CASH 時富

ANNUAL REPORT 2018

We stride forward in unity with innovative changes

Celestial Asia Securities Holdings Limited

(Stock Code:1049)

Contents

Corporate Profile

CORPORATE PROFILE

Celestial Asia Securities Holdings Limited ("CASH Group", SEHK: 1049) is a multi-faceted investment conglomerate focusing on enhancing client experience through technology and innovation. Headquartered in Hong Kong, we serve modern consumer needs in investment and wealth management, lifestyle and home improvement. All our businesses share a common mission that our customers' interests always come first. Our brands are synonymous with good customer service, great quality and fabulous value.

Abide by the "People-Oriented" principle, CASH Group is committed to becoming a Total Caring Organisation to partner with our key stakeholders to work towards the sustainable development of our business, our employees, our environment and our society. CASH's award-winning companies comprise CRMG Holdings (CRMG), Net2Gather (China) Holdings (Net2Gather (China)) and CASH Financial Services Group (CFSG).

RETAIL MANAGEMENT – CRMG

Founded in 1986, CRMG Holdings Limited offers a diverse portfolio of home furnishing and lifestyle brands that satisfy our customers' needs through a blend of operating efficiency, effective use of technology, and talented people. We build our competitive advantage by achieving economies of scale through our single operating platform and our in-depth understanding of the market. Businesses comprise sourcing and retailing of quality products with brands such as Pricerite, TMF, SECO, Galleon, W@W etc.

CRMG pioneers to develop "New Retail" in Hong Kong by integrating the very best of online and offline channels to refine the omni-channel retailing, providing customers quality shopping experience anytime, anywhere. This has revolutionised the Hong Kong home furnishing market with easy access to our comprehensive network of outlets and e-shopping channels through a variety of digital devices. We have a long heritage of adopting advanced technologies to enhance our operating efficiency. From back office support to product and service offerings, marketing communication and supply chain management, we strengthen our competitive edges through a balanced fusion of technology and people.

CRMG upholds the "People-oriented" principle, and attain leadership by innovation – in product mix, merchandising, store layout and entire market strategy in home improvement product retailing. Our constant efforts to increase our understanding of customers' expectations and needs through the use of information technology to gain accurate and timely data and use of market research tools drive our customer-focused innovations.

At CRMG, we care for the people of Hong Kong. It's our founding principle and it forms everything we do. That means empowering our customers to care for their homes, their families, and themselves, no matter what life may throw their way. By cultivating a culture of caring, we inspire our customers to impart our values to the world.

Honouring a celebrated Hong Kong brand, CRMG has received wide recognitions for its exceptional performance in various aspects such as brand management, product design, quality services and e-shopping platforms. As a result, many high acclaims have been awarded to its brands, including the Hong Kong Top Brand 10 Year Achievement Award and Premier Service Brand from the Hong Kong Brand Development Council, Consumer Product Design Award from the Hong Kong Awards for Industries, Marketing Excellence Awards from HKMA/TVB, Q-Mark Elite Brand Award from Hong Kong Q-Mark Council, Outstanding QTS Merchant Awards – Gold Award from Hong Kong Tourism Board, and Top 10 Quality E-Shop Award, Retail Excellence Award and numerous Service and Courtesy Awards from the Hong Kong Retail Management Association, etc.

CRMG cares for the environment and is committed to protecting it hand in hand with our stakeholders, minimising the impact of our operations to the environment. Through the sourcing of eco-products, adoption of retail technologies and active participation in various environmental activities, CRMG takes its initiative to develop a sustainable society with customers. CRMG has received numerous awards for the recognition of its contribution to environmental protection, including Bronze Award in Shops and Retailers sector under the Hong Kong Awards for Environmental Excellence, BOCHK Corporate Environmental Leadership Awards: EcoChallenger, etc.

MOBILE INTERNET – NET2GATHER (CHINA)

Net2Gather (China) Holdings is a Mobile Internet service provider in China. By aggregating various Mobile Internet services into an integrated platform, including content (upstream), operating platforms (midstream) and distribution channels (downstream), Net2Gather (China) aims to build a cross-value chain of activities to enable people to come 2Gather in an online community in China.

