FUTURE WORLD FINANCIAL HOLDINGS LIMITED
未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 572)

ANNUAL REPORT 2018

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Fei *(Chairman)*[1]
Mr. Liang Jian *(Vice Chairman and Chief Executive Officer)*[1]
Mr. Yu Zhenzhong *(Vice Chairman)*[1]
Mr. Cai Linzhan[2]
Mr. Lau Fai Lawrence
Mr. Siu Yun Fat[3]
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Chen Pei[1]
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Zheng Zongjia

1. Appointed on 13 March 2019
2. Re-appointed and resigned as Chief Executive Officer on 24 December 2018 and 13 March 2019
3. Resigned as Chairman on 13 March 2019

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

COMPANY WEBSITE

www.fw-fh.com

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 REGISTRAR

Hong Kong
Computershare Hong Kong Investor Services Limited
Shop 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
Shanghai Commercial Bank Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), of Future World Financial Holdings Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018.

PROSPECTS AND OUTLOOK

During the year 2018, the Group remain focused on its existing businesses in securities trading and investments, provision of financing services and investment property in Hong Kong. Hang Seng Index hit a historical peak in January 2018 but started a downtrend in June and dropped 13.6 percent during 2018. In such unstable market environment, the Group's investments in listed equity securities performed not very satisfactory and recorded substantial losses. It is expected that the stock market may remain volatile in 2019.

The Centa-City Index increased from 163.22 index points in December 2017 to an all time high of 185.31 index points in August 2018. The housing index had then fallen from the peak to 165.41 index points in January 2019. The Land Registry showed that the number of residential units transacted declined to 2,060 in December 2018, marking the lowest figure since Q1 2016. Concerns over the US-China trade war, expectations of rising mortgage rates, accelerated launches of new flats and a volatile local stock market are considered as the main reasons for the declines. The property market may continue to cool in 2019.

The Board has initiated a restructure by appointing me, Mr. Liang Jian and Mr. Yu Zhenzhong as Executive Directors and Mr. Chen Pei as an Independent Non-executive Director on 13 March 2019. Also, Mr. Siu Yun Fat stepped down as Chairman and was succeeded by me; whereas Mr. Cai Linzhan stepped down as Chief Executive Officer and was succeeded by Mr. Liang Jian. I and the Executive Directors will actively looking for opportunities to diversify the business of the Group with the objective of broadening sources of income. Leveraging on the expertise and experience of the new Directors, the Group will benefit from their significant contributions for future business growth.

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 employees for their hard work and contributions during the past year.

Wang Fei
Chairman

Hong Kong, 22 March 2019

Management Discussion and Analysis

FINANCIAL RESULTS

The Group recorded a net loss of approximately HKD79,839,000 attributable to shareholders of the Company (2017: net profit of HKD481,840,000) and basic loss per share of HK0.72 cents (2017: basic earnings per share of HK6.77 cents) for the year ended 31 December 2018. The loss was mainly attributed to net loss of approximately HKD66,404,000 (2017: net profit of HKD518,132,000) recorded for the segment of securities trading and investment and total of approximately HKD15,900,000 (being credit loss allowances on loan and interest receivables of approximately HKD9,872,000 and provision for expected credit loss on loan commitment of approximately HKD6,028,000) credit loss allowances provided under the new and revised Hong Kong Financial Reporting Standard ("**HKFRS**") 9 effective from 1 January 2018.

For the year ended 31 December 2018, the Group recorded a revenue of approximately HKD39,674,000 (2017: HKD86,599,000) and net realised gain from securities trading of approximately HKD4,549,000 (2017: HKD22,852,000).

BUSINESS REVIEW

Treasury business

The treasury business includes securities trading and investment business and money lending business.

Securities trading and investment business

The Group's securities trading 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 ended 31 December 2018. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income ("**FVTOCI**") (2017: available-for-sale financial assets ("**AFS**") under Hong Kong Accounting Standard ("**HKAS**") 39) and financial assets at fair value through profit or loss ("**FVTPL**") (2017: held-for-trading investments ("**HFT**") under HKAS 39) in the consolidated financial statements.

HKFRS 9 issued by the Hong Kong Institute of Certified Public Accountants has been effective for annual periods on or after 1 January 2018. Before the adoption of HKFRS 9, the Group held 1,300,000,000 shares ("**CMBC Capital Shares**") in the issued share capital of CMBC Capital Holdings Limited ("**CMBC Capital**", stock code: 1141) which was classified and measured at fair value through profit or loss under HKAS 39. As at 1 January 2018, the Directors assessed the business model of holding such equity investments and concluded that they are not HFT and therefore should be classified as FVTOCI under the new HKFRS 9. Changes in fair value of the 1,300,000,000 CMBC Capital Shares for the year was recognised in other comprehensive income (rather than in profit or loss under HKAS 39).

Before the adoption of HKFRS 9, the Group also held 224,000,000 CMBC Capital Shares and 553,954,650 shares of Central Wealth Group Holdings Limited, ("**Central Wealth**", stock code: 139 and formerly known as China Soft Power Technology Holdings Limited), which were classified as AFS under HKAS 39 and were measured at fair value through other comprehensive income. Upon the adoption of HKFRS 9 by the Group, such AFS are designated as FVTOCI and change in fair value remain to be measured at fair value through other comprehensive income as under HKAS 39 previously.

During the year, the Group invested in and purchased certain amount of bitcoins. In view of the extreme volatility and the downward trend of bitcoin prices, the management had made a prudent decision to disposal all investment in bitcoins in September and October 2018 to better manage the risk exposure of the Group. The disposal recorded a loss of HKD17,945,000. As at 31 December 2018, the Group did not hold any cryptocurrencies (31 December 2017: Nil).

As a whole, the securities trading and investment segment recorded a loss of approximately HKD66,404,000 (2017: profit of HKD518,132,000). The loss was mainly due to a loss on disposal of cryptocurrencies of approximately HKD17,945,000 (2017: Nil) and a net unrealised loss of securities investments under FVTPL of approximately HKD47,533,000 (2017: net unrealised gain of HKD434,465,000). Besides, the Group recorded no dividend income (2017: HKD70,655,000) on investment in listed equity securities and a net realised gain on investment from securities trading and investment decreased to approximately HKD4,549,000 (2017: HKD22,852,000) during the year. For the securities under FVTOCI, the Group recorded a net unrealised loss of approximately HKD496,306,000 (2017: net unrealised gain of HKD26,794,000) through other comprehensive income.

As at 31 December 2018, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2018	Closing value as at 31.12.2018	Market value of the interests as at 31.12.2018	Fair value loss for the year	Realised gain/(loss) for the year
			HKD	*HKD'000*	*HKD'000*	*HKD'000*
FVTOCI						
CMBC Capital (Stock code: 1141)	2,074,460,000	4.348%	0.325	674,200	(445,342)	(4,238)
Central Wealth (Stock code: 139)	553,954,650	3.764%	0.043	23,820	(50,964)	–
Total				698,020	(496,306)	(4,238)
FVTPL						
Central Wealth	516,666,666	3.511%	0.043	22,217	(47,533)	200
China Literature Limited (Stock code: 772)	–	–	–	–	–	(41)
Hong Kong Exchange and Clearing Limited (Stock code: 388)	–	–	–	–	–	8,077
Tencent Holdings Limited (Stock code: 700)	–	–	–	–	–	(3,687)
Total				22,217	(47,533)	4,549
Grand-Total				720,237	(543,839)	311

As at 31 December 2018, the Group held securities investment portfolio with market value of approximately HKD720,237,000 (31 December 2017: HKD1,066,124,000). Except for the investments in CMBC Capital, at 31 December 2018, there were no investments held by the Group which value was more than 5% of the net assets of the Group.

Management Discussion and Analysis

Performance and prospects of the investees

CMBC Capital

Since late June 2017, CMBC Capital had been taken over by China Minsheng Banking Corporation Limited ("**Minsheng Bank**"), one of the largest private banks in the People's Republic of China ("**PRC**"). The management of CMBC Capital was changed following the takeover. CMBC Capital and its subsidiaries (the "**CMBC Capital Group**") was then principally engaged in the business of brokerage and related services, securities investment and provision of finance. Minsheng Bank has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 31 December 2018.

As mentioned in its interim report for the six months ended 30 June 2018, the CMBC Capital Group's profit attributable to its owners has increased to approximately HKD100.4 million, representing an increase of approximately 29.1% when compared to profit for the six months ended 30 September 2017 of HKD77.8 million. The CMBC Capital Group's basic and diluted earnings per share were both HK0.22 cents (30 September 2017: both HK0.21 cents). Revenue has increased by approximately 360.6% to approximately HKD344.1 million for the six months ended 30 June 2018, compared to approximately HKD74.7 million for the six months ended 30 September 2017.

In view of the strong financial performance and the competent management team of CMBC Capital, as well as the strong background of Minsheng Bank, the Company holds a positive view toward the future performance of CMBC Capital and expects that the Company can obtain fruitful capital gain from the investment in it in long term.

CMBC Capital closed at HKD0.325 as at 31 December 2018 (31 December 2017: HKD0.530).

Central Wealth

Central Wealth and its subsidiaries (the "**Central Wealth Group**") are principally engaged in the securities and futures dealing business, financial investment, property investments and money lending business.

As mentioned in Central Wealth's interim report for the six months ended 30 June 2018, its net profit for the period was approximately HKD18.1 million as compared to approximately HKD409.6 million, including the one-off dividend income from listed equity securities of approximately HKD157.7 million, for the six months ended 30 September 2017. Basic earnings per share attributable to ordinary equity holders of the parent for the period was approximately HK0.14 cent (30 September 2017: HK3.96 cents).

As at 31 December 2018, the Group held a total of 553,954,650 Central Wealth shares under FVTOCI (31 December 2017: 553,954,650 Central Wealth shares under AFS) which will allow the Company and Central Wealth to become strategic alliance with a more significant shareholding stake in each other and will allow the Group and Central Wealth to share its experience and expertise in financial services industry. In order to diversify the portfolio, as at 31 December 2018, 516,666,666 Central Wealth shares were held under FVTPL (31 December 2017: 616,666,666 Central Wealth shares under HFT) for short term capital appreciation.

Central Wealth closed at HKD0.043 as at 31 December 2018 (31 December 2017: HKD0.135).

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 2018, Globally Finance generated revenue of approximately HKD30,561,000 (2017: HKD10,844,000) and recorded a loss of approximately HKD8,113,000 (2017: profit of HKD10,684,000). The loss was due to the Group adopted the new and revised HKFRS 9 effective from 1 January 2018. The adoption of HKFRS 9 has fundamentally changed the Group's accounting policy for assessing and estimating credit loss allowance for loan and interest receivables. Based on the result of credit assessment on debtors, the Group provided approximately HKD27,017,000 credit loss allowance as at 31 December 2018, and amounting to HKD9,872,000 being charged to consolidated profit or loss for the year ended 31 December 2018. Besides, the Group also provided provision for expected credit loss on loan commitment of approximately HKD6,028,000 under HKFRS 9 requirement. For details of adoption of HKFRS 9 are set out in Note 3A to the consolidated financial statements.

Properties investment

The Group is currently holding two residential properties both located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively. During the year, the Group acquired the Lincoln Road property through the acquisition of the entire equity interests in Goodview Assets Limited ("**Goodview**"). 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 transaction was completed on 25 April 2018. For more information, please refer to the Company's announcements dated 29 December 2017 and 25 April 2018 and the circular dated 20 March 2018.

During the year, the Group recorded rental income of HKD7,600,000 (2017: HKD4,800,000) and fair value loss of HKD2,000,000 (2017: fair value gain of HKD8,000,000) arising from change in fair value of investment properties from the property investment segment.

The Group will continue to look for opportunity to expand its investment property portfolio in Hong Kong with an aim to generate stable rental income and/or for capital appreciation.

Investment in film industry

China Wisdom Group Limited ("**China Wisdom**"), a wholly owned subsidiary of the Company, has currently entered into agreements with Ocean Wave Motion Pictures (International) Limited ("**Ocean Wave**") in relation to investment and advancements in the following film projects:

Date of agreement	Film project	Investment/ Advancement amount	Annual interest rate	Investment return	Carrying amount of investment as at 31.12.2018 (as at 31.12.2017) HKD	Category
12.07.2016	Girls II 《閨蜜2》	RMB10,800,000	Nil	RMB10,800,000	5,460,000 *(Note 1)* (12,960,000)	Other receivables
21.09.2017	Death Wish 《虎膽追兇》	USD1,320,000	8%	Additional upside return (if any)	9,177,000 *(Note 2)* (Nil)	Financial assets at FVTPL
					1,052,000 *(Note 2)* (10,524,000)	Loan and interest receivables
11.10.2017	Two Days 《兩天》	USD487,500	12%	Nil	4,330,000 (3,875,000)	Loan and interest receivables
12.06.2018	Papillon 《巴比龍》	USD675,000	8%	Nil	5,498,000 (Nil)	Loan and interest receivables

Notes:

1. The carrying amount of investment in Girls II was under Interest in a film in progress as at 31 December 2017. Details of investments in Girls II are set out in Note 25 and 26(ii) to the consolidation financial statements.

2. The carrying amount of investment in Death Wish was under the category of Loan and interest receivable as at 31 December 2017 which has been classified under two categories (i) Financial assets at FVTPL and (ii) Loan and interest receivables as at 1 January 2018 and 31 December 2018.

Girls II has been released in March 2018 in the PRC, Hong Kong and Taiwan. Pursuant to the investment agreement with Ocean Wave, the investment return should be subject to the box office revenue of the film. Regardless of the unsatisfactory box office, Ocean Wave has agreed to pay an amount of RMB10,800,000 equivalent to the amount invested by China Wisdom in the film as investment return for maintaining long-term, collaborative business relationships. As at 31 December 2018, HKD7,500,000 had been received from Ocean Wave. As at the date of this report, all investment return has been duly collected.

During the year, China Wisdom recorded interest income from the segment of investment in film industry of approximately HKD1,513,000 (2017: HKD300,000). The Board considers that the entering into of the above agreements will allow the Group to have stable return without significant risk exposures.

E-commerce business

During the year, no revenue (2017: Nil) was generated and a loss of approximately HKD273,000 (2017: HKD28,235,000) was recorded for the segment of e-commerce business. The significant decrease in segment loss was due to no impairment loss on property, plant and equipment (2017: HKD14,888,000) and no provision for the onerous contract of the committed lease and other payments (2017: HKD8,445,000) during the year. The Group will continue to look for any potential opportunity in the e-commerce business.

Trading business and related services

During the year, no revenue was generated (2017: Nil) and a loss of approximately HKD52,000 (2017: HKD11,000) was recorded for the segment of trading business and related services. The Group will seek for business opportunity in the trading business.

FINANCIAL REVIEW

Liquidity, financial, resources and funding

The Group had total cash and bank balances of approximately HKD6,194,000 as at 31 December 2018 (2017: HKD133,008,000). The Group had total borrowings of approximately HKD541,205,000 (2017: HKD261,721,000) comprised with bank borrowings of approximately HKD320,945,000 (2017: HKD111,961,000) and other borrowings of approximately HKD220,260,000 (2017: HKD149,760,000) as at 31 December 2018.

Among bank borrowings, approximately HKD88,567,000 are repayable within one year, HKD8,788,000 are repayable over one year but not exceeding two years, HKD28,028,000 are repayable over two years but not exceeding five years and HKD195,562,000 are repayable over five years. The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month).

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 6% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD Prime Rate – 2% per annum. Details are set out in Note 30 to the consolidated financial statements.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 42.10% (2017: 17.25%). Net assets were approximately HKD1,285,386,000 (2017: HKD1,516,946,000).

As at 31 December 2018, the Group has total current assets of approximately HKD469,663,000 (2017: HKD1,341,912,000) and total current liabilities of approximately HKD567,576,000 (2017: HKD301,685,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.83 as at 31 December 2018 (2017: 4.45).

The Group's finance costs for the year was approximately HKD23,881,000 (2017: HKD7,263,000) and was mainly related to interests paid on the bank borrowings and margin loans. The increase in finance cost was due to interest paid for the margin loans.

Pledge of assets

At 31 December 2018, the Group's investment properties, with carrying amount of HKD678,000,000 (2017: HKD280,000,000), have been pledged to secure the bank borrowings granted to the Group.

As at 31 December 2018, the Group had pledged an investment property with carrying amount of HKD285,000,000 (2017: Nil), the securities investment under FVTOCI of approximately HKD676,095,000 (2017: HKD89,249,000) and the securities investment under FVTPL of approximately HKD22,217,000 (2017: HKD789,282,000) to secure the other borrowings.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Litigations and contingencies

Details of litigations and contingencies are set out in Note 41 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 17 employees situated in Hong Kong (2017: 15 employees). The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 December 2018, the total staff costs including remuneration of directors and chief executive amounted to approximately HKD11,031,000 (2017: HKD32,103,000).

