

Notes: (Continued)

d) On 31 August 2017, 200,000,000 share options were exercised. The proceeds from the exercise of share options are approximately HKD42,000,000.

On 4 September 2017, 175,000,000 share options were exercised. The proceeds from the exercise of share options are approximately HKD35,175,000.

e) On 27 July 2017, the Company entered into a Share Swap Agreement with CSPT (the "**Share Swap Agreement**"), a company in which Mr. Chen and Mr. Yu are the common directors, in relation to allot and issue 470,000,000 subscription shares of the Company. Details are set out in Note 32.

f) On 26 July 2017, the Company entered into a placing agreement with CWSI, a former associate of the Company, pursuant to which the Company has conditionally agreed to place, through CWSI, on a best effort basis a maximum of 400,000,000 placing shares at a placing price of HKD0.090 per placing share. The gross proceeds from the placing are approximately HKD36,000,000. The net proceeds after deducting the placing commission and other related expenses was approximately HKD34,600,000. The completion of the placing took place on 7 August 2017. Further details of the placing are set out in the announcements of the Company dated 26 July 2017 and 7 August 2017 respectively.

On 31 August 2017, the Company further entered into another placing agreement with CWSI, pursuant to which the Company has conditionally agreed to place, through CWSI, on a best effort basis a maximum of 427,000,000 placing shares at a placing price of HKD0.140 per placing share. The gross proceeds from the placing are approximately HKD59,780,000. The net proceeds after deducting the placing commission and other related expenses was approximately HKD57,600,000. The completion of the placing took place on 18 September 2017. Further details of the placing are set out in the announcements of the Company dated 31 August 2017 and 18 September 2017 respectively.

g) 21,796,320 treasury shares were received as part of dividend income received from an investment in a listed issuer, at a fair value of approximately HKD5,231,000.

h) 21,796,320 treasury shares were sold at a total consideration of approximately HKD2,427,000.

29. 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 of foreign operations into presentation currency.
Available-for-sale financial assets reserve	Gains/losses arising on recognising financial assets classified as available-for-sale at fair value.
Shares held under share award scheme	The consideration paid for shares held under the share award scheme.
Other reserve	Receipt of partial proceeds for placing of new shares to be completed, which was completed subsequent to the end of the reporting period. On 2 January 2018, the Company completed the placing of 1,630,000,000 new shares, from which the Company received total net proceeds of approximately HKD228,078,000, net of transaction costs.

29. RESERVES *(Continued)*

The Company

	Share premium HKD'000	Share options reserve HKD'000 *(Note 30)*	Shares held under share award scheme HKD'000 *(Note 31)*	Other reserve HKD'000 *(Note 44)*	Accumulated losses HKD'000	Total HKD'000
At 1 January 2016	575,380	29,381	(17,228)	–	(187,836)	399,697
Profit and comprehensive expense for the year	–	–	–	–	80,190	80,190
Exercise of share options	9,187	(1,217)	–	–	–	7,970
Issuance of shares, net of transaction cost	102,080	–	–	–	–	102,080
Shares purchased under the share award scheme	–	–	(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
Loss and comprehensive income for the year	–	–	–	–	(24,247)	(24,247)
Exercise of share options	108,221	(31,421)	–	–	–	76,800
Lapse of share options	–	(17,046)	–	–	17,046	–
Receipt of proceeds for placing to be completed	–	–	–	120,000	–	120,000
Issuance of shares for share swap	51,700	–	–	–	–	51,700
Issuance of shares upon placing, net of transaction costs	91,602	–	–	–	–	91,602
Shares purchased under the share award scheme *(Note 31)*	–	–	(7,127)	–	–	(7,127)
Shares award to staff or consultant under share award scheme *(Note 31)*	–	–	43,747	–	(29,849)	13,898
Recognition of equity-settled share-based payments	–	34,050	–	–	–	34,050
At 31 December 2017	**938,170**	**24,237**	**–**	**120,000**	**(144,696)**	**937,711**

30. 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.

30. 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 existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 has been refreshed at the adjourned annual general meeting held on 31 May 2017 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 31 May 2017.