CORPORATE PROFILE

FINANCIAL SERVICES – CFSG

CASH Financial Services Group ("CFSG", SEHK: 510) is a leading financial services conglomerate established in Hong Kong in 1972. CFSG is licensed by the Securities and Futures Commission to provide a comprehensive range of financial products and quality services, comprising mobile and premium trading, investment banking and corporate finance advisory, wealth and asset management, FinTech platform, etc. for the versatile investment and wealth management needs of its broad-based clients.

As a leading technology-focused financial services provider, coupled with the professional human talents, CFSG is committed to operating the state-of-the-art trading platform with the highest level of security for clients to trade anytime, anywhere, and borderless. In 1998, as a pioneer, CFSG was the first in Hong Kong to develop and launch investment trading via the Internet, demonstrating our innovation and dedication to integrate technology into financial services. As CFSG is committed to providing the most innovative trading experience to our clients, we developed Alpha i, the first mobile trading app in Hong Kong employing the most advanced big data analytics and AI technologies; and Weever FinTech, the first commission-free cryptocurrency trading platform in Hong Kong. All these services are targeting the tech-savvy and mobile-driven millennial investors.

Leveraging our leading-edge trading platforms, CFSG has developed an extensive network to reach our institutional, corporate and individual clients across China. Headquartered in Hong Kong, CFSG has built a solid foothold in China with a Mainland head office in Shanghai.

Well-known for our innovation and quality services, CFSG receives awards across the industries that recognise the group's achievements. The list of accolades CFSG has garnered includes a Top Service Brand award from the Hong Kong Brand Development Council, Market Leadership Award from Hong Kong Institute of Marketing, Best Comprehensive Financial Enterprise of The Year award from Hexun.com, Internet Finance Bronze Award from the Internet Professional Association, a Certificate of Merit of the Hong Kong Awards for Industries in Innovation and Creativity from the Hong Kong General Chamber of Commerce, 10th Anniversary Special Award of Hong Kong Awards for Environmental Excellence, Social Capital Builder Award from the Labour and Welfare Bureau, among others.

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman & CEO)
LAW Ping Wah Bernard	(ED)
CHAN Chi Ming Benson	(ED)
NG Hin Sing Derek	(ED)

Independent Non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
CHAN Hak Sin	

REMUNERATION COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
KWAN Pak Hoo Bankee	

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, *FCIS, FCS*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
(alternate: LUKE Wing Sheung Suzanne)

PRINCIPAL BANKERS

Chong Hing Bank Limited
CMB Wing Lung Bank Limited
CTBC Bank Co. Ltd.
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Shanghai Commercial Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.cash.com.hk

STOCK CODE ON MAIN BOARD

1049

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Chairman's Letter

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Economic growth momentum from late 2017 derailed in 2018 due to a number of political-economic headwinds around the world. This caused much surprise not only to business, but also to economists, financial analysts and governments.

Heading into 2019, global economic growth continued to moderate in the first quarter, as most global issues remained unsettled. In the US, economic activity decelerated as effects of fiscal stimulus began to abate, coupled with the government shutdown and looming interest rate hikes. In Europe, the Brexit chaos, prolonged '*gilets jaunes*' protests in France, a troubled German auto industry under new emissions regulations and "zero-growth" Italy all contributed to a faltering economy in the Eurozone.

Softening consumer spending and sentiment along with rising corporate defaults in Mainland China intensified investor concerns of a slowdown in the economy. In Hong Kong, the retail market recorded a year-on-year double-digit decline in total sales value in February (or a 1.6% decrease in the first two months combined), casting doubts about the city's growth momentum.

Despite these external challenges, the CASH Group remains committed to our business transformation and digitalisation strategy, confidently underpinned by the combined strengths of our human talent and adoption of advanced technologies.

CRMG – THE NEW RETAIL INNOVATOR IN HOME FURNISHING

CRMG takes pride in becoming the first home furnishing retailer in Hong Kong to launch a 'New Retail' model – for Pricerite in 2018. Responding to the growing importance of providing customers compelling experiences throughout their shopping journey, this milestone initiative is pivotal in further advancing our leadership in omni-channel home furnishing retailing in the city.