EXECUTIVE DIRECTORS

Mr. Wang Fei

Mr. Wang, aged 37, has been appointed as an Executive Director and the Chairman of the Board on 13 March 2019. He is currently serving as a vice chairman and a non-independent director of Jiangsu Hagong Intelligent Robot Co., Ltd. (江蘇哈工智能機器人股份有限公司) ("**HGZN**") (stock code: 000584.SZ), an artificial intelligence equipment manufacturing company listed on the Shenzhen Stock Exchange in the PRC. He is concurrently serving as the chairman of the HIT Robot Group (哈工大機器人集團) ("**HRG**"), an enterprise jointly set up by Heilongjiang provincial government, the municipal government of Harbin and Harbin Institute of Technology engaging in the design, development, manufacturing and sales of robots. Mr. Wang is a member of the 13th Heilongjiang Provincial People's Congress (黑龍江省第十三屆人民代表大會). Mr. Wang has extensive experience in the mechanical and electronic engineering industry. He obtained a bachelor degree of mechanical engineering, mechanical design manufacturing and its automation in 2003, a master degree in 2006 and a doctoral degree in 2008, both majoring in mechanical and electronic engineering from Harbin Institute of Technology ("**HIT**") (哈爾濱工業大學). His achievement in the industry was widely recognised and was awarded the Ninth China Youth Entrepreneurship Award (第九屆中國青年創業獎) in 2017, the 12th Heilongjiang Model Worker Award (黑龍江省第十二屆勞動模範) in 2017 and the National Innovation Award (全國創新爭先獎) in 2017, respectively.

Mr. Liang Jian

Mr. Liang, aged 38, has been appointed as an Executive Director, the Vice Chairman of the Board and the Chief Executive Officer of the Company ("**CEO**") on 13 March 2019. He is the senior vice president of HRG and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive Director of Asia Investment Finance Group Limited (stock code: 33), a company listed on the Main Board of the Stock Exchange from 28 November 2018 to 18 December 2018. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

Mr. Yu Zhenzhong

Mr. Yu, aged 39, has been appointed as an Executive Director and the Vice Chairman of the Board on 13 March 2019. He is the senior vice president of HRG and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu obtained a doctoral degree in mechanical and electronic engineering from HIT in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領 軍人才稱號 in 2018, respectively.

Mr. Cai Linzhan

Mr. Cai, aged 32, has been appointed as an Executive Director in June 2017. He was the CEO from 24 June 2017 to 5 October 2017 and from 24 December 2018 to 12 March 2019 respectively. 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.

Biographical Details of Directors and Senior Management

Mr. Lau Fai Lawrence

Mr. Lau, aged 47, 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 ("**ACCA**"). 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) and an independent non-executive director of Primeview Holdings Limited (stock code: 789), Titan Petrochemicals Group Limited (stock code: 1192), Tenwow International Holdings Limited (stock code: 1219) and HKBridge Financial Holdings Limited (stock code: 2323, formerly known as China HKBridge Holdings Limited), all of above are listed on the Main Board of the Stock Exchange. He was a non-executive director of Alltronics Holdings Limited (stock code: 833) between March 2017 and December 2018.

Mr. Siu Yun Fat

Mr. Siu, aged 36, has been appointed as an Executive Director in January 2014. He was the Chairman of the Board from 24 November 2015 to 12 March 2019. He was the CEO during the period from 10 October 2014 to 19 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 ("**HKICPA**") and a member of ACCA. 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. Yu Qingrui

Mr. Yu, aged 47, 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 Central Wealth 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 Securities and Futures Ordinance (the "**SFO**").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Pei

Mr. Chen, aged 35, has been appointed as an Independent Non-executive Director on 13 March 2019. He is currently serving as a non-independent director and the vice general manager of HGZN, and is responsible for corporate finance, financial audit, industrial integration and capital operation. He is currently pursuing an EMBA degree at the China Europe International Business School（中歐國際工商學院）.

Mr. Siu Siu Ling, Robert

Mr. Siu, aged 66, 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 Capital) and a director of MBMI Resources Inc., a company listed on the Toronto Stock Exchange.

Mr. Tam Tak Wah

Mr. Tam, aged 53, 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 HKICPA and a fellow member of ACCA. 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 Capital) 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 56, 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 2018.

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) property investment in Hong Kong; (iv) investment in film industry; (v) e-commerce business and (vi) trading business and related services, details of which are set out in Note 44 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 51.

DIVIDEND

No interim dividend was paid to the shareholders of the Company during the year (2017: Nil).

The Board does not recommend the payment of a final dividend for the year (2017: 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 152. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year including the material factors underlying its results and financial position and the likely future developments of its business, as required by Schedule 5 of the Company Ordinance, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the sections headed "Financial Review of the Management Discussion and Analysis" of this annual report.

Principal 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 47 to the consolidated financial statements.

Capital Risk

– Details of capital risk are set out in Note 45 to the consolidated financial statements.

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 44.

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 17 and 18 to the consolidated financial statements respectively.

SHARE CAPITAL

During the year, (i) 1,630,000,000 new shares of the Company were issued and allotted as the result of completion of a placing; and (ii) 1,793,103,448 new shares of the Company were issued as consideration pursuant to the terms of the sale and purchase agreement in respect of the acquisition of Goodview. As at 31 December 2018, the Company had 11,580,291,446 shares in issue.

Details of movements in the share capital of the Company are set out in Note 31 to the consolidated financial statements.

PLACING

On 11 December 2017, a placing agreement had been entered into between the Company and Central Wealth Securities Investment Limited ("**CWSI**"), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Central Wealth, as placing agent in relation to the placing of 1,630,000,000 ordinary shares of the Company at the placing price of HKD0.145 (the "**Placing**"). On 2 January 2018, the Company issued and allotted 1,630,000,000 ordinary shares of the Company at the net placing price of HKD0.140 to not less than six allottees. The closing market price was HKD0.176 per share of the Company on 11 December 2017, being the date on which the terms of the issue were fixed. The placing shares of the Company under the 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 Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development opportunities and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company.

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

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

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 2018 amounted to approximately HKD1,211,564,000 (2017: HKD937,711,000).

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

DONATIONS

Donations for charitable and other purposes made by the Group during the year amounted to HKD92,000 (2017: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 74.1% of the Group's total revenue, of which 30.9% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 66.6% of the Group's total purchase, of which 25.2% was made to the largest supplier.

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

DIRECTORS

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

Executive Directors

Mr. Wang Fei *(Chairman)*	(appointed on 13 March 2019)
Mr. Liang Jian *(Vice Chairman and CEO)*	(appointed on 13 March 2019)
Mr. Yu Zhenzhong *(Vice Chairman)*	(appointed on 13 March 2019)
Mr. Cai Linzhan	(re-appointed and resigned as CEO on 24 December 2018 and 13 March 2019)
Mr. Lau Fai Lawrence	
Mr. Siu Yun Fat	(resigned as Chairman on 13 March 2019)
Mr. Yu Qingrui	
Mr. Chen Xiaodong	(resigned as Director and CEO on 24 December 2018)

Independent Non-Executive Directors

Mr. Chen Pei	(appointed on 13 March 2019)
Mr. Siu Siu Ling, Robert	
Mr. Tam Tak Wah	
Mr. Zheng Zongjia	(appointed on 15 March 2018)
Mr. Hon Hak Ka	(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. Wang Fei, Mr. Liang Jian, Mr. Yu Zhenzhong and Mr. Chen Pei will retire from office at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election. 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. Cai Linzhan, Mr. Siu Yun Fat and Mr. Tam Tak Wah 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 13 to the consolidated financial statements.

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

As at 31 December 2018, 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	Other Interest	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat	Beneficial owner	68,800,000	64,000,000 *(Note)*	132,800,000	1.15%
Yu Qingrui	Beneficial owner	53,404,425	64,000,000 *(Note)*	117,404,425	1.01%
Cai Linzhan	Beneficial owner	32,289,144	64,000,000 *(Note)*	96,289,144	0.83%
Tam Tak Wah	Beneficial owner	267,340	–	267,340	0.002%

Note: 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.

Save as disclosed above, as at 31 December 2018, 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.

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 3 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 annual general meeting of the Company held on 31 May 2018 (the "**2018 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 2018.

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 1.1.2018	Granted during the year	Exercised during the year	Lapsed during the year	As at 31.12.2018	Exercise period	Vesting date
Scheme 2003									
Employees	30.01.2008	2.0263	1,559,513	–	–	(1,559,513)	–	30.01.2008 – 29.01.2018	30.01.2008
Sub-Total			1,559,513	–	–	(1,559,513)	–		
Scheme 2012									
Directors									
Mr. Siu Yun Fat	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	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	28.07.2017	0.127	64,000,000 *(Note 2)*	–	–	–	64,000,000	28.07.2017 – 27.07.2019	28.07.2017
Employees									
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	28.07.2017	0.127	384,000,000	–	–	–	384,000,000	28.07.2017 – 27.07.2019	28.07.2017
Sub-Total			640,000,000	–	–	–	640,000,000		
Grand Total			641,559,513	–	–	(1,559,513)	640,000,000		

Notes:

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

   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. The grant of the share options to each of the above 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 extraordinary general meeting held on 31 October 2017.

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.

An aggregate of 640,000,000 shares are issuable for share options granted (all fully-vested) under the Scheme 2012, representing approximately 5.53% and 5.13% of the total number of issued shares of the Company as at 31 December 2018 and as at the date of this report respectively. The weighted average remaining contractual life of these outstanding share options is approximately 0.58 years (31 December 2017: 1.58 years).

Further details of the share option schemes of the Company are set out in Note 33 to the consolidated financial statements.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 15 July 2015 (the "**Share Award Scheme**"). 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.

The existing scheme mandate limit in respect of the granting of share awards under the Scheme Award Scheme has been refreshed at the 2018 AGM which the total number of shares of the Company may be awarded under the Share Award Scheme shall not be exceed 10% of the shares of the Company in issue as at 31 May 2018. Notwithstanding the foregoing, 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 scheme of the Company representing in aggregate over 30% of the Company's shares in issue as at the date of such grant.

During the year, no shares of the Company were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme (2017: 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000). No share award has been granted, vested, lapsed and cancelled during the year (2017: 98,568,000 shares granted and vested).

As at 31 December 2018, no shares of the Company were held by the trustee of the Share Award Scheme (31 December 2017: Nil).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections "Share Option Scheme" and "Share Award Scheme" above and Note 33 "Share Option Scheme" and Note 34 "Equity Settled Share-based Transactions" to the consolidated financial statements, at no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2018, 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	Capacity	Number of Shares held	Approximate percentage of shareholding
Central Wealth *(Note 1)*	Interest in controlled Corporation	2,174,933,636	18.78%
Hoshing Limited *(Note 2)*	Interest in controlled Corporation	2,174,933,636	18.78%
Main Purpose Investments Limited	Beneficial owner	2,145,156,510	18.52%

Notes:

1. Central Wealth was deemed to be interested in 2,145,156,510 Shares held by Main Purpose Investments Limited and 29,777,126 shares held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Hoshing Limited, which in turn holds 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.

2. Hoshing Limited was deemed to be interested in 2,145,156,510 Shares held by Main Purpose Investments Limited and 29,777,126 Shares held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.

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 2018 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Mr. Chen Xiaodong had been appointed as a Director of the Company on 11 August 2017 and resigned on 24 December 2018. Prior to his appointment, 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 Management Discussion and Analysis 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 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

Mr. Chen Xiaodong and Mr. Yu Qingrui are directors of Central Wealth throughout the year as well as holding 220,900,246 shares and 220,043,610 shares in Central Wealth respectively as at 31 December 2018. Central Wealth is a significant shareholder of the Company and whose principal activities are securities and futures dealing business, financial investment, property investments and money lending business. The Company and Central Wealth are separate listing entities run by separate and independent management. None of Mr. Chen and Mr. Yu 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, Central Wealth. Mr. Chen resigned as Director and the CEO of the Company on 24 December 2018.

During the year and/or up to the date of this report, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah held directorships in companies engaged in the businesses of securities trading and investment, provision of financing services and investment in properties. The aforesaid companies have been operating under separate and independent managements. None of the above-mentioned Directors can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

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

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 2018 interim report are set out below:

1. Mr. Chen Xiaodong resigned as an Executive Director and the CEO with effect from 24 December 2018.

2. Mr. Cai Linzhan re-appointed and resigned as the CEO with effect from 24 December 2018 and 13 March 2019 respectively.

3. Mr. Lau Fai Lawrence, being an Executive Director, has been appointed as an independent non-executive director of Tenwow International Holdings Limited (stock code: 1219) with effect from 26 November 2018. Mr. Lau resigned as a non-executive director of Alltronics Holdings Limited (stock code: 833) with effect from 31 December 2018.

4. Mr. Wang Fei has been appointed as an Executive Director and the Chairman with effect from 13 March 2019.

5. Mr. Liang Jian has been appointed as an Executive Director, the Vice Chairman and the CEO with effect from 13 March 2019).

6. Mr. Yu Zhenzhong has been appointed as an Executive Director and the Vice Chairman with effect from 13 March 2019.

7. Mr. Chen Pei has been appointed as an Independent Non-executive Director with effect from 13 March 2019.

8. Mr. Siu Yun Fat resigned as the Chairman with effect from 13 March 2019.

9. Details of remuneration to the Directors are set out in Note 13 to the consolidated financial statements.

MAJOR TRANSACTION

On 29 December 2017, a subsidiary of the Company entered into a sale and purchase agreement with a subsidiary of Central Wealth in relation to the acquisition of the entire equity interests in Goodview, a company incorporated in the British Virgin Islands and all obligations, liabilities and debts owing or incurred by Goodview to the subsidiary of Central Wealth 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 property located at No. 1 Lincoln Road, Kowloon Tong, Hong Kong. The acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The transaction and the allotment and issue of the said consideration shares pursuant to a specific mandate were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 13 April 2018. The transaction was completed on 25 April 2018. For more information, please refer to the Company's announcements dated 29 December 2017 and 25 April 2018 and the circular dated 20 March 2018.

CONNECTED TRANSACTIONS

Ocean Wave is owned as to 50% by Mr. Chen Xiaodong and as to 50% by an independent third party. Ocean Wave is a connected person of the Company and the entering into of the agreements between China Wisdom and Ocean Wave set out under "Investment in film industry" section on page 8 constitute connected transactions of the Company. As the applicable percentage ratios under the Listing Rules are less than 5%, the transactions were subject to the reporting and announcement requirements but was exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Since December 2015, CWSI has been providing brokerage services and margin financing to Golden Horse Hong Kong Investment Limited, a direct wholly-owned subsidiary of the Company, from time to time.

On 9 September 2017, Globally Finance as lender and Central Wealth as borrower entered into a loan agreement (the "**Loan Agreement**"), pursuant to which Globally Finance agreed to grant a loan facility to Central Wealth for a term of three years which was amended and supplemented by a supplemental loan agreement on 19 September 2017.

On 25 April 2018, (i) the Company and CWSI entered into a master services agreement (the "**Master Services Agreement**") in relation to the provision of brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges, the granting of margin facilities and corporate finance services in relation to possible fundraising activities of the Group, including but not limited to acting as placing agent or underwriter for the securities of the Company by CWSI to the Group on an ongoing and non-exclusive basis; and (ii) Globally Finance and Central Wealth entered into a supplemental loan agreement to further increase the facility amount up to HKD270,000,000 and extend the availability period of the loan facility to 31 December 2020.

Since completion of the acquisition of the entire issued share capital of Goodview on 25 April 2018, Central Wealth has become a substantial shareholder of the Company. Hence, each of Central Wealth and its associates, including CWSI, is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Services Agreement and the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules (the "**CCT**"). As the applicable percentage ratios of the proposed annual caps for the transactions under the Master Services Agreement and the Loan Agreement exceed 5%, the CCT are subject to the approval by the independent shareholders of the Company. The CCT was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 6 August 2018. For more information, please refer to the Company's announcements on 25 April 2018, 29 June 2018 and 6 August 2018 and the circular dated 16 July 2018.

The annual caps of the Master Services Agreement and the Loan Agreement are as follows:

Master Services Agreement

	6 August 2018 to 31 December 2018 *HKD*	**1 January 2019 to 31 December 2019** *HKD*	**1 January 2020 to 31 December 2020** *HKD*
Brokerage Fees	1,180,000	2,900,000	2,900,000
Maximum outstanding amount of the Margin Financing	100,000,000	100,000,000	100,000,000
Maximum interest amount of the Margin Financing	3,250,000	8,000,000	8,000,000
Service Fees	8,110,000	20,000,000	20,000,000
Total annual caps	112,540,000	130,900,000	130,900,000

Loan Agreement

	6 August 2018 to 31 December 2018 *HKD*	**1 January 2019 to 31 December 2019** *HKD*	**1 January 2020 to 31 December 2020** *HKD*
Maximum principal amount outstanding	270,000,000	270,000,000	270,000,000
Maximum interest amount	8,760,000	21,600,000	21,600,000
Total annual caps	278,760,000	291,600,000	291,600,000

The Independent Non-executive Directors of the Company have reviewed the CCT and confirmed that the transactions have been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms, and in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the CCT in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the CCT in accordance with Rule 14A.56 of the Listing Rules.

RELATED AND CONNECTED PARTY TRANSACTIONS

Details of material related party transactions for the year are set out in Note 42 to the consolidated financial statements.

Save as disclosed herein and above under the section "Connected Transactions" and "Continuing 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 2018.