30. 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 2017 and 2016:

	Date of grant	2017 exercise price HKD	2016 exercise price HKD	Exercisable period	Outstanding at 1.1.2016	Granted during the year	Exercised during the year	Outstanding at 31.12.2016	Granted during the year	Exercised during the year	Lasped during the year	Outstanding at 31.12.2017
Scheme 2003												
Senior management	2 May 2007	N/A	2.9240	2 May 2007 to 1 May 2017	467,852	–	–	467,852	–	–	(467,852)	–
Employees	2 May 2007	N/A	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		2.0263	2.33		2,339,268	–	–	2,339,268	–	–	(779,755)	1,559,513
Scheme 2012												
Directors	24 July 2014	N/A	N/A	24 July 2014 to 23 July 2016	65,600,000	–	(65,600,000)	–	–	–	–	–
	13 July 2015	N/A	0.2700	13 July 2015 to 12 July 2017	35,000,000	–	–	35,000,000	–	–	(35,000,000)	–
	27 July 2015	N/A	0.3350	27 July 2015 to 26 July 2017	70,000,000	–	–	70,000,000	–	–	(70,000,000)	–
	4 September 2015	N/A	N/A	4 September 2015 to 3 September 2017	600,000	–	(600,000)	–	–	–	–	–
	31 August 2016	N/A	0.2100	31 August 2016 to 30 August 2018	–	108,000,000	–	108,000,000	–	(108,000,000)	–	–
	28 July 2017	0.127	0.127	28 July 2017 to 27 July 2019	–	–	–	–	192,000,000	–	–	192,000,000
Employees	24 July 2014	N/A	N/A	24 July 2014 to 23 July 2016	–	–	–	–	–	–	–	–
	27 July 2015	N/A	0.3350	27 July 2015 to 26 July 2017	35,000,000	–	–	35,000,000	–	–	(35,000,000)	–
	4 September 2015	N/A	N/A	4 September 2015 to 3 September 2017	1,400,000	–	(1,400,000)	–	–	–	–	–
	31 August 2016	N/A	0.2100	31 August 2016 to 30 August 2018	–	92,000,000	–	92,000,000	–	(92,000,000)	–	–
	28 July 2017	0.127	0.127	28 July 2017 to 27 July 2019	–	–	–	–	64,000,000	–	–	64,000,000
Consultants	22 June 2015	N/A	0.3190	22 June 2015 to 21 June 2017	26,800,000	–	–	26,800,000	–	–	(26,800,000)	–
	27 July 2015	N/A	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	175,000,000	–	–	175,000,000	–	(175,000,000)	–	–
	28 July 2017	0.127	0.127	28 July 2017 to 27 July 2019	–	–	–	–	384,000,000	–	–	384,000,000
Weighted average exercise price		0.127	0.24		444,400,000	200,000,000	(67,600,000)	576,800,000	640,000,000	(375,000,000)	(201,800,000)	640,000,000

30. SHARE OPTION SCHEME *(Continued)*

Scheme 2012 *(Continued)*

The weighted average remaining contractual life of these outstanding share options is approximately 1.58 years (2016: 0.97 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 Debenham Tie Leung Limited, a firm of independent professional valuers, 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

During the year ended 31 December 2017, the fair values of the share options were determined at the date of grant by using the Binomial Option Pricing Model, evaluated by Roma with the following inputs:

	28 July 2017
Share price at date of grant	HKD0.127
Exercise price	HKD0.127
Expected volatility	73.018%
Risk-free rate	0.745%
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 2017 and 31 December 2016 were set out below:

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.

During the year ended 31 December 2017, the fair value of options granted to directors, employees and consultants amounting to approximately HKD23,560,960 was included in the profit or loss for the year ended 31 December 2017.

31. 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:

	2017			2016		
	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	**0.42**	**87,104**	**36,620**	0.30	56,560	17,228
Shares purchased during the year	**0.62**	**11,464**	**7,127**	0.63	30,544	19,392
Shares award to employees and consultants during the year	**0.44**	**(98,568)**	**(43,747)**	–	–	–
At 31 December	**–**	**–**	**–**	0.42	87,104	36,620

During the year ended 31 December 2017, all the awarded shares have been awarded to the Selected Person.

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

The scheme mandate limit had been refreshed at the annual general meeting held on 27 April 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 31 May 2017, i.e. 648,518,799 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.