We believe the increasingly pressing limitations on home space in Hong Kong will continue to present tremendous opportunities for CRMG – while our advanced retail technologies will set us apart from competitors in the coming few years.

Nevertheless, as a customer-centric pioneer in the home furnishing industry, we are not resting on our laurels. We will continue riding the wave of intensifying retail polarisation to boost our connectivity with customers, providing them more personalised values while augmenting our supply chain management capabilities. On one hand, we are exploring automation of orders of recurring daily bulky consumables through latest retail technologies such as artificial intelligence (AI) and machine learning – to provide the highest level of convenience, along with lower labour costs. On the other hand we are providing unmatched personal customer experiences in specialty goods such as furniture and wellness products, fully leveraging our heritage of combining human talent with advanced technologies.

Going forward, we believe the retailing landscape will be subject to continuing disruptive changes in the near future, especially with the launch of 5G, increasing popularity of the Internet of Things (IoT), and development of Hong Kong into a 'Smart City'. All of which signals that technology-driven quality customer service and enhanced convenience throughout the shopping journey will become increasingly critical to modern retailing success. CRMG will therefore continue investing in our omni-channel "New Retail" model, focusing on retail automation, personalisation and digitalisation through adoption of latest retail technologies. We aim to re-engineer our entire supply chain management so standardisation and simplification can facilitate cost reduction, benefiting our customers with personalised shopping experiences beyond value-for-money merchandise.

CFSG – THE TRUSTED INVESTMENT AND WEALTH MANAGEMENT ADVISOR

The past year saw increasing popularity and flourishing use of financial technology (FinTech) in Hong Kong. As a fully-licensed financial corporation in Hong Kong, CFSG is embracing this trend in the development of a total investment and wealth management solution for millennials (Millennial Finance). Embracing our combined strengths of human talent and advanced financial technologies, we are dedicated to transforming our service to provide a vigorous digital platform, while preserving our heritage in service excellence.

With globalisation and technology advancements, millennial investors have access to a much wider universe of information on investment opportunities, enabling them to pursue global asset allocation strategies. Amid Hong Kong's unique financial hub in the Greater Bay Area – with its combined population of some 70 million potential investors – CFSG will at the same time strengthen its network of partnerships with various international and mainland financial institutions to enrich our product portfolio to suit the nuanced needs of clients.

As information is dispersed at exponential rates in this digital age, bombarding investors with floods of financial information every day, we fully understand that millennials both invest and digest information via smartphone. CFSG is at the forefront of meeting this modern demand – dedicated to developing Alpha i, the first mobile trading app powered by A.I., big data analytics and cloud computing technologies. Remarkably, Alpha i uses NASA technologies to innovate EMD Candlesticks, filtering specific, curated information relevant to individual investors.

Looking ahead, we see the financial market landscape continuing to evolve towards digitalisation, mobilisation, automation and disintermediation. CFSG's strategy is formulated towards becoming the most advanced and trusted investment and wealth management advisor in this future competitive arena.

From a broader financial market perspective, the global economy is likely to remain turbulent and unpredictable in 2019. The CASH Group will therefore maintain a cautious approach steering our businesses forward, while also fully recognising we are in a stage where transformation and digitalisation is imperative to stay ahead over the next horizon. Armed with our management and technological expertise, unwavering dedication and decades of experience, we are determined to win this technology-driven uphill battle.

Last but not least, human capital is, as ever, our most important asset – and we will continue to invest in the future of our talent for the continued success of the Group. I would finally like to take this opportunity to thank the Board of Directors for their guidance, trust and leadership; and our dedicated staff for their diligence, dedication and professionalism. This staunch support is the ultimate manifestation of our corporate culture of performance and teamwork – which was of paramount importance weathering the turbulence of last year, and will continue navigating us steadfastly through uncertain waters of the future.