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 49 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 2018 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 2018 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
Wang Fei
Chairman

Hong Kong, 22 March 2019

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 2018 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 2018, the Board comprised seven Directors, four of which are Executive Directors, namely Mr. Siu Yun Fat, Mr. Cai Linzhan, Mr. Lau Fai Lawrence and Mr. Yu Qingrui and three are Independent Non-executive Directors, namely Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia. On 24 December 2018, Mr. Chen Xiaodong resigned as an Executive Director. On 13 March 2019, Mr. Wang Fei, Mr. Liang Jian and Mr. Yu Zhenzhong have been appointed as Executive Directors and Mr. Chen Pei has been appointed as an Independent Non-executive Director.

Biographical details of the Directors are set out under the section "Biographical Details of Directors and Senior Management" on pages 11 to 13 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.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following table summaries the attendance by individual Director and committee member at meetings in 2018:

	Board meetings attended/held	Number of Audit Committee's meetings attended/held	Number of Remuneration Committee's meetings attended/held	Number of Nomination Committee's meetings attended/held	Number of general meetings attended/held
Executive Directors					
Mr. Siu Yun Fat	9/9	–	–	–	3/3
Mr. Cai Linzhan	9/9	–	–	–	2/3
Mr. Lau Fai Lawrence	9/9	–	–	–	3/3
Mr. Yu Qingrui	9/9	–	–	–	2/3
Mr. Chen Xiaodong[1]	8/8	–	–	–	2/3
Independent Non-Executive Directors					
Mr. Siu Siu Ling, Robert	7/9	3/3	2/2	2/2	3/3
Mr. Tam Tak Wah	7/9	3/3	2/2	2/2	3/3
Mr. Zheng Zongjia[2]	7/7	3/3	2/2	2/2	2/3
Mr. Hon Hak Ka[3]	0/2	0/0	0/0	0/0	0/0

Notes

1. Mr. Chen Xiaodong resigned as a Director on 24 December 2018.

2. Mr. Zheng Zongjia has been appointed as a Director on 15 March 2018.

3. Mr. Hon Hak Ka resigned as a Director on 15 March 2018.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chen Xiaodong was appointed as the CEO on 24 June 2017. The Board re-appointed Mr. Cai Linzhan to replace Mr. Chen as the CEO with effect from 24 December 2018. 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.

On 13 March 2018, Mr. Siu Yun Fat resigned and Mr. Wang Fei has been appointed as the Chairman; and Mr. Cai Linzhan resigned and Mr. Liang Jian has been appointed as the CEO.

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 2018, 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. Lau Fai Lawrence, Mr. Yu Qingrui, Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia retired and were re-elected Directors at the 2018 AGM.

DIRECTORS' TRAININGS

Induction package are provided to newly appointed Director to ensure that each 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 corporate governance policy, etc.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee with defined terms of reference (available on the websites of the Company and the Stock Exchange), which are of no less exacting terms than those set out in the code provisions of the CG Code.

Audit Committee

The Audit Committee was established on 1 November 2011 and currently consisted of three Independent Non-executive Directors: Mr. Tam Tak Wah (Chairman), Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia. The appointment of Mr. Zheng Zongjia took effect on 15 March 2018 while Mr. Hon Hak Ka resigned from the committee on the same day. Mr. Tam Tak Wah and Mr. Siu Siu Ling, Robert are possessing the appropriate professional accounting and financial management expertise as required under the Listing Rules.

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 three meetings. The committee has 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 2017 annual results and the 2018 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. It 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. During the year, the committee has also reviewed and recommended amendments to the terms of reference for the Audit Committee which was adopted by the Board on 28 December 2018.

Remuneration Committee

The Remuneration Committee was established on 1 November 2011 and currently consisted of three Independent Non-executive Directors: Mr. Siu Siu Ling, Robert (Chairman), Mr. Tam Tak Wah and Mr. Zheng Zongjia. The appointment of Mr. Zheng Zongjia took effect on 15 March 2018 while Mr. Hon Hak Ka resigned from the committee on the same day.

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

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

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

During the year, the Remuneration Committee held two meetings and resolved by resolutions in writing to review and approve the remuneration policy and the remuneration packages of the Directors and senior management. No Director is involved in deciding his own remuneration. The Remuneration Committee has also reviewed and recommended amendments to the terms of reference for the Remuneration Committee which was adopted by the Board on 28 December 2018.

Nomination Committee

The Nomination Committee was established on 20 March 2012 and currently consisted of three Independent Non-executive Directors: Mr. Tam Tak Wah (Chairman), Mr. Siu Siu Ling, Robert and Mr. Zheng Zongjia. The appointment of Mr. Zheng Zongjia took effect on 15 March 2018 while Mr. Hon Hak Ka resigned from the committee on the same day.

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

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

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

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

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

During the year, the Nomination Committee held two meetings and resolved by resolutions in writing to review the structure, size, composition and diversity of the Board and the qualifications for all directors and senior management of the Group; assess the independence of the independent non-executive directors; identify and recommend the appointment of new director to the Board for approval and nominate the re-appointment of retiring directors to the shareholders of the Company for approval.

Nomination Policy

During the year, the Nomination Committee has proposed a new nomination policy which was adopted by the Board on 28 December 2018.

In assessing the suitability of a proposed candidate, the Nomination Committee takes into account of the diversity of the Board as a whole, the candidate's reputation for integrity, commitment in respect of available time and relevant interest and potential contribution to the Group as well as such other factors as the Nomination Committee may consider appropriate.

In respect of the nomination procedure, for filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. A circular will be sent to shareholders providing information as required pursuant to the applicable laws, rules and regulations of the candidates nominated by the Board to stand for election at a general meeting.

Board Diversity Policy

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve diversity on the Board. During the year, the Nomination Committee has reviewed and recommended amendments to the board diversity policy which was adopted by the Board on 28 December 2018. A summary of the policy together with the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives are disclosed below.

(i) 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, gender, age, cultural, educational background, professional experience, 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.

(ii) Measurable Objectives

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

(iii) 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.

To conform to the new nomination policy and amendments made to the board diversity policy, the Nomination Committee has also reviewed and recommended amendments to the terms of reference for the Nomination Committee which was adopted by the Board on 28 December 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing Directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2018.

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 HKD730,000 and HKD1,160,000 in relation to the audit service and non-audit related services respectively provided by the Company's auditors, were charged to the profit or loss for the year ended 31 December 2018. The non-audit services were related to review of interim results, accountant's report for acquisition of Goodview and other financial reporting.

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, the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report.

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 an internal audit function as required under the code provision C.2.5 of the CG Code. An independent professional adviser has been engaged to conduct an annual review of the effectiveness of the risk management and internal control systems for the Group. For the year ended 31 December 2018, the scope of review included revenue cycle, expenditure cycle, cash management and financial reporting cycle for one of the subsidiaries with a principal activities of provision of financing. Major findings and areas for improvement have been reported to the Audit Committee and the Board. All recommendations 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.

DIVIDEND POLICY

The Board has adopted a dividend policy on 28 December 2018 which sets out the principles and guidelines of the Company in relation to the distribution of dividend to its shareholders. The Company will distribute dividends subject to the distributable profits in the financial statements prepared in accordance with the Company Law of Cayman Islands, HKFRS and HKAS and also to the provisions of the Company's Memorandum and Articles of Associations as well as all applicable laws.

When considering the payment of any dividends, the Board will take into account of the financial results, shareholders' interests, general business conditions and strategies, capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by its subsidiaries to the Company, taxation consideration, possible effects on the Company's creditworthiness, statutory and regulatory restrictions and any other factors may deem relevant. The Board will review the dividend policy of the Company as appropriate from time to time.

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 2018.

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 Environmental, Social and Governance Report (the "**ESG Report**") is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules. The ESG Report discloses information on the Group's ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance.

The Board has overall responsibility for the Group's ESG strategy and reporting and has determined to integrate the ideas of environmental and social responsibility into the Group's operation and management activities. The Board has reviewed and approved this ESG report.

As the Group's revenue and profit are derived entirely from the operations located in Hong Kong, unless otherwise specified, the ESG Report focuses on the activities carried out by the Hong Kong offices of the Group for the year ended 31 December 2018 (the "**Reporting Period**"). During the Reporting Period, two offices have been maintained by the Group in Hong Kong, which are located in Tsim Sha Tsui and Kwun Tong.

We value any feedback and comments about this ESG Report and on how we can continue to improve our sustainability performance. Comments 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

COMMUNICATION WITH STAKEHOLDERS

The Group constantly communicates with its key internal and external stakeholders through various channels. Stakeholder participation allows the Group to ensure the alignment of its business and sustainability strategy with stakeholders' perspectives and expectations.

The Group has identified key stakeholders that are important to its business and established various channels for communication:

Stakeholders	Communication channels	Expectations and concerns
Employees	• Internal meetings • Performance assessment • Company activities	• Employees' compensation and benefits • Health and safety working environment • Career development opportunities
Customers	• Business communication • Email	• High quality product and service • Protect the rights of customers
Suppliers	• Business communication • Email	• Fair and open procurement • Win-win cooperation

Stakeholders	Communication channels	Expectations and concerns
Shareholders	• Shareholders' meetings • Regular reports and announcements • Official website	• Return on investments • Information disclosure and transparency • Protection of interests and fair treatment of shareholders
Community	• Official website • Regular reports and announcements	• Involvement in communities • Business compliance • Environmental protection awareness
Government and regulatory bodies	• Information submission • Email	• Compliance with laws and regulations • Promote regional economic development and employment

In developing this ESG Report, online survey has been conducted to help us identify and prioritise the issues that are material to both our internal and external stakeholders. Based on the survey results, the Group identified employees' compensation, customers' data protection and use of resources as top 3 issues to its stakeholders and the Group. This review has helped the Group to prioritise its corresponding sustainability issues and highlight the material and relevant aspects so as to align them with stakeholders' expectations.

SOCIAL ASPECT

Employment

The Group regard employees as core resources of the enterprise. Our business success is based upon our 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 laws. Any suspected incidents of sexual harassment will be promptly investigated, disciplinary actions will be exercised on violated persons.

The Group was not aware of any material breach of or non-compliance with any relevant laws and regulations, including Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), that had significant impacts on the business and operations of 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.

Remuneration and benefits

The Group offer competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance. Salary is reviewed and adjusted yearly with reference to the result of performance evaluation and market trend. The Group also provides medical insurance coverage for our employees. Our employees are entitled to five-day working arrangement, statutory holidays, paid annual leave, sick leave and maternity leaves. For 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.

Occupational health and safety

We recognise the importance of employees' occupational health and safety, and endeavor to provide employees with a safe and comfortable working environment. To ensure the health and safety of our employees, the following measures have been adopted:

a) prohibiting smoking in all areas of the office premises;

b) posting fire escape routes near exits;

c) equipped our offices with first aid boxes and other medical supplies;

d) clean and sanitise office area to maintain a hygenic workplace; and

e) allowing certain staff to leave early based on their needs in case of adverse weather conditions.

During the Reporting Period, no case in relation to work-related injuries or fatalities was reported and the Group was not aware of any non-compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other relevant rules and regulation relating to occupational health and safety.

Training and development

The Group strives to assist employees to acquire all necessary knowledge and skills related to their duties by providing them with ample 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. In order to promote self-development, we encourage and allow our staff to attend relevant training courses during office hours, where appropriate.

Labour standards

We are dedicated to adhere to the labor laws and standards locally, such as Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance of Hong Kong and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). We would not tolerate any child labor and forced labor. Through the process of recruitment, we ensure that all our new hires are of legal minimum age for employment, and that all discriminatory requirements are avoided.

During the Reporting Period, the Group was not aware of any significant non-compliance incidents regarding child labor, forced labor or other employment-related issues.

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 environmental social risks to the Group's business operations. During the Reporting Period, the Group was not aware of any suppliers that had any actions or practices which have significant negative impacts on business ethics, environmental protection, labour practices and human rights.

The Group has maintained high level of ethical standards for choosing the right supplier through careful selection and continuous measurement. 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. In view of the increasing environmental concerns in society, we are aware of the importance in managing the environmental and social risks of our supply chain. The Group will continue to closely monitor its supply chain regarding the environmental and social standards.

Data privacy and protection

We respect data privacy of our employees, clients, suppliers and business partners. We realise that our business involves the dealing with large amounts of personal information or sensitive corporate data of clients. Protecting their interest and privacy is one of our top concerns to present outstanding customer service and maintain long-term business relationships. Therefore, we ensure strict compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of in Hong Kong) to fully meet a high standard of security and confidentiality of personal data privacy protection. We highly respect personal data privacy and are firmly committed to preserving the data protection principles through the following measures:

a) instructing our employees to handle client and business partner's information with due care;

b) only collecting personal data deemed to be relevant and required in conducting our business;

c) using personal data only for the purpose for which data is collected or for a directly related purpose unless consent with a new purpose is obtained;

d) not transfering or disclosing personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified; and

e) maintaining appropriate measures to prevent unauthorised access to personal data.

During the Reporting Period, the Group was not aware of any material non-compliance with the Personal Data (Privacy) Ordinance and other applicable local laws for data privacy.

ENVIRONMENTAL SUSTAINABILITY

We strive to protect the environment through implementing various emission control and energy conservation measures in our business activities and workplaces. We are committed to promoting sustainable future by introducing environmentally friendly business practices, educating our employees to raise their awareness on environmental protection and complying with the relevant environmental laws and regulations.

Since the Group is a service-oriented enterprise mainly with office operations, our daily business does not generate significant direct emission, sewage, packaging material and hazardous waste, thereby not causing significant impact on the environment and natural resources.

Energy consumption and air emissions

Purchased electricity to support our office daily operation and fuel for our vehicles account for majority of our energy consumption.

Energy consumption	**Unit**	**2018**	2017
Total energy consumption	kWh	**86,022.45**	110,741.83
Electricity	kWh	**60,033.80**	55,203.14
Fuel	kWh	**25,988.65**	55,538.69
Intensity of total energy consumption	kWh per m^2 of office area	**55.34**	71.24

To better manage and reduce our energy usage, we have adopted the following measures:

Objectives	**Energy-saving measures**
Enhance the awareness of energy conservation among staffs	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
Increase energy efficiency	Maintain the average indoor room temperature of our offices at 24-26°C to minimise power consumption
	Arrange technicians to clean the air filters of air-conditioners regularly to maximise cooling efficiency
	Procure and use electrical appliances with higher energy efficiency
	Replace single printers or photocopiers with energy-efficient and multifunction printers
Avoid unnecessary energy consumption	Encourage employees to set computers to automatic standby or sleep mode and switch off all unused electrical devices or lights before leaving office

In addition to the above measures, we have been using electric vehicles ("**EVs**") for our operation so as to help improving roadside air quality. Since EVs have no tailpipe emissions, we believe that this measure can reduce our air emissions accordingly.

Our air and greenhouse gas ("**GHG**") emission data for the Reporting Period and the comparative figures of 2017 are shown below:

GHG emissions	Unit	2018	2017[1]
Total GHG Emission (Scope 1 and 2)	Tonnes of CO_2e	**37.47**	44.45
Scope 1 – Direct emission	Tonnes of CO_2e	**6.85**	14.64
Scope 2 – Indirect emission	Tonnes of CO_2e	**30.62**	29.81
Intensity of Total GHG emissions (Scope 1 and 2)	Tonnes of CO_2e per m^2 of office area	**0.02**	0.03

Air emissions	Unit	2018	2017[2]
Nitrogen Oxides (NOx)	kg	**1.55**	2.57
Sulfur Oxides (SOx)	kg	**0.04**	0.09
Particulate Matter (PM)	kg	**0.11**	0.19

Notes:

1. GHG emissions figures of 2017 have been restated so as to align the calculation basis for the Reporting Period.

2. Air emission figures of 2017 have been restated so as to align the calculation basis for the Reporting Period.

During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations related to GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste including Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

Waste management

Due to the nature of our business, the Group has not made significant impact on the environment and natural resources and no hazardous waste was generated in connection with our businesses. For non-hazardous wastes, they were mainly contributed by the paper wastes generated by the Group. Since paper production can bring negative impact to the environment such as deforestation, air pollution and water pollution, and thus can contribute to global warming, we used Forest Stewardship Council ("**FSC**") certified papers for our annual report to support sustainable use of resources. Since July 2018, the Company is making arrangements to ascertain how our shareholders wish to receive corporate communication (which are any document issued by the Company for the information or action of shareholders including but not limited to annual reports, interim reports, notices of meeting, circulars and proxy forms) by electronic means through the Company's website or in printed form. With the support from our shareholders, the printing quantities of corporate communication reduced approximately 90% which not only saving paper but also reducing wastes produced during printing and mailing. During the Reporting Period, our non-hazardous waste generated from print papers was approximately 75 kg (2017: 37.5 kg), with an intensity of approximately 5 kg (2017: 2.68 kg) per employee.

To minimise the use of paper, we, therefore, implemented a number of initiatives which includes: a) selecting double-sided printing setting whenever possible; b) placing recycle bins next to printers to collect single-side-used papers for reuse purpose; and c) encouraging staff to use electronic documents for communication instead of print-out copies.

As our business is in service nature, no packaging materials have been used by the Group.

Water consumption management

Since the water supply of the Group's office in Tsim Sha Tsui is managed by the building management office and the respective consumption data is not available to individual tenants, only water consumption of Kwun Tong office was accounted for as shown below:

Water consumption	**Unit**	**2018**	2017
Total water consumption	m^3	**13**	34
Intensity of total water consumption (per floor area)	m^3 per m^2 of office area	**0.01**	0.03

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: a) posting water-saving reminders at occupied areas; and b) closely monitoring and ensuring reasonable water consumption.