32. SHARE SWAP

On 27 July 2017, the Company entered into a share swap agreement with CSPT (the "**Share Swap Agreement**"), the substantial shareholder of the Company. Pursuant to the Share Swap Agreement, subject to fulfilment of the conditions set out in the Share Swap Agreement, the parties agreed that:

(i) the Company shall subscribe for and CSPT shall allot and issue 470,000,000 CSPT subscription shares ("**CSPT Subscription Shares(s)**") at the CSPT subscription price of HKD0.110 per CSPT Subscription Share for a total consideration of HKD51,700,000;

(ii) CSPT shall subscribe for and the Company shall allot and issue 470,000,000 subscription shares of the Company ("**FW Subscription Shares(s)**") at the subscription price of HKD0.110 per FW Subscription Share for a total consideration of HKD51,700,000; and

(iii) as certain applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisitions exceed 5% but less than 25%, the acquisitions constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Share Swap was completed on 7 August 2017. As a result of the Share Swap, CSPT has become a substantial shareholder (as defined in the Listing Rules) of the Company, and the Company has recognised the CSPT Subscription Share as available-for-sale financial assets with closing market price as at 7 August being HKD0.111.

Further details of the transaction are set out in the Company's announcements dated 27 July 2017 and 7 August 2017 respectively.

33. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Great Rich

On 25 October 2017, the Group entered into a sale and purchase agreement with an independent third party in relation to the disposal of Great Rich at a consideration of HKD1. The principal business of the Great Rich is investment holding and trading business and related services. The disposal was completed on 27 October 2017.

Consideration received:	**HKD'000**
Cash received	**1**
Analysis of assets and liabilities disposed of:	
Property, plant and equipment *(Note 16)*	**58**
Other receivables	**100**
Cash and bank balances	**5,118**
Other payables	**(5,217)**
Net assets disposed of	**59**
Loss on disposal	**(58)**
Total consideration	**1**
Net cash inflows arising on disposal:	
Consideration received in cash	**1**
Less: cash and bank balances disposed of	**(5,118)**
	(5,117)

33. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of New Generation Information Technology Sdn. Bhd. ("New Generation")

During the year ended 31 December 2017, the Group has disposed of its 100% equity interests in New Generation, a limited company incorporated in Malaysia, at a consideration of Malaysian ringgit 280,000 (equivalent to approximately HKD490,000). New Generation has not commenced business or commercial operations since its incorporation. The disposal was completed on 16 June 2017.

Consideration received:	**HKD'000**
Cash received	**490**
Analysis of assets and liabilities disposed of:	
Cash and bank balances	**521**
Accruals	**(50)**
Net assets disposed of	**471**
Gain on disposal	**19**
Total consideration	**490**
Net cash outflows arising on disposal:	
Consideration received in cash	**490**
Less: cash and bank balances disposed of	**(521)**
	(31)

33. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) 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 inflows 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 income	700
Carrying amount as at 31 December 2016 and 1 January 2017	27,800
Unwinding of imputed interest as income	1,200
Less: early settlement	(29,000)
Carrying amount as at 31 December 2017	–

34. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

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 recognised 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 outflows arising on acquisition of assets through acquisition of Metro Victor:	
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 investment property on the same date.

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

35. COMMITMENTS

a) Operating lease – the Group as lessor

Investment property rental income earned during the year ended 31 December 2017 was HKD4,800,000. The property was expected to generate rental yield of 2.57% on an ongoing basis. Lease is negotiated for a term of 1 year.

As at 31 December 2017, the Group had contracted with tenant for the following futures minimum lease payments:

	2017 **HKD'000**	2016 HKD'000
Within one year	**2,400**	–

b) Operating lease commitment – the Group as lessee

	2017 **HKD'000**	2016 HKD'000
Minimum lease payments paid under operating leases during the year:		
– Premises	**3,795**	1,027

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:

	2017 **HKD'000**	2016 HKD'000
Within one year	**1,052**	3,668
After one year but within five years	**–**	5,712
	1,052	9,380

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated for an average term of 1-3 years (2016: 1-3 years) and no arrangements have been entered into for contingent rental payments.

35. COMMITMENTS *(Continued)*

c) Capital commitment

	2017 **HKD'000**	2016 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 2017. 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 2017 (2016: Nil).

36. LITIGATIONS AND CONTINGENCIES

Disputes for receivables from Ease Faith

As detailed in Note 23(ii), on 7 August 2017, the High Court Judge has dismissed the Claim by Great Rich against Ease Fatih. The High Court Judge also made an order nisi that the costs of action are to be paid by Great Rich to the defendant, to be taxed if not agreed.

After taking legal advice from the legal adviser, the directors of the Company estimated the costs of action to be paid to the defendant are approximately HKD1,000,000, which has been recognised as legal and professional fee under administrative expenses in the profit or loss of Great Rich for the year ended 31 December 2017.

Development of amount due to Able Success and repayment on the alleged assigned debt

During the year ended 31 December 2017, the Company received a statutory demand issued by the liquidator of Able Success for the repayment of HKD15,264,000, and a writ of summons and statement of claim issued by 廣東航興貿易有限公司 (Guangdong Hangxing Trading Company Limited*) ("**GHTC**"), alleging that there was a deed of assignment in which Able Success assigned to GHTC a debt of HKD10,000,000 owed by the Company (the "**Assigned Debt**"). GHTC is now claiming against the Company for repayment of the Assigned Debt amounting HKD10,000,000 (the "**GHTC Claim**").

Out of the HKD15,264,000 in the statutory demand, approximately HKD3,766,000 was due from the former wholly-owned subsidiary Great Rich. As detailed in Note 33(a), the balance due from Great Rich to Able Success has been disposed of upon disposal of Great Rich on 27 October 2017.

* *For identification purpose only*

36. LITIGATIONS AND CONTINGENCIES *(Continued)*

Development of amount due to Able Success and repayment on the alleged assigned debt *(Continued)*

On 27 February 2018, the GHTC Claim filed by GHTC against the Company was abandoned by the High Court, and the Company has agreed to pay a sum of HKD10,000,000 to the High Court for GHTC and Able Success to compete in the interpleader proceedings and to pay approximately HKD566,000 to Able Success directly. On 5 March 2018, the Company has settled the above two amounts.

Subsequent to the above, the amount due to Able Success was reduced to HKD932,000 and, in the opinion of the directors of the Company, the Company would offset this balance with the proof of debt issued by the High Court in favour to the Company previously, arising from the legal case with Able Success in 2014.

In the opinion of the directors of the Company, the Group does not have any other liability due to Able Success after those mentioned in above.

Development of the retaking control of the deconsolidated subsidiaries

Pursuant to the Company's announcement dated 25 March 2014, due to the reason of unable to access to the books and records of the subsidiaries, Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Limited* ("**Zhanpen**") (collectively the "**Deconsolidated Subsidiaries**"). Given the situation described above, the Group therefore deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statement since 1 January 2013.

Upon the judgement of the People's court of Fenyang county（汾陽市人民法院）(the "**Fenyang 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 Fenyang Court on 23 September 2016. After seeking legal advice from its external legal counsel, the Group has also filed an appeal to the Fenyang Court on 8 October 2016.

On 21 February 2017, the appeals were heard at the Lvliang City Intermediate People's Court（呂梁市中級人民法院）(the "**Lvliang Court**"), and the judgement (the "**Judgement**") was issued on 23 May 2017. In the Judgement, the Lvliang Court has dismissed the appeal from the Former Directors. Accordingly, the Former Directors are still obliged to return the official seal and business certificates of Zhanpen to the Group.

Up to the date of this report, the Former Directors still not returned the official seal and business certificates of Zhanpen to the Group, and the Fenyang Court has issued an enforcement of the Judgement notice to the Former Directors.