Anti-corruption

The Group operates 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 that a) all employee shall comply with code of business conduct and ethics; and b) 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 reporting channels as useful means of identifying possible misconduct or fraud risks of a particular operation or function. Whistle Blowing Policy has been in place to allow employees to report any suspected misconduct or frauds to relevant department head through effective channels. Therefore, possible improprieties can be detected earlier and brought to the attention of management. Any proven misconduct case would lead to disciplinary action, dismissal or be reported to Independent Commission Against Corruption ("**ICAC**") or relevant agencies.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations pertaining to the prevention of bribery, extortion, fraud and money laundering including the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) enforced by the ICAC.

Community investment

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. The Group has addressed its community concerns through encouraging employees to participate in community activities. During the Reporting Period, the Group had made a donations of HKD92,000 to Banyan Services Association（榕光社）to support their community services.

MOORE STEPHENS

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大華馬施雲
會計師事務所有限公司

To the Shareholders of Future World Financial Holdings Limited
(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 51 to 151, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 4 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HKD79,840,000 for the year ended 31 December 2018 and, as of that date, the Group has net current liabilities of approximately HKD97,913,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have identified the matters described below to be the key audit matters to be communicated in our report.

Estimation of fair value of investment properties

Refer to notes 5, 6 and 18 to the consolidated financial statements

Key Audit Matters	**How our audit addressed the Key Audit Matter**
The Group has two investment properties in Hong Kong. Such investment properties are measured at a total fair value of HKD678,000,000 as at 31 December 2018. Significant estimation and judgement are required by the management of the Company to determine the fair values of the investment properties. To support management's estimation of the fair values, the Group engaged an external valuer to perform valuation on the investment properties as at 31 December 2018.	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 values of the investment properties.

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

Refer to notes 3, 5, 6, 23, 26 and 47 to the consolidated financial statements

Key Audit Matters	How our audit addressed the Key Audit Matter
As at 31 December 2018, the Group had trade and other receivables, and loan and interest receivables amounting to approximately HKD7,957,000 and HKD423,088,000, respectively. The Group had recognised credit loss allowances on loan and interest receivables amounting to approximately HKD27,017,000 as at 31 December 2018. The adoption of HKFRS 9 has fundamentally changed the Group's accounting policies for assessing and estimating credit loss allowances for the financial assets measured at amortised cost at subsequent reporting dates as compared to the incurred loss approach under HKAS 39. The measurement of expected credit loss ("**ECL**") requires the application of significant judgement and increased complexity. We have identified management's impairment assessments on the Group's trade and other receivables, and loan and interest receivables as a key audit matter because their carrying amounts are significant and the assessments required significant management judgement and involved high level of estimation uncertainty.	Our key procedures to address the matter included: • Assessed the effectiveness of key controls over the application of the impairment methodology, the governance for the ECL models, inputs and assumptions used by the Group in calculating the ECL; • Assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment; • Challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the debtors and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings; and • Assessed the consolidated financial statement disclosures relating to the Group's exposure to credit risk.

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

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2018 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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, 22 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 HKD'000	2017 HKD'000
Net realised gain from securities trading and investments	7	**4,549**	22,852
Revenue	7	**39,674**	86,599
Cost of sales		**(2,623)**	(3,796)
Gross profit		**37,051**	82,803
Other income	9	**13**	1,513
Administrative expenses		**(21,206)**	(25,167)
Loss on disposal of cryptocurrencies	36	**(17,945)**	–
Loss on disposal of property, plant and equipment	11	**(488)**	–
Impairment loss on property, plant and equipment	17	**–**	(14,888)
Credit loss allowances on loan and interest receivables	47(b)(ii)	**(9,872)**	–
Reversal of credit loss allowances on trade and other receivables	47(b)(ii)	**2,688**	–
Provision for expected credit loss on loan commitment	28	**(6,028)**	–
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments	22	**(48,652)**	434,465
Change in fair value of investment properties	18	**(2,000)**	8,000
Change in fair value of derivative financial instrument	37	**–**	600
Loss on disposal of subsidiaries, net	38	**–**	(39)
Gain on disposal of associates	19	**–**	216
Gain on disposal of derivative financial instrument	37	**–**	8,074
Gain on disposal of loan receivables from a former associate	19	**–**	11,667
Share of profit of associates		**–**	1,794
Share-based payment expenses		**–**	(47,948)
Provision for the onerous contract of the committed lease and other payments	17	**–**	(8,445)
Operating (loss)/profit		**(61,890)**	475,497
Finance costs	10	**(23,881)**	(7,263)
(Loss)/Profit before income tax	11	**(85,771)**	468,234
Income tax credit	12	**5,931**	13,605
(Loss)/Profit for the year		**(79,840)**	481,839
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
Change in fair value of available-for-sale financial assets	21	**–**	26,794
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	20	**(496,306)**	–
Loss on disposal of financial assets at fair value through other comprehensive income		**(4,238)**	–
Other comprehensive (loss)/income for the year, net of income tax		**(500,544)**	26,796
Total comprehensive (loss)/income for the year		**(580,384)**	508,635

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 HKD'000	2017 HKD'000
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(79,839)**	481,840
Non-controlling interests		**(1)**	(1)
		(79,840)	481,839
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(580,383)**	508,636
Non-controlling interests		**(1)**	(1)
		(580,384)	508,635
(Loss)/Earnings per share attributable to owners of the Company	16		
– Basic		**HK(0.72) cent**	HK6.77 cents
– Diluted		**HK(0.72) cent**	HK6.43 cents

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	2018 HKD'000	2017 HKD'000
Non-current assets			
Property, plant and equipment	17	**1,826**	3,215
Investment properties	18	**678,000**	280,000
Interest in an associate	19	**–**	–
Financial assets at fair value through other comprehensive income	20	**698,020**	–
Available-for-sale financial assets	21	**–**	193,504
Deferred tax assets	24	**5,453**	–
		1,383,299	476,719
Current assets			
Loan and interest receivables	23	**423,088**	279,101
Financial assets at fair value through profit or loss	22	**31,394**	872,620
Interest in a film right/Interest in a film in progress	25	**–**	12,960
Trade and other receivables	26	**7,957**	44,223
Cash and bank balances	27	**6,194**	133,008
Income tax recoverable		**1,030**	–
		469,663	1,341,912
Current liabilities			
Accruals and other payables	28	**14,241**	22,848
Bank borrowings	29	**320,945**	111,961
Other borrowings	30	**220,260**	149,760
Income tax payables		**12,130**	17,116
		567,576	301,685
Net current (liabilities)/assets		**(97,913)**	1,040,227
Net assets		**1,285,386**	1,516,946
Capital and reserves			
Share capital	31	**11,580**	8,157
Reserves		**1,273,812**	1,508,794
Equity attributable to owners of the Company		**1,285,392**	1,516,951
Non-controlling interests		**(6)**	(5)
Total equity		**1,285,386**	1,516,946

The consolidated financial statements on the pages from 51 to 151 were approved and authorised for issue by the board of directors on 22 March 2019 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 2018

	Attributable to owners of the Company												
	Share capital HKD'000 *(Note 31)*	Treasury shares HKD'000 *(Note 31)*	Share premium HKD'000 *(Note 32)*	Share options reserve HKD'000 *(Notes 32 & 33)*	Translation reserve HKD'000 *(Note 32)*	Available-for-sale financial assets reserve HKD'000 *(Note 32)*	Fair value reserve (non- cycling) HKD'000 *(Note 32)*	Shares held under share award scheme HKD'000 *(Notes 32 & 34)*	Other reserve HKD'000 *(Note 32)*	(Accumulated losses)/ Retained earnings HKD'000	Total HKD'000	Non-controlling interests HKD'000	Total HKD'000
At 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 21)*	–	–	–	–	–	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 31)*	–	(22)	(5,209)	–	–	–	–	–	–	–	(5,231)	–	(5,231)
Disposal of treasury shares *(Note 31)*	–	22	5,209	–	–	–	–	–	–	(2,804)	2,427	–	2,427
Receipt of proceeds for placing to be completed *(Note 32)*	–	–	–	–	–	–	–	–	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 34)*	–	–	–	–	–	–	–	(7,127)	–	–	(7,127)	–	(7,127)
Shares award to staff or consultant under share award scheme *(Note 34)*	–	–	–	–	–	–	–	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 as originally presented	8,157	–	938,170	24,237	(1)	26,794	–	–	120,000	399,594	1,516,951	(5)	1,516,946
Impact on initial application of HKFRS 9 *(Note 3(A)(c))*	–	–	–	–	–	(26,794)	26,794	–	–	(19,833)	(19,833)	–	(19,833)
At 1 January 2018	8,157	–	938,170	24,237	(1)	–	26,794	–	120,000	379,761	1,497,118	(5)	1,497,113
Loss for the year	–	–	–	–	–	–	–	–	–	(79,839)	(79,839)	(1)	(79,840)
Other comprehensive loss, net of income tax													
Items that will not be reclassified subsequently to profit or loss													
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	–	–	–	–	–	–	(496,306)	–	–	–	(496,306)	–	(496,306)
Loss on disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(632)	–	–	(3,606)	(4,238)	–	(4,238)
Other comprehensive income for the year, net of income tax	–	–	–	–	–	–	(496,938)	–	–	(3,606)	(500,544)	–	(500,544)
Total comprehensive loss for the year	–	–	–	–	–	–	(496,938)	–	–	(83,445)	(580,383)	(1)	(580,384)
Issuance of shares upon placing, net of transaction costs *(Note 31(e))*	1,630	–	226,448	–	–	–	–	–	(120,000)	–	108,078	–	108,078
Issuance of shares for an acquisition cost *(Note 31(f))*	1,793	–	258,786	–	–	–	–	–	–	–	260,579	–	260,579
Lapse of share options	–	–	–	(678)	–	–	–	–	–	678	–	–	–
At 31 December 2018	**11,580**	**–**	**1,423,404**	**23,559**	**(1)**	**–**	**(470,144)**	**–**	**–**	**296,994**	**1,285,392**	**(6)**	**1,285,386**

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 HKD'000	2017 HKD'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(85,771)**	468,234
Adjustments for:			
Finance costs	10	**23,881**	7,263
Interest income	9	**(13)**	(313)
Imputed interest income	9	**–**	(1,200)
Depreciation of property, plant and equipment	17	**736**	1,540
Loss on disposal of cryptocurrencies	36	**17,945**	–
Loss on disposal of property, plant and equipment	11	**488**	–
Impairment loss on property, plant and equipment	17	**–**	14,888
Credit loss allowances on loan and interest receivables	47(b)(ii)	**9,872**	–
Reversal of credit loss allowances on trade and other receivables	47(b)(ii)	**(2,688)**	–
Provision for expected credit loss on loan commitment	28	**6,028**	–
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments	22	**48,652**	(434,465)
Change in fair value of investment properties	18	**2,000**	(8,000)
Change in fair value of derivative financial instrument	37	**–**	(600)
Loss on disposal of subsidiaries, net	38	**–**	39
Gain on disposal of associates	19	**–**	(216)
Gain on disposal of derivative financial instrument	37	**–**	(8,074)
Gain on disposal of receivable from a former associate	19	**–**	(11,667)
Share of profit of associates		**–**	(1,794)
Share-based payments expenses		**–**	47,948
Receipt of non-cash dividend		**–**	(27,899)
Operating cash flows before movements in working capital		**21,130**	45,684
Decrease/(Increase) in trade and other receivables		**260**	(13,999)
Increase in loan and interest receivables		**(181,300)**	(264,511)
Decrease/(Increase) in financial assets at fair value through profit or loss		**113,870**	(16,065)
(Decrease)/Increase in accruals and other payables		**(15,641)**	6,147
Cash used in operations		**(61,681)**	(242,744)
Income tax paid		**(5,538)**	(1,156)
Interest paid		**–**	(2)
Net cash used in operating activities		**(67,219)**	(243,902)

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 HKD'000	2017 HKD'000
Cash flows from investing activities			
Interest received	9	**13**	313
Purchase of property, plant and equipment	17	**(135)**	(16,349)
Purchase of financial assets at fair value through other comprehensive income	20	**(321,994)**	–
Purchase of available-for-sale financial assets	21	–	(91,872)
Proceed from disposal of property, plant and equipment		**300**	–
Proceed from disposal of financial assets at fair value through other comprehensive income		**5,934**	–
Net proceed on disposal of cryptocurrencies	36	**23,555**	–
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	31(f)	**(1,111)**	–
Receipt from investment in interest in a film right		**7,500**	–
Receipt upon redemption of promissory notes		**–**	29,000
Receipt from disposal of treasury shares obtained as part of non-cash dividend		**–**	2,427
Net cash inflows arising on disposal of associates	19	**–**	7,000
Net cash outflows arising on disposal of subsidiaries	38	**–**	(5,148)
Net cash used in investing activities		**(285,938)**	(74,629)
Cash flows from financing activities			
Interest paid		**(23,881)**	(7,261)
Proceeds from bank borrowings		**80,000**	–
Repayments of bank borrowings		**(8,354)**	(2,608)
Repayments of other borrowings		**(426,948)**	–
Proceeds from other borrowings		**497,448**	149,760
Proceeds from issuance of shares upon placing, net of transaction costs		**108,078**	92,429
Proceeds from exercise of share options		**–**	77,175
Shares purchased under share award scheme		**–**	(7,127)
Proceeds from placing of new shares to be completed	32	**–**	120,000
Net cash generated from financing activities		**226,343**	422,368
Net (decrease)/increase in cash and cash equivalents		**(126,814)**	103,837
Cash and cash equivalents at the beginning of the year		**133,008**	29,169
Effect of foreign exchange rates changes, net		**–**	2
Cash and cash equivalents at the end of the year		**6,194**	133,008

1. GENERAL

Future World Financial Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 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 (i) securities trading and investment; (ii) provision of financing services; (iii) property investment; (iv) investment in film industry; (v) e-commerce business; and (vi) trading business and related services.

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 and revised HKFRSs effective from 1 January 2018

In the current year, the Group has applied a number of new standards and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2018. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 15	Revenue from Contracts with Customers – Clarification to HKFRS 15
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Save as disclosed in the summary of the impact of changes in accounting policies in note 3, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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:

HKFRS 3 (Revised) amendments	Definition of a Business[2]
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKAS 1 (Revised) and HKAS 8 Amendments	Definition of Material[2]
HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement[1]
HKAS 28 Amendments	Long-term Interests in Associates and Joint Venture[1]
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[2]

1 *Effective for annual periods beginning on or after 1 January 2019*
2 *Effective for annual periods beginning on or after 1 January 2020*
3 *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 continue to be permitted.*

The Group has not early applied any new standard or interpretation that is not yet mandatorily effective for the current year.

The Group has commenced an assessment of the impact of adopting the above new and revised HKFRSs. So far, it has concluded by the management of the Group that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for HKFRS 16 as detailed below:

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sale and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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 (Continued)

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

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HKD1,142,000 as disclosed in note 40(b).

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

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of HKFRS 9 Financial Instruments on the consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018. The Group has concluded not to restate the comparative figures based on the specific transitional provision in HKFRS 9.

The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	At 31 December 2017 HKD'000	**Adjustment upon application of HKFRS 9** HKD'000 (Note 3(A)(a))	**At 1 January 2018** HKD'000
Equity instruments			
– Financial assets at fair value through other comprehensive income	–	882,504	882,504
– Available-for-sale financial assets	193,504	(193,504)	–
Total non-current assets	476,719	689,000	1,165,719
Equity instruments			
– Financial assets at fair value through profit or loss	872,620	(689,000)	183,620
Debt instrument			
– Financial assets at fair value through profit or loss	–	10,296	10,296
Trade and other receivables	44,223	(2,688)	41,535
Loan and interest receivables	279,101	(27,441)	251,660
Total current assets	1,341,912	(708,833)	633,079
Reserves	1,508,794	(19,833)	1,488,961
Total equity	1,516,946	(19,833)	1,497,113

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(A) Application of HKFRS 9 Financial Instruments

HKFRS 9 has replaced HKAS 39 Financial instruments: recognition and measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under expected credit losses ("**ECL**") model) to items that existed as of the date of initial application on a retrospective basis based on the facts and circumstances that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

(a) Classification and measurement of financial assets

In general, HKFRS 9 categorises financial assets into the following three classification categories:

- measured at amortised cost;
- at fair value through other comprehensive income ("**FVTOCI**"); and
- at fair value through profit or loss. ("**FVTPL**")

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Details about the Group's accounting policies for its financial assets and financial liabilities and the application of HKFRS 9 are disclosed in note 5 to the consolidated financial statements.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(A) Application of HKFRS 9 Financial Instruments *(Continued)*

(a) Classification and measurement of financial assets (Continued)

The following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39 HKD'000	Reclassification HKD'000	Remeasurement HKD'000	Notes	Carrying amount under HKFRS 9 HKD'000
Investment in listed equity securities	Available-for-sale financial assets (fair value)		193,504	(193,504)	–	(a)(i)	–
		Financial assets at FVTOCI	–	882,504	–	(a)(i)	882,504
Investment in listed equity securities	Financial assets at FVTPL	Financial assets at FVTPL	872,620	(689,000)	–	(a)(i)	183,620
Debt investment in film industry	Loans and receivables		10,296	(10,296)	–	(a)(ii)	–
		Financial assets at FVTPL		10,296	–	(a)(ii)	10,296
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	44,223	–	(2,688)	(b)(i)	41,535
Loan and interest receivables (excluding debt instrument in film industry)	Loans and receivables	Financial assets at amortised cost	268,805	–	(17,145)	(b)(ii)	251,660

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(A) Application of HKFRS 9 Financial Instruments *(Continued)*

(a) Classification and measurement of financial assets (Continued)

Notes:

(i) 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 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 as at the date of initial application of HKFRS 9 (based on the specific transitional provision in HKFRS 9) to designate investments in equity instruments that are not held for trading at FVTOCI. All other investments in equity instruments including those that are held for trading are measured at FVTPL and classified as current assets in consolidated statement of financial position. Dividend on FVTPL or FVTOCI equity instruments are recognised in profit or loss.