* *For identification purpose only*

37. MATERIAL RELATED PARTY TRANSACTIONS AND DISCLOSURES

a) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

i) During the year ended 31 December 2017, the Group has paid placing commission and securities handling charge of approximately HKD3,352,000 and HKD390,000 to CWSI respectively, a former associate of the Company.

ii) During the year ended 31 December 2017, the Group has paid securities handling charge of approximately HKD111,000 to a company, in which Mr. Siu Siu Ling, Robert, was the common director up to 28 June 2017.

b) 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:

	2017	2016
	HKD'000	HKD'000
Short-term benefits	**6,301**	4,827
Post-employment benefits	**101**	42
Share-based payments	**9,800**	5,790
	16,202	10,659

38. 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 HKD210,000 (2016: HKD111,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

39. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2017 and 31 December 2016 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		
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %	**2017 %**	2016 %	
Great Rich *(Note b)*	Hong Kong, limited liability	HKD1	**–**	100%	**–**	–	**–**	100%	**–**	–	Investment holding and trading business and related services
Ever Good Industries (International) Limited	Hong Kong, limited liability	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Trading business and related services
Smart Prosper Enterprises (International) Limited	Hong Kong, limited liability	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Globally Finance Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Provision of financing
Golden Horse Hong Kong Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Securities trading and investment
Sky Eagle Global Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Innovation Times Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Bright Oriental Worldwide Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Sky Faith International Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Licensing of e-commerce platform
Central Mark Group Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Skypark Developments Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
駿盛匯	PRC, wholly owned foreign enterprises	Nil *(Note d)*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
Infinite Bright Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding

39. 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		
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %	**2017 %**	2016 %	
HK Ocean Wave Motion Pictures Limited	Hong Kong, limited liability	HKD100	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
China Wisdom Group Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment in film production in Hong Kong
Sky Billion Capital Resources Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
Chinacorp (HK) Investment Limited	Hong Kong, limited liability	HKD1	**–**	–	**–**	100%	**–**	–	**–**	100%	Property investment
Power Estate Limited	The BVI, limited liability	1 ordinary share of USD1	**–**	100%	**–**	–	**–**	100%	**–**	–	Investment holding
Power Maker Securities Investment Limited (formerly known as Power Maker Limited)	Hong Kong, limited liability	HKD1	**–**	–	**–**	100%	**–**	–	**–**	100%	Inactive
Success Estate Investments Limited	The BVI limited liability	1 ordinary share of USD1	**–**	100%	**–**	–	**–**	100%	**–**	–	Investment holding
Smartpay Financial Limited (formerly known as Future Fintech Limited)	Hong Kong, limited liability	HKD1	**–**	–	**–**	100%	**–**	–	**–**	100%	Inactive
Alpha Idea Holdings Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Future Finet Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
New Generation *(Note c)*	Malaysia, limited liability	MYR300,000	**–**	–	**–**	N/A	**–**	–	**–**	N/A	Inactive
Wise Victory Group Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	**100%**	–	**–**	–	**100%**	–	**–**	–	Inactive
Pioneer Lion Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	–	**–**	–	**100%**	–	Inactive
Best Pacific Global Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	–	**–**	–	**100%**	–	Inactive

39. 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		
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	
Oriental Creation Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	–	–	100%	–	–	–	100%	–	Inactive
Rich Concept Worshop Limited *(Note a)*	Hong Kong, limited liability	HKD1	–	–	100%	–	–	–	100%	–	Inactive
Oriental Power Incorporation Limited *(Note a)*	Hong Kong, limited liability	HKD1	–	–	100%	–	–	–	100%	–	Inactive
International Startex Limited *(Note a)*	Hong Kong, limited liability	HKD1	–	–	100%	–	–	–	100%	–	Inactive

Notes:

a) Newly incorporated companies during the year ended 31 December 2017.

b) Disposed companies during the year ended 31 December 2017.

c) Newly incorporated and disposed companies during the year ended 31 December 2017.

d) 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 2017 and 31 December 2016.

40. 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 and other borrowings disclosed in Notes 26 and 27 respectively, 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-back as well as the issue of new debt or the redemption of existing debt.

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

(i) Financial assets

	2017 HKD'000	2016 HKD'000
FVTOCI:		
Available-for-sale financial assets	**193,504**	–
FVTPL:		
Held-for-trading investments	**872,620**	310,256
Derivative financial instrument	**–**	1,493
	872,620	311,749
	1,066,124	311,749
Loans and receivables (including cash and bank balances):		
Promissory notes receivable	**–**	27,800
Trade and other receivables	**43,512**	25,148
Loan and interest receivables	**279,101**	14,590
Loan receivable from an associate	**–**	90,000
Cash and bank balances	**133,008**	29,169
	455,621	186,707
	1,521,745	498,456

(ii) Financial liabilities

	2017 HKD'000	2016 HKD'000
Financial liabilities at amortised cost:		
Accruals and other payables	**22,848**	21,968
Bank borrowings	**111,961**	114,569
Other borrowings	**149,760**	–
	284,569	136,537

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including trade and other receivables, loan and interest receivables, available-for-sale financial assets, held-for-trading investments, derivative financial instrument, loan receivable from an associate, cash and bank balances, accruals and other payables, bank borrowings and other 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 and accruals and other payables are denominated in foreign currencies other than the functional currency of the group entity. The Board considers 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.