After assessment by the management of the Group on the business models of holding the Group's investments in equity instruments as at the date of initial application of HKFRS 9, the management of the Group has made an irrevocable election at the date of initial application of HKFRS 9 to designate certain investments in equity instruments that are not held for trading as at the date of initial application at FVTOCI and such FVTOCI with aggregate fair value amounting to approximately HKD882,504,000 as of 1 January 2018 and such equity instruments that were designated as at FVTOCI are classified as non-current assets because the Group intends to hold these equity investments for long-term strategic purposes. This election is made on instrument-by-instrument basis. Changes in fair value of the equity investments designated as at FVTOCI are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Dividends on such investments are generally recognised in profit or loss.

(ii) The management of the Group has concluded that a loan receivable with variable return, with details of the terms being disclosed in note 22(ii) to the consolidated financial statements, does not satisfy HKFRS 9's contractual cash flow characteristics that the contractual cash flows are solely payments of principal and interest. The loan receivable has been classified as financial assets at FVTPL under HKFRS 9.

(b) Impairment under ECL model

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and loan and interest receivables that are measured at amortised cost. Cash and cash equivalents are also subject to ECL model but the ECL is immaterial.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(A) Application of HKFRS 9 Financial Instruments *(Continued)*

(b) Impairment under ECL model (Continued)

(i) Impairment of trade receivables

The Group has applied HKFRS 9 to measure the lifetime ECLs for the trade receivables for each individual. Credit loss allowances on the trade receivables of approximately HKD2,688,000 was provided upon transition to HKFRS 9 as of 1 January 2018. Details are set out in notes 26(i) and 47(b)(ii).

(ii) Impairment of loan and interest receivables – from money lending business

Credit loss allowances for loan and interest receivables for money lending business, estimated based on the 12-month ECL ("**12m ECL**"), upon the transition to HKFRS 9 as of 1 January 2018 were approximately HKD17,145,000. Details are set out in notes 23(ii) and 47(b)(ii).

(c) Effect on the Group's retained earnings and other equity components as of 1 January 2018

The following table shows the impact of the application of HKFRS 9 on the Group's retained earnings and other equity components as of 1 January 2018:

	Decrease in the Group's retained earnings HKD'000
Recognition of additional ECL relating to:	
– Trade receivables *(Note 3(A)(b)(i))*	(2,688)
– Loan and interest receivables *(Note 3(A)(b)(ii))*	(17,145)
	(19,833)

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(A) Application of HKFRS 9 Financial Instruments *(Continued)*

(c) Effect on the Group's retained earnings and other equity components as of 1 January 2018 (Continued)

	Decrease in available-for-sale financial assets reserve	**Increase in fair value reserve (non-cycling)**
	HKD'000	HKD'000
Transfer from available-for-sale financial assets reserve to fair value reserve (non-recycling) relating to equity securities that were previously classified as available-for-sale financial assets and measured at fair value under HKAS 39 and designated as financial assets at FVTOCI as at the date of initial application of HKFRS 9	(26,794)	26,794

(B) Application of HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules retrospectively. The Group assessed the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition as the Group's dividend income, interest income and rental income are not within the scope of HKFRS 15.

4. 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 (the "**Listing Rules**").

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, certain financial assets and investments in cryptocurrencies, which are subsequently measured at fair value.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. BASIS OF PREPARATION *(Continued)*

Going concern

The Group incurred a net loss of approximately HKD79,840,000 for the year ended 31 December 2018 and, as of that date, the Group has net current liabilities of approximately HKD97,913,000. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the followings when they prepared the consolidated financial statements for the year ended 31 December 2018:

The current liabilities of the Group include bank borrowings of approximately HKD232,378,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 19-25 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements. In addition, in order to improve the Group's financial position, liquidity and cash flows, the Company has allotted and issued new shares to raise additional capital with gross proceeds of approximately HKD57,600,000 on 21 March 2019 (note 49).

Taking into account of the above consideration and measure, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets as current assets and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in subsidiaries

In the Company's statement of financial position in note 52, the investments in subsidiaries are stated at cost less accumulated impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investments in an associate/associates

An associate is an entity over which the Group has significant influence, which 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.

Where an indication of impairment exists, it is 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. 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in an associate/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

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 accrued on a time basis on the principal outstanding or amortised cost in the case of credit-impaired financial assets at the applicable effective interest rate.

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

Leasing

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

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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

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.

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at its fair value. All of the Group’s properties interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment properties are derecognised upon disposal or when the properties are permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the properties (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 properties are 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets

(A) *Financial assets (accounting policies applied from 1 January 2018)*

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

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

(a) Classification and subsequent measurement

Investments in debt securities that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

Investments in debt securities that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(A) Financial assets (accounting policies applied from 1 January 2018) (Continued)

(a) Classification and subsequent measurement *(Continued)*

A financial asset is classified as held for trading if:

- is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- is a derivative (expect for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(A) Financial assets (accounting policies applied from 1 January 2018) (Continued)

(a) Classification and subsequent measurement *(Continued)*

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

(b) Credit losses and impairment of financial assets

The Group recognises a credit loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, and loan and interest receivables), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

For trade receivables, the Group measures the lifetime ECL for each individual. For loan and interest receivables and loan commitments issued, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(A) Financial assets (accounting policies applied from 1 January 2018) (Continued)

(b) Credit losses and impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

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

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

The Group considers the cash and bank balances to have a low credit risk because the majority of the counterparties are banks with external credit rating of "investment grade" as per globally understood definitions.

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

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(A) Financial assets (accounting policies applied from 1 January 2018) (Continued)

(b) Credit losses and impairment of financial assets *(Continued)*

(ii) Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loan and interest receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(A) Financial assets (accounting policies applied from 1 January 2018) (Continued)

(b) Credit losses and impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

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

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

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

On derecognition of an investment in equity instrument which the Group has elected, on initial recognition of the investment or as at the date of initial application of HKFRS 9, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(B) Financial assets (accounting policies prior to 1 January 2018)

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

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets 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: FVTPL, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(B) Financial assets (accounting policies prior to 1 January 2018) (Continued)

Financial assets at FVTPL *(Continued)*

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.

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 note 48.

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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(B) Financial assets (accounting policies prior to 1 January 2018) (Continued)

Loans and receivables

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

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

Derivative financial instrument

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

Impairment loss on financial assets

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

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

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

For certain categories of financial assets, such as trade and other receivables, and loan and interest receivables, 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(B) Financial assets (accounting policies prior to 1 January 2018) (Continued)

Impairment loss on financial assets *(Continued)*

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.

Impairment losses on assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

(a) Initial recognition and measurement

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

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accruals and other payables, bank borrowings and other borrowings.

(b) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Investments in Cryptocurrencies

In the opinion of the directors of the Company, cryptocurrencies that held for trading purpose is a financial asset-alike asset, the management therefore adopted an accounting policy by analogy to financial assets in view of the lack of specific accounting standard for investments in cryptocurrencies. The management concluded that investments of cryptocurrencies are measured as FVTPL, with any gains or losses arising from remeasurement being recognised in profit or loss.

Cryptocurrencies are derecognised when the Group has transferred substantially all the risks and rewards of ownership.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest in a film right/Interest in a film in progress

Interest in a film right/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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

5. 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions (Continued)

Shares held under the share award scheme *(Continued)*

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 earnings directly.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:–

- (i) has control or joint control over the Group; or
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Group's parent; or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 5, 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 of the Company 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.

(i) *Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model in HKAS 40, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption contained in HKAS 12 that the carrying amounts of investment properties 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 properties as the Group is not subject to any income taxes on the fair value changes of the investment properties located in Hong Kong on disposal.

(ii) *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 2017, the directors of the Company were of the opinion that e-commerce business is subject to Hong Kong Profits Tax as the relevant revenue were Hong Kong sourced income.

6. 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) Provision of ECL for trade receivables and loan and interest receivables

The Group had measured credit loss allowances for trade receivables based on credit spread at lifetime ECLs and for loan and interest receivables based on credit spread at 12m ECL as detailed in note 47(b)(ii). For loan and interest receivables, the directors of the Company, after assessment, believe that at the end of the reporting period there has not been significant increase in credit risk since initial recognition and hence only 12m ECL is applied. The Group estimated the amount of ECL based on the difference between the contractual rates charged to borrowers, which in the opinion of directors of the Company, reflect the market borrowing rates for the respective borrowers, and the rates the Group would charge for borrowers with low credit risk (i.e. those with strong ability to pay). In the opinion of the directors of the Company, such an approach and the estimated ECL reflect the Group's credit risk exposure in respect of the Group's loan and interest receivables.

Also, as disclosed in note 23(i) to the consolidated financial statements, there were two (2017: three) loan and interest receivables amounting to approximately HKD10,880,000 (31 December 2017: HKD14,399,000) which was fully guaranteed by a director and a former director (who are also the shareholders) of the Company. The directors of the Company believe that the amounts will be recoverable. Up to the date when the consolidated financial statements are authorised for issue, the outstanding loan and interest receivables are not yet due for repayment.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and loan and interest receivables are disclosed in note 47(b)(ii).

(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 is 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.

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

Key sources of estimation uncertainty *(Continued)*

(iii) Fair value of investment properties

At the end of the reporting period, investment properties are 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 properties being recognised in the profit or loss. The carrying amount of investment properties measured at fair value at 31 December 2018 was approximately HKD678,000,000 (2017: HKD280,000,000).

(iv) Fair value of debt instrument at FVTPL

The directors of the Company estimated the fair value of the debt instrument classified at FVTPL (see note 22 (ii)) by discounting the expected future cash flows based on maturity and at the appropriate discount rates that reflect the default risk of the debt instrument. The fair value of the debt instrument at 31 December 2018 was approximately HKD9,177,000. The estimation of the fair value of the debt investment was based on the best estimate of the directors of the Company. As mentioned in note 22 (ii), a director and a former director (who are also the shareholders) of the Company have provided guarantee to the Group. Up to the date when the consolidated financial statements are authorised for issue, the outstanding amount are not yet due for repayment. Any significant change in assumptions and inputs to the fair value measurement may have significant impact on the fair value and hence will affect the amount of fair value gain or loss recognised in profit or loss.

7. REVENUE

Revenue represents the income received and receivable arising from the Group's operating activities including i) securities trading and investment; ii) provision of financing services; iii) property investment; and iv) investment in film industry during the year. An analysis of the Group's revenue for the year is as follows:

	2018 HKD'000	2017 HKD'000
Revenue		
Dividend income from securities trading and investments	–	70,655
Interest income from provision of financing services	30,561	10,844
Rental income from property investment	7,600	4,800
Interest income from investment in film industry	1,513	300
	39,674	86,599
Net realised gain from securities trading and investments	4,549	22,852

8. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (the "**CODM**"), 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.

With the continuous growth and expansion of the investment in film industry, the CODM considered the necessity of separate reporting of this division, which was grouped under "Provision of financing services" in previous year.

With the changes in the structure and composition of the reportable segments, certain comparative figures in the segment information for the year ended 31 December 2017 has been re-presented and revised to present segment result and assets on a consistent basis.

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
- E-commerce business
- Investment in film industry

8. SEGMENT INFORMATION *(Continued)*

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		Investment in film industry		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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
Revenue														
– External sales	**-**	–	**-**	70,655	**30,561**	10,844	**7,600**	4,800	**-**	–	**1,513**	300	**39,674**	86,599
Segment financial performance	**(52)**	(11)	**(66,404)**	518,132	**(8,113)**	10,684	**(1,325)**	9,224	**(273)**	(28,235)	**333**	247	**(75,834)**	510,041
Unallocated corporate income													**13**	1,513
Unallocated corporate expenses													**(9,950)**	(17,682)
Change in fair value of derivative financial instrument													**-**	600
Loss on disposal of subsidiaries, net													**-**	(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
Share-based payment expenses													**-**	(47,948)
Unallocated finance costs													**-**	(2)
(Loss)/Profit before income tax													**(85,771)**	468,234

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of certain administration costs, directors' emoluments, other revenue, change in fair value of derivative financial instrument, 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.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2018 HKD'000	2017 HKD'000
Segment assets		
Trading business and related services	337	429
Securities trading and investment	723,088	1,111,756
Provision of financing services	419,559	266,787
Property investment	678,173	280,655
E-commerce business	1,286	9,075
Investment in film industry	25,534	27,396
Total segment assets	1,847,977	1,696,098
Unallocated corporate assets	4,985	122,533
Consolidated assets	1,852,962	1,818,631
Segment liabilities		
Trading business and related services	3	–
Securities trading and investment	300,523	149,910
Provision of financing services	6,212	5,416
Property investment	243,389	114,126
E-commerce business	14,942	18,453
Investment in film industry	295	–
Total segment liabilities	565,364	287,905
Unallocated corporate liabilities	2,212	13,780
Consolidated liabilities	567,576	301,685

8. SEGMENT INFORMATION *(Continued)*

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		E-commerce business		Investment in film industry		Unallocated		Total	
	2018 HKD'000	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000	**2018 HKD'000**	2017 HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																
Addition to property, plant and equipment	**–**	–	**14**	953	**–**	–	**–**	–	**–**	15,396	**–**	–	**121**	–	**135**	16,349
Acquisition of investment property through acquisition of a subsidiary	**–**	–	**–**	–	**–**	–	**400,000**	–	**–**	–	**–**	–	**–**	–	**400,000**	–
Disposal of property, plant and equipment through disposal of subsidiaries	**–**	(58)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(58)
Loss on disposal of property, plant and equipment	**–**	–	**488**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**488**	–
Depreciation of property, plant and equipment	**5**	5	**707**	857	**–**	–	**–**	17	**–**	508	**–**	–	**24**	153	**736**	1,540
Impairment loss of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	14,888	**–**	–	**–**	–	**–**	14,888
Credit loss allowances on loan and interest receivables	**–**	–	**–**	–	**9,872**	–	**–**	–	**–**	–	**–**	–	**–**	–	**9,872**	–
Reversal of credit loss allowances recognised on trade and other receivables	**–**	–	**(2,688)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2,688)**	–
Provision for expected credit loss on loan commitment	**–**	–	**–**	–	**6,028**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,028**	–
Change in fair value of financial assets at FVTPL/held-for-trading investments	**–**	–	**47,533**	(434,465)	**–**	–	**–**	–	**–**	–	**1,119**	–	**–**	–	**48,652**	(434,465)
Change in fair value of investment properties	**–**	–	**–**	–	**–**	–	**2,000**	(8,000)	**–**	–	**–**	–	**–**	–	**2,000**	(8,000)
Loss on disposal of subsidiaries	**–**	39	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	39
Loss on disposal of cryptocurrencies	**–**	–	**17,945**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17,945**	–
Provision for the onerous contract of the committed lease and other payments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	8,445	**–**	–	**–**	–	**–**	8,445
Finance costs	**–**	–	**18,132**	4,143	**–**	–	**5,479**	3,118	**–**	–	**–**	–	**–**	2	**23,881**	7,263
Income tax (credit)/expense	**(159)**	159	**–**	–	**(6,202)**	5,236	**180**	(19,000)	**–**	–	**250**	–	**–**	–	**(5,931)**	(13,605)
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	**–**	–	**(2)**	(1)	**(2)**	–	**–**	–	**(6)**	–	**–**	–	**(3)**	(1,512)	**(13)**	(1,513)
Share of profit of associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1,794)	**–**	(1,794)
Change in fair value of derivative financial instrument	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(600)	**–**	(600)

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.