	2017 **HKD'000**	2016 HKD'000
RMB		
Monetary assets:		
Cash and bank balances	**137**	255
Monetary liabilities:		
Accruals and other payables	**–**	(420)
	137	(165)

42. 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 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.

	2017		2016	
	Increase in foreign exchange rate	**Effect on post-tax profit HKD'000**	Increase in foreign exchange rate	Effect on post-tax profit HKD'000
RMB	**5%**	**6**	5%	7

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

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

Market risk *(Continued)*

(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 26 and 27 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.

	2017 **HKD'000** **(Decrease)/** **Increase in** **post-tax profit**	2016 HKD'000 (Decrease)/ Increase in post-tax profit
100 basis point increase	**(935)**	(957)
100 basis point decrease	**935**	957

(iii) *Price risk*

Price risk on available-for-sale financial assets and held-for-trading investments

The Group is exposed to equity price risk through its available-for-sale financial assets and 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 available-for-sale financial assets and 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 2017 would increase/decrease by approximately HKD36,432,000 (2016: HKD12,953,000) as a result of the change in fair value of held-for-trading investments and other component of equity would increase/decrease by approximately HKD8,079,000 (2016: Nil).

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

Market risk *(Continued)*

(iii) Price risk (Continued)

Price risk on derivative financial instrument

The Group was exposed to price risk through derivative financial instrument as at 31 December 2016.

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 as a result of the change in fair value of derivative financial instrument.

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 2017 and 31 December 2016, all trade receivables of the Group are located in Hong Kong.

The carrying amounts of 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 2017, the Group has concentration of credit risk as 84% (2016: 94%) of the total trade receivables, and loan and interest receivables was due from 4 debtors (2016: one debtor).

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 23.

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

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

Concentration risk

The Group has significant concentration risk on the largest customer as it represented 40% (2016: 94%) of the total revenue for the year ended 31 December 2017.

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.

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			
2017				
Accruals and other payables	**–**	**22,848**	**22,848**	**22,848**
Bank borrowings	**2.75%**	**160,872**	**160,872**	**111,961**
Other borrowings	**7%**	**160,243**	**160,243**	**149,760**
		343,963	**343,963**	**284,569**

	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%	166,560	166,560	114,569
		188,528	188,528	136,537

43. 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 2017 HKD'000	Fair value as at 31 December 2016 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities classified as available-for-sale financial assets in the consolidated statement of financial position	**193,504**	–	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as held-for-trading investments in the consolidated statement of financial position	**872,620**	310,256	Level 1	Quoted bid prices in an active market	N/A
Derivative financial instrument classified as asset in the and expected volatility consolidated statement of financial position	**N/A**	1,493	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 2017 (2016: N/A).

	Fair value hierarchy Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Total HKD'000
2017				
Financial assets				
Available-for-sale financial assets	**193,504**	**–**	**–**	**193,504**
Held-for-trading investments	**872,620**	**–**	**–**	**872,620**

	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

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. For the year ended 31 December 2016, 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.

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

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

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

The above total gains or losses for the year ended 31 December 2016 recognised in profit or loss were 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.

44. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Completion of the placing of new share

On 11 December 2017, the Company entered into a placing agreement with CWSI, a former associate of the Group and acting as a placing agent. Pursuant to the placing agreement, the Company has conditionally agreed to place through CWSI up to 1,630,000,000 placing shares at the placing price of HKD0.145 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The placing shares were issued under the general mandate which was granted to the directors at the extraordinary general meeting of the Company held on 31 October 2017. The placing was completed on 2 January 2018. The net proceeds from the placing amounted to approximately HKD228 million.

Further details of the placing are set out in the Company's announcements dated 11 December 2017 and 6 February 2018.