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

	2018 HKD'000	2017 HKD'000
A[1]	**13,700**	N/A
B[2]	**12,241**	N/A
C[2]	**4,770**	N/A
D[2]	**4,579**	N/A
E[1]	**–**	43,500

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

[2] Interest income from provision of financing services

9. OTHER INCOME

	2018 HKD'000	2017 HKD'000
Interest income on bank deposits	**13**	75
Interest income on promissory note	**–**	238
Imputed interest income on promissory notes receivable	**–**	1,200
	13	1,513

10. FINANCE COSTS

	2018 HKD'000	2017 HKD'000
Interest expenses on:		
Bank borrowings	**7,613**	3,118
Other borrowings	**16,268**	4,143
Others	**–**	2
	23,881	7,263

11. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2018 HKD'000	2017 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of Nil (2017: HKD9,800,000)	**7,429**	16,202
Other staff costs	**3,429**	4,639
Contributions to retirement benefits scheme	**173**	105
Share-based payment expenses for employees	**–**	11,157
Total staff costs	**11,031**	32,103
Auditor's remuneration:		
– Audit services		
Current year	**730**	700
Under-provision in respect of prior year	**–**	208
– Other services	**1,160**	150
Credit loss allowances on loan and interest receivables	**9,872**	–
Reversal of credit loss allowances on trade and other receivables	**(2,688)**	–
Provision for expected credit loss on loan commitment	**6,028**	–
Depreciation of property, plant and equipment	**736**	1,540
Loss on disposal of property, plant and equipment	**488**	–
Impairment loss on property, plant and equipment	**–**	14,888
Minimum lease payments in respect of operating leases of premises	**1,188**	3,795
Direct operating expenses arising from investment properties that generated rental income during the year	**507**	302
Share-based payment expenses for consultants	**–**	26,991

12. INCOME TAX CREDIT

	2018 HKD'000	2017 HKD'000
Current tax:		
– Hong Kong Profits Tax	**1,715**	5,236
Over-provision in respect of prior years	**(2,193)**	(18,841)
	(478)	(13,605)
Deferred tax assets *(Note 24)*	**(5,453)**	–
Income tax credit	**(5,931)**	(13,605)

Notes:

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

2) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

   The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

3) No provision has been made for Enterprise Income Tax in the People's Republic of China (the "**PRC**") as the Group did not generate any estimate assessable profit in the PRC in the current year and prior year.

4) At the end of the reporting period, the Group had unused tax losses of approximately HKD56,431,000 (2017: HKD26,161,000) 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 credit for the year can be reconciled to the (loss)/profit before income tax as follows:

	2018 HKD'000	2017 HKD'000
(Loss)/Profit before income tax	**(85,771)**	468,234
Tax at domestic income tax rate of 16.5%	**(14,152)**	77,259
Tax effect of expenses not deductible for tax purpose	**9,469**	17,792
Tax effect of income not taxable for tax purpose	**(1,271)**	(92,571)
Tax effect of tax losses not recognised	**4,995**	6,599
Utilisation of tax losses previously not recognised	**–**	(3,851)
Tax effect of temporary differences not recognised	**50**	8
Over-provision in respect of prior years	**(2,193)**	(18,841)
Others	**(2,829)**	–
Income tax credit for the year	**(5,931)**	(13,605)

13. 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:

2018

	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)*	–	4,345	21	–	4,366
Mr. Chen Xiaodong *(Note a)*	–	404	18	–	422
Mr. Lau Fai Lawrence	–	442	18	–	460
Mr. Yu Qingrui	–	202	10	–	212
Mr. Cai Linzhan *(Chief executive officer) (Note b)*	–	202	10	–	212
Sub-total	–	5,595	77	–	5,672
Mr. Hon Hak Ka *(Note c)*	124	–	4	–	128
Mr. Siu Siu Ling, Robert	268	–	–	–	268
Mr. Tam Tak Wah	1,339	–	–	–	1,339
Mr. Zheng Zongjia *(Note d)*	103	–	–	–	103
Sub-total	1,834	–	4	–	1,838
Total	1,834	5,595	81	–	7,510

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

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)*	–	1,300	18	3,382	4,700
Mr. Chen Xiaodong *(Chief executive officer) (Note a)*	–	152	7	–	159
Mr. Lau Fai Lawrence	–	429	18	–	447
Mr. Yu Qingrui	–	195	30	3,382	3,607
Mr. Cai Linzhan *(Note b)*	–	101	5	3,036	3,142
Mr. Liu Steven Qiang *(Note e)*	–	577	–	–	577
Ms. Cheng So Sheung *(Note f)*	–	754	15	–	769
Sub-total	–	3,508	93	9,800	13,401
Independent non-executive directors					
Mr. Cheng Yong Yau *(Note g)*	480	–	–	–	480
Mr. Hon Hak Ka *(Note c)*	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

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 2018 and 2017.

During the two years ended 31 December 2018 and 2017, 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) Appointed as executive director and chief executive officer on 11 August 2017 and on 6 October 2017 respectively, and resigned his positions as executive director and chief executive officer on 24 December 2018.

b) Appointed as executive director and chief executive officer on 24 June 2017, stepped down from chief executive officer on 6 October 2017 and re-appointed as chief executive officer on 24 December 2018.

c) Appointed on 20 July 2017 and resigned on 15 March 2018.

d) Appointed on 15 March 2018.

e) Resigned on 24 June 2017.

f) Resigned on 14 October 2017.

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

Notes: (Continued)

g) Resigned on 20 July 2017.

h) Resigned on 24 June 2017.

i) 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.

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

During the year ended 31 December 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 33. The amount of the benefits in relation to share options has been determined in the sole discretion of the board of directors.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2017: four directors), details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining three (2017: one) highest paid employee(s) who is/are neither a director nor chief executive of the Company is/are as follows:

	2018 **HKD'000**	2017 HKD'000
Salaries, bonuses and other benefits in kind	**2,475**	650
Contributions to retirement benefits scheme	**54**	18
Share-based payment expenses	**–**	9,573
	2,529	10,241

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) **2018**	 2017
HKDNIL to HKD1,000,000	**2**	–
HKD1,000,001 to HKD1,500,000	**1**	–
HKD10,000,001 to HKD10,500,000	**–**	1

During the year ended 31 December 2017, one non-director and non-chief executive highest paid employee was 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 33. The amount of the benefit in relation to the share options has been determined in the sole discretion of the board of directors.

15. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

16. (LOSS)/EARNINGS PER SHARE

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

	2018 **HKD'000**	2017 HKD'000
(Loss)/Profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(79,839)**	481,840

Number of shares

	2018 **'000**	2017 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**11,020,254**	7,117,495
Effect of dilutive potential ordinary shares:		
Share options issued by the Company *(Note)*	**–**	372,542
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**11,020,254**	7,490,037

Note:

The computation of diluted loss per share for the year ended 31 December 2018 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Motor vehicles HKD'000	Office equipment HKD'000	Total HKD'000
Cost				
At 1 January 2017	786	3,490	249	4,525
Addition	15,259	953	137	16,349
Disposal of subsidiaries *(Note 38)*	(702)	–	(222)	(924)
At 31 December 2017 and 1 January 2018	15,343	4,443	164	19,950
Addition	–	–	135	135
Disposal	–	(1,099)	–	(1,099)
At 31 December 2018	**15,343**	**3,344**	**299**	**18,986**
Accumulated depreciation and impairments				
At 1 January 2017	603	388	182	1,173
Provided for the year	642	857	41	1,540
Disposal of subsidiaries *(Note 38)*	(653)	–	(213)	(866)
Impairments	14,751	–	137	14,888
At 31 December 2017 and 1 January 2018	15,343	1,245	147	16,735
Provided for the year	–	705	31	736
Disposal	–	(311)	–	(311)
At 31 December 2018	**15,343**	**1,639**	**178**	**17,160**
Carrying values				
At 31 December 2018	**–**	**1,705**	**121**	**1,826**
At 31 December 2017	–	3,198	17	3,215

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 considered that there were 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 non-cancellable lease and other related payments of approximately HKD14,888,000 and HKD8,445,000, respectively, had been recognised during the year ended 31 December 2017. As at 31 December 2018, the provision for the onerous contract of the committed non-cancellable lease and other related payments was approximately HKD3,226,000 (2017: HKD6,698,000).

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%

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG

	2018 **HKD'000**	2017 HKD'000
Fair value		
At 1 January	**280,000**	272,000
Acquired on an acquisition of a subsidiary *(Note 39)*	**400,000**	–
Changes in fair value recognised in profit or loss	**(2,000)**	8,000
At 31 December	**678,000**	280,000

The Group's properties 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 properties.

At 31 December 2018, the Group's investment properties, with carrying amount amounting to approximately HKD285,000,000 (2017: HKD280,000,000), has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 29 and 30). Another investment property, with carrying amount amounting to approximately HKD393,000,000 has been pledged to secure the bank borrowings granted to the Group (Note 29) at 31 December 2018.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 December 2018 and 2017 have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("**Roma**"), a firm of independent qualified professional valuers, not connected to the Group. Roma has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG *(Continued)*

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

The fair value of investment properties 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 properties 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 properties. 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 properties (e.g. location, size and condition of the properties)	-24.74% to 11.69% (2017: -17.5% to 19.7%)	The higher premiums for the quality of the Group's properties, the higher the fair value
Selling price per unit of market comparables, taking into account difference such as age and location	HKD31,980 to HKD53,500 (2017: HKD43,500 to HKD49,000) 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 properties' highest and best use, which does not differ from their actual use.

During the year ended 31 December 2018, there were no transfers into or out of Level 3 or any other Level.

19. INTEREST IN AN ASSOCIATE/DISPOSAL OF AN ASSOCIATE/DISPOSAL OF LOAN RECEIVABLES FROM A FORMER ASSOCIATE

	2018	2017
	HKD'000	HKD'000
Interest in an associate	**–**	–

Disposal of Instant Achieve Limited ("IAL")

On 3 April 2017, the Group entered into a sale and purchase agreement with China Soft Power Technology Holdings Limited ("**CSPT**", now known as Central Wealth Group Holdings Limited ("**Central Wealth**")), a company whose shares are listed on the Main Board of the Stock Exchange, in which Mr. Yu Qingrui ("**Mr. Yu**"), who is a director and shareholder of the Company, is also a director and shareholder of CSPT, in relation to the disposal of 34% issued share capital of 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 receivables 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 receivables from a former associate amounting to approximately of HKD11,667,000.

On the same date, the Group entered into a termination deed ("**Termination Deed**") with Mr. Siu Gee Tai ("**Mr. Siu**"), an independent third party to the Group and CSPT, in relation to the termination of the call option deed entered into on 30 September 2015 ("**Call Option Deed**"). Details are set out in note 37.

	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

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2018 HKD'000	1 January 2018 HKD'000	31 December 2017 HKD'000
Listed securities, at fair value:			
Equity securities listed in Hong Kong	**698,020**	882,504	–
Unlisted securities, at fair value:			
Equity securities in Hong Kong	**–**	–	–
	698,020	882,504	–

Listed equity securities in Hong Kong

	HKD'000
At 1 January 2018 (before the initial application of HKFRS 9)	–
Reclassified from available-for-sale financial assets (upon the initial application of HKFRS 9) *(Note 21)*	193,504
Reclassified from financial assets at FVTPL (upon the initial application of HKFRS 9) *(Note 22)*	689,000
At 1 January 2018 (upon the initial application of HKFRS 9)	882,504
Additions	321,994
Disposal	(10,172)
Changes in fair value through other comprehensive income	(496,306)
At 31 December 2018	698,020

Note:

The balance as at 31 December 2018 represents two listed equity securities which are listed on the Stock Exchange, amounting to approximately HKD23,820,000 and HKD674,200,000, namely Central Wealth and CMBC Capital Holdings Limited ("**CMBC**"), respectively (1 January 2018 upon the initial application of HKFRS9: Central Wealth of approximately HKD74,784,000 and CMBC of approximately HKD807,720,000; 2017: nil). The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year, no dividends from these investments were received.

During the year, the Group sold part of its shares in CMBC due to the release of a sensitive media report in relation to CMBC. The shares were sold at HKD5,934,000 and resulted in a cumulative loss of approximately HKD4,238,000 on disposal.

At 31 December 2018, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD676,095,000, have been pledged to secure the other borrowings granted to the Group (Note 30).

Unlisted equity securities in Hong Kong

The unlisted equity securities are shares in Upcoin Trading Centre Limited ("**Upcoin**"), a company incorporated in Hong Kong and was dormant during the year. The Group acquired the shares in Upcoin in July 2018 and designated it as financial asset at FVTOCI, as the investment is held for strategic purposes. No dividends were received on this investment during the year. As at 31 December 2018, the directors of the Company considered the fair value of the investment in Upcoin is nil.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2018 HKD'000	1 January 2018 HKD'000	31 December 2017 HKD'000
Listed securities, at fair value:			
Equity securities listed in Hong Kong	**–**	–	193,504

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

	2018 HKD'000	2017 HKD'000
At 1 January (before the initial application of HKFRS 9)	**193,504**	–
Reclassified to financial assets at FVTOCI (upon initial application of HKFRS 9) *(Note 20)*	**(193,504)**	–
At 1 January (upon the initial application of HKFRS 9)	**–**	–
Additions	**–**	91,872
Additions as a result of receipt of dividend income *(Note 50(c))*	**–**	22,668
Additions as a result of share swap *(Note 35)*	**–**	52,170
Change in fair value	**–**	26,794
At 31 December	**–**	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 HKD89,249,000, has been pledged to secure the other borrowing granted to the Group (Note 30).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2018 HKD'000	1 January 2018 HKD'000	31 December 2017 HKD'000
Listed securities held for trading, at fair value:			
Equity securities listed in Hong Kong *(Note (i))*	**22,217**	183,620	872,620
Debt investment in film industry *(Note (ii))*	**9,177**	10,296	–
	31,394	193,916	872,620

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The below tables reconciled the equity securities listed in Hong Kong:

	2018 **HKD'000**	2017 HKD'000
At 1 January (before the initial application of HKFRS 9)	**872,620**	310,256
Reclassified to financial assets at FVTOCI upon initial application of HKFRS 9 *(Note 20)*	**(689,000)**	–
At 1 January 2018 (upon the initial application of HKFRS 9)	**183,620**	310,256
Additions	**176,777**	322,654
Additions as a result of disposal of loan receivables from a former associate	**–**	101,667
Additions as a result of disposal of derivatives financial instrument	**–**	10,167
Disposals	**(290,647)**	(306,589)
Changes in fair value	**(47,533)**	434,465
At 31 December	**22,217**	872,620

The below table reconciled the debt investment in film industry:

	HKD'000
At 1 January 2017 and 31 December 2017 (before the initial application of HKFRS 9)	–
Reclassified from loan and interest receivables upon initial application of HKFRS 9 *(Note 23(i))*	10,296
At 1 January 2018 (upon the initial application of HKFRS 9)	10,296
Changes in fair value	(1,119)
At 31 December 2018	**9,177**

Notes:

(i) The fair values of the listed equity securities investments as at 31 December 2018 and 2017 were determined based on the quoted market closing prices on the Stock Exchange.

At 31 December 2018, the Group's financial assets at FVTPL, with carrying amount of approximately HKD22,217,000 (2017: HKD789,282,000), have been pledged to secure the other borrowings granted to the Group (Note 30).

During the year, the Group had disposed of certain shares of Central Wealth to one of the directors of Central Wealth at a consideration of HKD13,700,000, resulting in a realised gain on disposal of approximately HKD1,500,000 during the year.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: (Continued)

(ii) As detailed in note 3(A)(a)(ii), at the date of initial application of HKFRS 9, one of the Group's loan due from an entity engaged in investment in film industry ("**Film Production Investor**") amounted to approximately United States Dollars ("**USD**") 1,320,000 (equivalent to approximately HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been reclassified as financial assets at FVTPL at 1 January 2018. The loan is unsecured, and bearing fixed interest rate at 8% per annum.

As the Group is entitled an additional return (the "**Upside Return**") from the loan, with reference to sum received or receivable from 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 both years.

Mr. Chen Xiaodong ("**Mr. Chen**"), a shareholder and a former director (appointed on 11 August 2017 and resigned on 24 December 2018) of the Company, who is the sole director of the Film Production Investor and a director of Central Wealth, and has indirect equity interest in the Film Production Investor. Mr. Chen and Mr. Yu, who is a shareholder and a director of the Company, agreed to provide guarantee to the Group on the principal receivables, interest receivables and Upside Return, if any, from the borrower.

Mr. Chen was resigned as director of the Company on 24 December 2018. Debt investment in film industry of the Group, disclosed pursuant to Section 383 of the CO (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	**2018** **HKD'000**	2017 HKD'000
Loans to Film Production Investor	10,296	**9,177**	10,296

23. LOAN AND INTEREST RECEIVABLES

	Notes	**31 December 2018 HKD'000**	1 January 2018 HKD'000	31 December 2017 HKD'000
From investment in film industry (including interest receivables of HKD1,813,000 (2017: HKD300,000))	(i)	**10,880**	4,103	14,399
From money lending business (including interest receivables of approximately HKD3,225,000 (2017: HKD2,702,000))	(ii)	**439,225**	264,702	264,702
Less: allowance of credit losses		**(27,017)**	(17,145)	–
		412,208	247,557	264,702
		423,088	251,660	279,101

Notes:

(i) From investment in film industry

During the year ended 31 December 2018, the Group has entered into a loan agreement to provide a loan to the Film Production Investor for film distribution. During the year ended 31 December 2017 the Group has entered into two loan agreements to provide two loans to the Film Production Investor for film distribution.

As detailed in notes 3(A)(a)(ii) and 22(ii), at the date of initial application of HKFRS 9, one of the loans for investment in film production amounted to approximately USD1,320,000 (equivalent to approximately HKD10,296,000) that has been classified as financial assets at FVTPL on 1 January 2018, resulting in a balance of approximately HKD4,103,000 as at 1 January 2018.