(b) On 29 December 2017, the Group entered into a sales and purchase agreement with CSPT group, to acquire the entire issued share capital and a debt of approximately HKD42,814,000 of Goodview Assets Limited, a wholly-owned subsidiary of CSPT, at a total consideration of HKD260,000,000, which shall be satisfied by the allotment and issue of the shares of the Company.

The acquisition was not completed as at the date of this report. Futher details of the acquisition are set out in the Company's announcements dated 29 December 2017 and 16 March 2018 and the Company's circular dated 20 March 2018.

45. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2017

(a) On 8 March 2017, CMBC Capital Holdings Limited, in which Mr. Siu Siu Ling, Robert, a director of the Company, is a common director, announced to distribute 682 CSPT and 177 Company's shares (the "**Dividend Shares**") for every 10,000 shares held by the shareholders up to the ex-right date on 4 May 2017.

On 26 May 2017, The Group received Dividend Shares approximately 83,955,000 CSPT shares and 21,796,000 of the Company's shares with closing price of HKD0.27 and HKD0.24 respectively.

The Company therefore recognised dividend income in sum of approximately HKD27,899,000, comprising CSPT shares as available-for-sales financial assets approximately HKD22,668,000, and the Company's shares as treasury share approximately HKD5,231,000.

(b) The consideration received for the allot and issue 470,000,000 subscription shares of the Company under the share swap agreement are shares of CSPT amounting to HKD51,700,000. Details are set out in Note 32.

(c) The consideration received for the assignment of HKD90,000,000 loan receivable from the associate are 833,333,333 shares of CSPT amounting to HKD90,000,000. Details are set out in Note 18.

(d) The consideration received for the disposal of derivative financial instrument are 83,333,333 shares of CSPT amounting to HKD9,000,000. Details are set out in Note 19.

For the year ended 31 December 2016

(e) 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 33 (c).

(f) Part of the consideration settled for the acquisition of Chinacorp are 640,000,000 shares of the Company amounting to HKD102,720,000 (fair value at the date of acquisition) and promissory notes amounting to HKD5,000,000. Details are set out in Note 34.

46. CASH FLOW INFORMATION

Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes.

	Bank borrowing HKD'000	Other borrowings HKD'000
At 1 January 2017	114,569	–
Changes from financing cash flows:		
Repayment of bank loans	(2,608)	–
Proceeds from other borrowings	–	149,760
Borrowing cost paid	(3,118)	(4,143)
Total change from financing cash flows	(5,726)	145,617
Other changes:		
Interest expenses	3,118	4,143
Total other changes	3,118	4,143
At 31 December 2017	111,961	149,760

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2017 HKD'000	2016 HKD'000
Non-current assets			
Interests in subsidiaries		**1**	1
Interests in associates		**–**	4,990
Promissory notes receivable		**–**	27,800
		1	32,791
Current assets			
Other receivables, deposits and prepayments		**844**	417
Amounts due from subsidiaries		**837,288**	568,044
Loan to a subsidiary		**–**	18,530
Cash and bank balances		**121,514**	1,940
		959,646	588,931
Current liabilities			
Accruals and other payables		**13,779**	15,202
Income tax payables		**–**	19,000
		13,779	34,202
Net current assets		**945,867**	554,729
Net assets		**945,868**	587,520
Capital and reserves			
Share capital	28	**8,157**	6,485
Reserves	29	**937,711**	581,035
		945,868	587,520

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 March 2018 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)
	2017	2016	2015	2014	2013
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**86,599**	78,369	41,178	68,821	189
Profit/(Loss) before income tax	**468,234**	128,063	(47,274)	4,275	(54,086)
Income tax credit/(expense)	**13,605**	(30,612)	(350)	(1,560)	–
Profit/(Loss) for the year	**481,839**	97,451	(47,624)	2,715	(54,086)

ASSETS AND LIABILITIES

	As at 31 December				
					(Restated)
	2017	2016	2015	2014	2013
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**1,818,631**	796,934	639,002	86,800	19,328
Total liabilities	**(301,685)**	(168,414)	(209,787)	(22,901)	(22,044)
Total equity/(deficit)	**1,516,946**	628,520	429,215	63,899	(2,716)