The other two loans to the Film Production Investor have generated interest income of approximately HKD689,000 during the year (2017: HKD72,000). As at 31 December 2018, the loan receivables and interest receivables due from the Film Production Investor were approximately USD1,163,000 (equivalent to approximately HKD9,067,000) and USD232,300 (equivalent to approximately HKD1,813,000), respectively (2017: USD1,808,000 (equivalent to approximately HKD14,099,000) and USD38,000 (equivalent to approximately HKD300,000)). The loans are unsecured, bear fixed interest rate at 8% to 12% per annum and interest accrued and principal are repayable on the second or third anniversary of the date of the agreements or under the demand of the Group.

Mr. Chen and Mr. Yu agreed to provide guarantee to the Group in respect of all of the abovementioned loans and related interest.

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(i) From investment in film industry *(Continued)*

Mr. Chen was resigned as director of the Company on 24 December 2018. Loan receivables from investment in film industry of the Group, disclosed pursuant to Section 383 of the CO (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	**2018** **HKD'000**	2017 HKD'000
Loans to Film Production Investor	14,399	**10,880**	14,399

(ii) From money lending business

The loan receivables from 7 borrowers (2017: 6 borrowers) are unsecured, bear fixed interest rates at 8% (2017: ranging from 8% to 10%) per annum and repayable according to the respective loan agreements.

Details of impairment assessment of loan and interest receivables for the year ended 31 December 2018 are set out in note 47(b)(ii). The movements in credit loss allowances for loan and interest receivables as at 1 January 2018 are as follows:

	HKD'000
31 December 2017 under HKAS 39	–
Credit loss allowances recognised in opening retained earnings	17,145
1 January 2018 under HKFRS 9	17,145

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

	2018 **HKD'000**	2017 HKD'000
Within 1 year after the end of reporting period	**249,933**	147,061
More than one year, but not more than two years after the end of reporting period	**162,275**	–
More than two years, but not more than five years after the end of reporting period	**–**	117,641
	412,208	264,702

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.

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.

23. LOAN AND INTEREST RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) From money lending business *(Continued)*

During the year ended 31 December 2017, the Group had entered into a loan agreement to lend HKD15,000,000 at a fixed interest rate at 8% per annum to the spouse of Mr. Chen and generated interest income of HKD917,000. The amount has been fully settled during the year ended 31 December 2018.

As at 31 December 2018, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth and the total loans advanced to Central Wealth were amounted to approximately HKD172,000,000 (2017: HKD117,000,000) and during the year generated interest income of approximately HKD12,241,000 (2017: HKD2,695,000) from Central Wealth, a company of which Mr. Yu is a common shareholder and director of Central Wealth and the Company. These loans are unsecured, bear fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020.

Among the credit loss allowances provided, as at 1 January 2018, approximately HKD992,000 and HKD7,620,000 were for loan receivables due from the spouse of Mr. Chen and Central Wealth, respectively. The provision for loan receivables due from the spouse of Mr. Chen had decreased to nil and the provision for loan receivables due from Central Wealth had further increased by approximately HKD3,016,000 during the year ended 31 December 2018.

Mr. Chen was resigned as director of the Company on 24 December 2018. Loans receivables of the Group disclosed pursuant to Section 383 of the CO (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	**2018** **HKD'000**	2017 HKD'000
Loans to the spouse of Mr. Chen (31 December 2017 including interest receivables of approximately HKD312,000)	15,312	**–**	15,312
Loans to Central Wealth (including interest receivables of approximately HKD910,000 (31 December 2017: HKD641,000))	172,910	**172,910**	117,641

24. DEFERRED TAX ASSETS

The movements in deferred tax assets during the year are as follows:–

Deferred tax assets

	Credit loss allowances HKD'000
31 December 2017 and 1 January 2018	–
Deferred tax credited to the profit or loss *(Note 12)*	5,453
31 December 2018	**5,453**

25. INTEREST IN A FILM RIGHT/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 approximately HKD14,400,000) in a film production with the Film Production Investor. Pursuant to the investing agreement, China Wisdom acts as a passive investor, does/will not involve in any of the activities of the film production.

As at 31 December 2017, a sum of RMB10,800,000 (equivalent to approximately HKD12,960,000) had been paid as the investment cost ("**Film Investment Cost**").

Mr. Chen and Mr. Yu agreed to provide guarantee to China Wisdom that the box office of the film would not be less than RMB400 million and the amount invested by the Group will be fully recoverable in due course.

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 is close to the cost of investment.

During the year ended 31 December 2018, the production of the film has been completed and the film has been on show. Due to the loss on the film investment, the Film Production Investor has agreed to refund the Film Investment Cost in full to the Group, of which HKD7,500,000 was settled during the year. As a result, the carrying amount of interest in a film in progress was transferred to other receivables and settled as detailed in note 26(ii).

As at 31 December 2018 and 2017, the Group had also provided financial assistance to the Film Production Investor on film distribution. Further details of the financial assistance are set out in note 23(i).

26. TRADE AND OTHER RECEIVABLES

	Notes	**31 December 2018 HKD'000**	1 January 2018 HKD'000	31 December 2017 HKD'000
Trade receivables	(i)	**–**	42,100	42,100
Less: allowance of credit losses		**–**	(2,688)	–
		–	39,412	42,100
Other receivables, deposits and prepayments	(ii)	**7,957**	2,123	2,123
		7,957	41,535	44,223

26. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(i) Trade receivables

On 15 November 2017, the Group entered into a sale and purchase agreement with an independent third party (the "**Cryptocurrency Vendor**") to dispose of 300,000,000 shares in CSPT for a consideration of HKD43,500,000. On the same date, the transaction was completed. Subsequently, Cryptocurrency Vendor had settled HKD2 million within 7 days after the completion, in accordance with the agreement. Please also see note 36 for subsequent settlement arrangement.

As detailed in note 36, on 2 March 2018, the Group and the Cryptocurrency Vendor agreed to set off the payables due to each other.

No trade receivables at the end of the reporting period (2017: lease of investment property and securities trading and investment). No interest was 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.

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.

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:

	2018	2017
	HKD'000	HKD'000
0 – 30 days	**–**	42,100

Details of impairment assessment of trade receivables for the year ended 31 December 2018 are set out in note 47(b)(ii), and the movements in credit loss allowance for trade receivables as at 1 January 2018 are as follows:

	HKD'000
31 December 2017 under HKAS 39	–
Credit loss allowances recognised in opening retained earnings	2,688
1 January 2018 under HKFRS 9	2,688

As at 1 January 2018, credit loss allowance on the trade receivables of approximately HKD2,688,000 was provided upon transition to HKFRS 9 Financial Instruments. The credit loss allowance had been fully reversed due to the full settlement received during the year.

(ii) Other receivables

As at 31 December 2018, other receivables comprise a receivable from the Film Production Investor amounting to approximately HKD5,460,000 in relation to the refund of investment cost in a film right. Further details are set out in note 25. In February 2019, this receivable has been fully settled.

27. 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:

	2018 **HKD'000**	2017 HKD'000
RMB	**12**	137

At 31 December 2018, there was approximately HKD12,000 (2017: HKD137,000) 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.

28. ACCRUALS AND OTHER PAYABLES

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

(i) Rental deposit of HKD1,000,000 was received from the tenant as at 31 December 2018 (2017: HKD1,200,000).

(ii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD3,226,000 as at 31 December 2018 (2017: HKD6,698,000). Details regarding the provision for the onerous contract is set out in note 17.

(iii) Provision for expected credit loss on loan commitment amounted to approximately HKD6,028,000 in relation to the undrawn loan commitment granted to Central Wealth as at 31 December 2018.

(iv) The amount due to Able Success Asia Limited ("**Able Success**"), the former holding company, of approximately HKD11,498,000 as at 31 December 2017. The balance was fully settled in 2018.

29. BANK BORROWINGS

	2018 **HKD'000**	2017 HKD'000
Secured bank borrowings	**320,945**	111,961

	2018 **HKD'000**	2017 HKD'000
Carrying amount scheduled to repay as follows:		
Within one year	**88,567**	2,681
More than one year, but not more than two years	**8,788**	2,756
More than two years, but not more than five years	**28,028**	8,738
More than five years	**195,562**	97,786
	320,945	111,961

	2018 **HKD'000**	2017 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)	**232,378**	109,280
Carrying amount repayable within one year	**88,567**	2,681
	320,945	111,961

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month) at 31 December 2018 (2017: 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:

	2018	2017
Secured bank borrowings (per annum)	**2.78% – 3.67%**	2.75%

At 31 December 2018 and 2017, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD678,000,000 (2017: 280,000,000) (note 18).

30. OTHER BORROWINGS

(i) Securities Broker A

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 A**") with Securities Broker A, an independent securities broker. Pursuant to the Margin Loan Agreement A, Securities Broker A 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 no more than HKD60,000,000 and acquire specified listed shares ("**Specified Listed Shares**") no more than HKD40,000,000 (the "**Margin Loan Restriction**").

Note: Specified Listed Shares means listed shares excluding the listed shares of Central Wealth and CMBC.

Golden Horse entered into the first amendment and restatement deed with Securities Broker A on 15 August 2017. The principal amount of margin loan facility was increased from HKD100,000,000 to HKD150,000,000 effective on 15 August 2018.

Golden Horse entered into the second amendment and restatement deed with Securities Broker A on 22 June 2018. The principal amount of margin loan facility was decreased from HKD150,000,000 to HKD120,000,000 at a fixed interest rate 9.5% effective on 23 June 2018. The Margin Loan Restriction was revoked on 22 June 2018. At 31 December 2018, the Group has utilised approximately HKD57,213,000 (2017: HKD149,760,000) from the margin loan facility granted by Securities Broker A.

(ii) Securities Broker B

On 26 March 2018, Golden Horse entered into a margin loan account client agreement ("**Margin Loan Agreement B**") with Securities Broker B, an independent securities broker. Pursuant to the Margin Loan Agreement B, Securities Broker B provided a margin loan facility to the Group up to HKD125,000,000 at a fixed interest rate of 6% per annum. At 31 December 2018, the Group has utilised approximately HKD128,141,000 (2017: nil) of the margin loan facility granted by Securities Broker B.

(iii) Securities Broker C

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement ("**Revolving Loan Agreement**") with Securities Broker C, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker C provided a revolving loan facility to the Group up to HKD35,000,000 at a fixed interest rate of HKD Prime Rate – 2% per annum. At 31 December 2018, the Group has utilised approximately HKD34,906,000 (2017: nil) of the margin loan facility granted by Securities Broker C.

30. OTHER BORROWINGS *(Continued)*

(iv) Central Wealth Securities Investment Limited (the "CWSI")

On 25 April 2018 and 29 June 2018, the Company entered into a master services agreement and a supplemental master services agreement respectively (collectively the "**Master Services Agreement**"), with CWSI, a subsidiary of Central Wealth (the "**Margin Financier**"). Pursuant to the Master Services Agreement, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. As at 31 December 2018, such facility has not been utilised.

As at 31 December 2018, the other borrowings are secured by the pledges of financial assets at FVTOCI of approximately HKD676,095,000 (Note 20), financial assets at FVTPL of approximately HKD22,217,000 (Note 22) and an investment property of approximately HKD285,000,000 (Note 18). The other borrowings with carrying amount amounting to approximately HKD34,906,000 are repayable within twelve months from the first drawdown date, approximately HKD185,354,000 are repayable within twelve months from the first drawdown date or under the demand of the lender or with no fixed term of repayment.

As at 31 December 2017, the other borrowings are guaranteed by the Company and secured by the pledges of available-for-sale financial assets of approximately HKD89,249,000 (Note 21) and held-for-trading investments of approximately HKD789,282,000 (Note 22). The other borrowings are repayable within twelve months from the first drawdown date.

Partial of the other borrowings amounting to approximately HKD185,354,000 are subject to the fulfilment of covenants, but certain covenants have not been fulfilled.

31. 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 2018 and 31 December 2017	249,480,000,000	520,000,000	250,000
Issued and fully paid:			
At 1 January 2017	6,485,187,998	–	6,485
Exercise of share options *(Note b)*	375,000,000	–	375
Issuance of shares upon placing *(Note c)*	470,000,000	–	470
Issuance of shares upon placing *(Note d)*	827,000,000	–	827
At 31 December 2017 and 1 January 2018	8,157,187,998	–	8,157
Issuance of shares upon placing *(Note e)*	1,630,000,000	–	1,630
Issuance of shares upon acquisition of a subsidiary *(Note f)*	1,793,103,448	–	1,793
At 31 December 2018	**11,580,291,446**	**–**	**11,580**
Treasury shares			
At 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 and 2018	**–**	**–**	**–**

31. SHARE CAPITAL *(Continued)*

Notes:

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

(b) On 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.

(c) On 27 July 2017, the Company entered into a Share Swap Agreement with CSPT (the "**Share Swap Agreement**"), a company in which Mr. Yu is a common shareholder and director, in relation to allot and issue 470,000,000 subscription shares of the Company.

(d) 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.

(e) 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 places 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 after deducting the placing commission and other related expenses approximately HKD8,272,000, amounted to approximately HKD228,078,000.

(f) As explained in note 39, upon completion of the acquisition of Goodview Assets, the Company allotted and issued 1,793,103,448 shares to Central Wealth. The related expenses for the allotment were approximately HKD1,111,000.

(g) During the year ended 31 December 2017, 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) During the year ended 31 December 2017, 21,796,320 treasury shares were sold at a total consideration of approximately HKD2,427,000.

32. 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.
Fair value reserve (non-cycling)	Gains/losses arising on recognising financial assets classified as FVTOCI.
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.

32. RESERVES *(Continued)*

The Company

	Share premium HKD'000	Share options reserve HKD'000 *(Note 33)*	Shares held under share award scheme HKD'000 *(Note 34)*	Other reserve HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2017	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 34)*	–	–	(7,127)	–	–	(7,127)
Shares award to staff or consultant under share award scheme *(Note 34)*	–	–	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
Loss and comprehensive loss for the year	–	–	–	–	(91,381)	(91,381)
Issuance of shares upon placing, net of transaction costs *(Note 31(e))*	226,448	–	–	(120,000)	–	106,448
Issuance of shares for an acquisition cost *(Note 31(f))*	258,786	–	–	–	–	258,786
Lapse of share options	–	(678)	–	–	678	–
At 31 December 2018	**1,423,404**	**23,559**	**–**	**–**	**(235,399)**	**1,211,564**

33. 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.

33. 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.

33. 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 2018 and 2017:

	Date of grant	2018 exercise price HKD	2017 exercise price HKD	Exercisable period	Outstanding at 1.1.2017	Granted during the year	Exercised during the year	Lasped during the year	Outstanding at 31.12.2017	Lasped during the year	Outstanding at 31.12.2018
Scheme 2003											
Senior management	2 May 2007	N/A	N/A	2 May 2007 to 1 May 2017	467,852	–	–	(467,852)	–	–	–
Employees	2 May 2007	N/A	N/A	2 May 2007 to 1 May 2017	311,903	–	–	(311,903)	–	–	–
	30 January 2008	N/A	2.0263	30 January 2008 to 29 January 2018	1,559,513	–	–	–	1,559,513	(1,559,513)	–
Weighted average exercise price		N/A	2.0263		2,339,268	–	–	(779,755)	1,559,513	(1,559,513)	–
Scheme 2012											
Directors	24 July 2014	N/A	N/A	24 July 2014 to 23 July 2017	–	–	–	–	–	–	–
	13 July 2015	N/A	N/A	13 July 2015 to 12 July 2017	35,000,000	–	–	(35,000,000)	–	–	–
	27 July 2015	N/A	N/A	27 July 2015 to 26 July 2017	70,000,000	–	–	(70,000,000)	–	–	–
	4 September 2015	N/A	N/A	4 September 2015 to 3 September 2017	–	–	–	–	–	–	–
	31 August 2017	N/A	N/A	31 August 2017 to 30 August 2018	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	–	192,000,000
Employees	24 July 2014	N/A	N/A	24 July 2014 to 23 July 2017	–	–	–	–	–	–	–
	27 July 2015	N/A	N/A	27 July 2015 to 26 July 2017	35,000,000	–	–	(35,000,000)	–	–	–
	4 September 2015	N/A	N/A	4 September 2015 to 3 September 2017	–	–	–	–	–	–	–
	31 August 2016	N/A	N/A	31 August 2016 to 30 August 2018	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	–	64,000,000
Consultants	22 June 2015	N/A	N/A	22 June 2015 to 21 June 2017	26,800,000	–	–	(26,800,000)	–	–	–
	27 July 2015	N/A	N/A	27 July 2015 to 26 July 2017	35,000,000	–	–	(35,000,000)	–	–	–
	4 September 2015	N/A	N/A	4 September 2015 to 3 September 2017	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	–	384,000,000
Weighted average exercise price		0.127	0.127		576,800,000	640,000,000	(375,000,000)	(201,800,000)	640,000,000	–	640,000,000

33. SHARE OPTION SCHEME *(Continued)*

Scheme 2012 *(Continued)*

The weighted average remaining contractual life of these outstanding share options is approximately 0.58 year (2017: 1.58 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 DTZ Debenham Tie Leung Limited, a firm of independent professional valuers, 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 was set out below:

During the year ended 31 December 2017, the fair value of options granted to directors, employees and consultants amounting to approximately HKD23,560,000 was included in the profit or loss for the year ended 31 December 2017.

34. 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.

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

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:

	2018			2017		
	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
Shares purchased during the year	–	–	–	0.62	11,464	7,127
Shares award to employees and consultants during the year	–	–	–	0.44	(98,568)	(43,747)
At 31 December	–	–	–	–	–	–

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

The scheme mandate limit had been refreshed at the annual general meeting held on 27 April 2017 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.

35. 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 Central Wealth 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, now known as Central Wealth, 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 2017 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.

36. CRYPTOCURRENCIES

As at 31 December 2017, the Group had a trade receivable of HKD41,500,000 due from the Cryptocurrency Vendor, in relation to sale of certain listed securities during the year ended 31 December 2017.

On 20 February 2018, the Group entered into a sale and purchase agreement with the Cryptocurrency Vendor to acquire 470 Bitcoins for a consideration of HKD41,500,000, which were the consideration used by the Cryptocurrency Vendor to settle the outstanding balance due to the Group. The transaction was completed on 2 March 2018 and all Bitcoins were received on the same date.

On 2 March 2018, the Group and the Cryptocurrency Vendor mutually agreed to set off the payables due to each other.

In September and October 2018, all Bitcoins were sold on an online platform to public with a total consideration of approximately USD3,020,000 (equivalent to approximately HKD23,555,000). As a result, the Group recognised a loss on disposal of the cryptocurrencies amounting to approximately of HKD17,945,000 in the profit or loss for the year ended 31 December 2018.

37. DISPOSAL OF DERIVATIVE FINANCIAL INSTRUMENT

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.

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 19.

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 Central Wealth 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:

	2018 **HKD'000**	2017 HKD'000
At 1 January	**–**	1,493
Changes in fair value recognised in profit or loss	**–**	600
Disposal during the year	**–**	(2,093)
At 31 December	**–**	–

38. 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 17)*	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)

38. 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)

39. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Acquisition of Goodview Assets Limited ("Goodview Assets")

On 29 December 2017, the Group entered into a sale and purchase agreement with CSPT, a company whose shares are listed on the Main Board of the Stock Exchange, in which Mr. Chen, a shareholder and a former director (appointed on 11 August 2017 and resigned on 24 December 2018) of the Company, and Mr. Yu, a director and shareholder of the Company, are the common shareholders and directors of CSPT, pursuant to which the Group has agreed to acquire the entire issued share capital of Goodview Assets at a consideration of HKD261,690,000. The acquisition was completed on 25 April 2018. Goodview Assets 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
Investment property *(Note 18)*	400,000
Other receivables and deposits	34
Other payables and accruals	(1,006)
Bank borrowings	(137,338)
Total consideration	261,690
Total consideration satisfied by:	
Settled by allotment and issue of shares of the Company *(Note)*	261,690

Notes:

1,793,103,448 shares of the Company were allotted and issued (Note 31(f)). The fair value of the shares was determined by reference to the fair value of the net assets acquired on the acquisition date.

40. COMMITMENTS

(a) Operating lease – the Group as lessor

The group leases its investment properties (Note 18) under operating lease arrangements, with leases negotiated for terms of one year. The terms of the leases also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with tenant for the following futures minimum lease payments:

	2018 **HKD'000**	2017 HKD'000
Within one year	**500**	2,400

(b) Operating lease commitment – the Group as lessee

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:

	2018 **HKD'000**	2017 HKD'000
Within one year	**1,142**	1,052

Operating lease payments represent rentals payable by the Group for certain of its premises, plant and machinery, office equipment and internet hardware and software. Leases are negotiated for an average term of 1 year (2017: 1-3 years) and no arrangements have been entered into for contingent rental payments.

(c) 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 2018. The directors of the Company considered that the risk to pay the penalty is remote and hence no provision for the penalty has been provided for the year ended 31 December 2018 (2017: Nil).

41. LITIGATIONS AND CONTINGENCIES

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 was 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 Trading Limited (the "**Great Rich**"). This balance has been disposed of upon disposal of Great Rich on 27 October 2017. The remaining balance of HKD11,498,000 was fully settled in 2018.

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**"), the Group therefore deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statement since 1 January 2013.

The People's court of Fenyang county（汾陽市人民法院）(the "**Fenyang Court**") issued a judgement on 12 September 2016, the former directors of Zhanpen (the "**Former Directors**") are 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.

42. 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 2018, the Group has paid placing commission (note 31(e)), overdraft interest expenses on the margin loan facilities and securities handling charge of approximately HKD8,272,000, HKD636,000 and HKD1,602,000 respectively to CWSI, an indirect wholly-owned subsidiary of Central Wealth. Central Wealth is a company whose shares are listed on the Main Board of the Stock Exchange, in which Mr. Yu, who is a director and shareholder of the Company, are also a director and shareholder of Central Wealth.

(ii) During the year ended 31 December 2018, the Group has received the aggregate interest income on loan receivables and debt investment in film industry from the Film Production Investor of approximately HKD1,513,000, in which Mr. Chen is a shareholder and a former director (appointed on 11 August 2017 and resigned on 24 December 2018) of the Company, he is also the sole director of the Film Production Investor and has indirect equity interest in the Film Production Investor.

(iii) During the year ended 31 December 2018, the Group has received interest income on loan receivables of money lending business from the spouse of Mr. Chen of approximately HKD283,000, Mr. Chen is a shareholder and a former director (appointed on 11 August 2017 and resigned on 24 December 2018) of the Company.

42. MATERIAL RELATED PARTY TRANSACTIONS AND DISCLOSURES *(Continued)*

(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:

	2018 **HKD'000**	2017 HKD'000
Short-term benefits	**7,429**	6,301
Post-employment benefits	**81**	101
Share-based payments	**–**	9,800
	7,510	16,202

43. 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 HKD173,000 represents contributions payable to these schemes by the Group in respect of the current reporting period.

44. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2018 and 31 December 2017 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		
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	
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
Innovation Time 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%	–	–	E-commerce business
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 b)*	–	–	100%	100%	–	–	100%	100%	Inactive
Infinite Bright Limited	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	100%	100%	Investment holding
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%	–	–	100%	100%	Property investment
Power Estate Limited	The BVI, limited liability	1 ordinary share of USD1	100%	100%	–	–	100%	100%	–	–	Investment holding
Power Maker Securities Investment Limited	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	100%	100%	Inactive

44. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 December 2018 and 31 December 2017 are as follows: *(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		
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %	
Success Estate Investments Limited	The BVI limited liability	1 ordinary share of USD1	100%	100%	–	–	100%	100%	–	–	Investment holding
Future World Robotics Holdings Limited (formerly known as Smartpay Financial Limited)	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	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%	–	–	Securities trading and investment
Wise Victory Group Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	100%	100%	–	–	100%	100%	–	–	Investment holding
Pioneer Lion Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	–	–	100%	100%	–	–	100%	100%	Investment holding
Best Pacific Global Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	–	–	100%	100%	–	–	100%	100%	Inactive
Oriental Creation Limited *(Note a)*	The BVI, limited liability	1 ordinary share of USD1	–	–	100%	100%	–	–	100%	100%	Inactive
Rich Concept Workshop Limited	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	100%	100%	Inactive
Oriental Power Incorporation Limited *(Note a)*	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	100%	100%	Inactive
International Startex Limited *(Note a)*	Hong Kong, limited liability	HKD1	–	–	100%	100%	–	–	100%	100%	Inactive
Goodview Assets Limited *(Note c)*	The BVI, limited liability	1 ordinary share of USD1	–	–	100%	–	–	–	100%	–	Property Investment
Hamin Technology (Hong Kong) Limited *(Note d)*	Hong Kong, limited liability	HKD1	–	–	100%	–	–	–	100%	–	Inactive

Notes:

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

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

(c) Newly acquired company during the year ended 31 December 2018.

(d) Newly incorporated company during the year ended 31 December 2018.

None of the subsidiaries had issued any debt securities at 31 December 2018 and 31 December 2017.

45. 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 consists of net debt, which includes the bank borrowings and other borrowings disclosed in notes 29 and 30 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 of the Company 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.

46. FINANCIAL INSTRUMENTS BY CATEGORY

(i) Financial assets

	2018 **HKD'000**	2017 HKD'000
At FVTOCI:		
Equity instruments/Available-for-sales financial assets	**698,020**	193,504
At FVTPL:		
Equity instruments	**22,217**	872,620
Debt instrument	**9,177**	–
	31,394	872,620
At amortised cost (including cash and bank balances):		
Trade and other receivables	**6,941**	43,512
Loan and interest receivables	**423,088**	279,101
Cash and bank balances	**6,194**	133,008
	436,223	455,621
	1,165,637	1,521,745

46. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

(ii) Financial liabilities

	2018 **HKD'000**	2017 HKD'000
Amortised cost:		
Accruals and other payables	**14,241**	22,848
Bank borrowings	**320,945**	111,961
Other borrowings	**220,260**	149,760
	555,446	284,569

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including financial assets at FVTOCI, available-for-sales financial assets, financial assets at FVTPL/held-for-trading investments, trade and other receivables, loan and interest receivables, 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.

a) Market risk

(i) Currency risk

The Group's exposure to currency risk is attributable to the cash and bank balances is denominated in foreign currencies other than the functional currency of the Group entity. The board of directors 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.

	2018 **HKD'000**	2017 HKD'000
RMB		
Monetary assets:		
Cash and bank balances	**12**	137

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

a) 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.

	2018		2017	
	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%**	**1**	5%	6

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

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

a) 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 and other borrowings as detailed in notes 29 and 30 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.

	2018 HKD'000 (Decrease)/ Increase in post-tax profit	2017 HKD'000 (Decrease)/ Increase in post-tax profit
100 basis point increase	**(2,680)**	(935)
100 basis point decrease	**2,680**	935

(iii) Price risk

Price risk on financial assets at fair value through other comprehensive income, available-for-sales financial assets and financial assets at fair value through profit or loss.

The Group is exposed to equity price risk through its financial assets at fair value through other comprehensive income, available-for-sales financial assets and financial assets at fair value through profit or loss. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in the Stock Exchange. 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 financial assets at fair value through other comprehensive income, available-for-sales financial assets and financial assets at fair value through profit or loss 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 2018 would increase/decrease by approximately HKD928,000 (2017: HKD36,432,000) as a result of the change in fair value of financial assets at fair value through profit or loss, and other component of equity would increase/decrease by approximately HKD29,142,000 (2017: HKD8,079,000) as a result of the change in fair value of fair value through other comprehensive income and available-for-sales financial assets.

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

(b) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

Carrying amounts of the financial assets presented in consolidated statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances.

The credit risk on cash and cash equivalents is also limited because the Group's cash and cash equivalents are all deposited with major banks located in Hong Kong and the PRC.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

At 31 December 2018, the Group has concentration of credit risk as 80% (2017:84%) of the total trade receivables and loan and interest receivables. The loan and interest receivables were due from 4 debtors (2017: 4 debtors).

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

The Group has two types of financial assets that are subject to the expected credit loss model:

– trade and other receivables; and

– loan and interest receivables.

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

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets

The bank balances are subject to the impairment requirements of HKFRS 9, the counterparties are banks with high credit ratings assigned by international credit-rating agencies, the identified impairment loss was immaterial.

(i) Receivables due from the Film Production Investor

Receivables due from the Film Production Investor was guaranteed by Mr. Chen and Mr. Yu (the "**Guarantors**") as detailed in notes 22(ii) and 23(i). In the opinion of the directors, one of the Guarantors has sufficient highly liquidity assets and willing to settle the amount due from the Film Production Investor to the Group in the event of default. In this regard, the directors of the Company consider that the credit risk on the receivables are minimal and no credit loss allowance had been provided.

(ii) Trade receivables and loan and interest receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables based on the credit spread at lifetime ECLs and loan and interest receivables based on the credit spread at 12m ECL.

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

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade receivables and loan and interest receivables *(Continued)*

The following tables show reconciliation of credit loss allowances that has been recognised for trade and other receivables, and loan and interest receivables:

	ECL	
	Trade receivables	**Loan and interest receivables**
	HKD'000	HKD'000
At 31 December 2017 under HKAS 39	–	–
Adjustment upon application of HKFRS 9	2,688	17,145
At 1 January 2018 under HKFRS 9	2,688	17,145
Changes due to financial instruments		
– Credit loss allowances recognised	–	9,872
– Credit loss allowances reversed due to settlement	(2,688)	–
At 31 December 2018	–	27,017

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

(c) 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			
2018				
Accruals and other payables	**–**	**14,241**	**14,241**	**14,241**
Bank borrowings	**3.01%**	**330,688**	**330,688**	**320,945**
Other borrowings	**6.57%**	**226,873**	**226,873**	**220,260**
		571,802	**571,802**	**555,446**

	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

48. 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 2018 HKD'000	31 December 2017 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities classified as financial assets at FVTOCI	**698,020**	–	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as available-for-sales financial assets	**–**	193,504	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as FVTPL	**22,217**	872,620	Level 1	Quoted bid prices in an active market	N/A
Debt instrument at FVTPL from investment in film industry classified as financial assets at FVTPL	**9,177**	–	Level 3	Discounted cash flow method	Discount rate ranged from 12% to 14%.

There were no transfers between Level 1, 2 and 3 in current and prior year.

	Fair value hierarchy Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Total HKD'000
2018				
Financial assets				
At FVTOCI	**698,020**	**–**	**–**	**698,020**
At FVTPL	**22,217**	**–**	**9,177**	**31,394**

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

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.

49. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 27 February 2019, the Company entered into a subscription agreement with Victory Intelligence Industry Limited (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 900,000,000 new shares of the Company at the subscription price of HKD0.064 per subscription share (the "**Subscription**"). The gross proceeds from the Subscription would be approximately HKD57,600,000. The Subscription has been subsequently completed on 21 March 2019.

50. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2018

(a) During the year ended 31 December 2018, the Group had agreed with an independent third party, who was a security customer, also a creditor of the Group, to set off the payables of approximately HKD41,500,000 due to each other. Details are set out in notes 26(i) and 36.

(b) During the year ended 31 December 2018, the consideration of HKD261,690,000 for the acquisition of Goodview Assets were settled by allotment and issuance of 1,793,103,448 shares of the Company. Details are set out in note 39.

For the year ended 31 December 2017

(c) On 8 March 2017, CMBC, in which Mr. Siu Siu Ling, Robert, a director of the Company, is a common director, announced to distribute 682 Central Wealth 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 Central Wealth 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 Central Wealth shares as available-for-sale financial assets approximately HKD22,668,000, and the Company's shares as treasury share approximately HKD5,231,000.

(d) The consideration received for the allot and issue 470,000,000 subscription shares of the Company under the share swap agreement are shares of Central Wealth amounting to HKD51,700,000. Details are set out in note 35.

(e) The consideration received for the assignment of HKD90,000,000 loan receivable from the associate are 833,333,333 shares of Central Wealth amounting to HKD90,000,000. Details are set out in note 19.

(f) The consideration received for the disposal of derivative financial instrument are 83,333,333 shares of Central Wealth amounting to HKD9,000,000. Details are set out in note 37.

51. 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 borrowings HKD'000	**Other borrowings** HKD'000
At 1 January 2018	111,961	149,760
Changes from financing cash flows:		
Proceeds from bank loans	80,000	–
Repayment of bank loans	(8,354)	–
Proceeds from other borrowings	–	497,448
Repayment of other borrowings	–	(426,948)
Borrowing cost paid	(7,613)	(16,268)
Total change from financing cash flows	64,033	54,232
Other changes:		
Interest expenses *(Note 10)*	7,613	16,268
Additions from an acquisition of a subsidiary *(Note 39)*	137,338	–
Total other changes	144,951	16,268
At 31 December 2018	320,945	220,260

51. CASH FLOW INFORMATION *(Continued)*

Reconciliation of liabilities from financing activities *(Continued)*

	Bank borrowings 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 *(Note 10)*	3,118	4,143
At 31 December 2017	111,961	149,760

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HKD'000	2017 HKD'000
Non-current assets			
Property, plant and equipment		**96**	–
Interests in subsidiaries		**1**	1
		97	1
Current assets			
Other receivables, deposits and prepayments		**149**	844
Amounts due from subsidiaries		**1,265,220**	837,288
Cash and bank balances		**4,692**	121,514
		1,270,061	959,646
Current liabilities			
Accruals and other payables		**2,192**	13,779
Amounts due to a subsidiary		**44,822**	–
		47,014	13,779
Net current assets		**1,223,047**	945,867
Net assets		**1,223,144**	945,868
Capital and reserves			
Share capital	31	**11,580**	8,157
Reserves	32	**1,211,564**	937,711
Total Equity		**1,223,144**	945,868

The Company's statement of financial position was approved and authorised for issue by the board of directors on 22 March 2019 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				
	2018	2017	2016	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**39,674**	86,599	78,369	41,178	68,821
Profit/(Loss) before income tax	**(85,771)**	468,234	128,063	(47,274)	4,275
Income tax credit/(expense)	**5,931**	13,605	(30,612)	(350)	(1,560)
Profit/(Loss) for the year	**(79,840)**	481,839	97,451	(47,624)	2,715

ASSETS AND LIABILITIES

	As at 31 December				
	2018	2017	2016	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**1,852,962**	1,818,631	796,934	639,002	86,800
Total liabilities	**(567,576)**	(301,685)	(168,414)	(209,787)	(22,901)
Total equity/(deficit)	**1,285,386**	1,516,946	628,520	429,215	63,899