Yours sincerely,

Bankee Kwan

Dr Bankee P. Kwan, *JP*
Chairman & CEO
Celestial Asia Securities Holdings Limited

Financial Review

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Facing the unexpected local and global economic conditions, tremendous uncertainties and turbulence in the markets throughout the year under review, the Group still managed to record a mild growth in revenue at HK$1,420.3 million for the year ended 31 December 2018 as compared to HK$1,333.0 million the previous year.

During the year, the Group recorded a gain on dilution of interests in an associate of HK$7.3 million. After taking into account the abovementioned gain on dilution and the operating results of the continuing operations, which already included an impairment loss recognised on interest in an associate of HK$65.0 million and share of loss of associates of HK$48.5 million, the Group reported a net loss of HK$204.9 million for the year ended 31 December 2018.

Retail Management Business – CRMG

The year under review was difficult for Hong Kong's retailing business which had been full of uncertainties. Although the booming trend in property and capital markets of Hong Kong in 2017 had carried forward to the early 2018, the good signs of economy had been fading since March 2018, the abrupt outbreak of the US-China trade war and the interest rate hike triggered the global economic and market conditions to deteriorate significantly causing a fall in property and stock markets. Due to the sudden economic downturn and pessimistic outlook, not only the first-hand but also the second-hand residential property market was adversely affected evidenced by the postponement in the sales of new properties. As a result, the consumption sentiment was dragged down even further. Value of total retail sales in Hong Kong decreased by approximately 2.9% in the third quarter of 2018, compared with the preceding quarter and dropped by a further 1.1% in the fourth quarter. During the year, our business initiatives and strategic investments proceeded as planned based on the then optimistic 2018 outlook at the end of the preceding year, including the opening of New Retail Concept Stores which integrated mobile payment, artificial intelligence to bring a unique shopping experience to our customers. Extra resources were deployed in big-data analytics technologies to improve the level of personalisation and to optimise our product mix in order to keep the pace as the worldwide trend of retail industry. Furthermore, comprehensive brand building campaigns with TV commercials were launched for Pricerite and TMF to strengthen our leading market position. Against the backdrop of the US-China trade war, the unexpected downturn of the residential property market and the poor consumption sentiment, the traffic and revenue of Pricerite's flagship New Retail Concept Stores took longer to build up. To capture the demand before the Christmas and New Year holiday seasons with the slightly improving sentiment towards the end of the year, we carried out an anniversary sales in Pricerite to stimulate the traffic and improve the revenue. These measures, together with the brand building campaign, were effective, bringing a strong growth in sales in the fourth quarter of 2018. The full return of our initiatives, however, may take longer time to surface due to the persistent adverse economic and market conditions. Moreover, the US-China trade war in the second half of 2018 also affected the growth of our newly opened retail outlets for SECO and Galleon under our multi-brand strategy which only commenced operation since the second quarter of 2018. In addition to stimulating sales growth, we also started a number of measures to reduce the operating costs on the other hand, such as streamlining the running overheads by staff since the last quarter of the year.

Despite the challenging business environment, the retailing business managed to maintain the revenue level as the previous year and reported revenue of HK$1,420.3 million, representing an increase of 6.6% as compared with HK$1,332.0 million in 2017. Overall, our retailing business recorded a net loss of HK$23.9 million for the year ended 31 December 2018 as compared to a net profit of HK$19.4 million for the previous year.

Mobile Internet Services Business – NET2GATHER (CHINA)

The Group's Mobile Internet Service Business recorded a net segment loss of HK$0.4 million for 2018, as compared to a net segment loss of HK$1.9 million in the previous year.

FINANCIAL REVIEW

CFSG – The Group's Associate

Financial Services Business – CFSG

For the year ended 31 December 2018, CFSG recorded revenue of HK$123.4 million, representing a decrease of 7.6% as compared with HK$133.6 million in 2017.

The global economic conditions and markets in 2018 were quite unpredictable. The promising economic outlook and stronger than expected corporate earnings growth in the US after the tax cut campaign were the drivers for the global stock markets to rise and made a new record in the beginning of the year under review. The Hang Seng Index rose to new record high at 33,484 in January 2018. However, the unexpectedly strong employment figures in the US raised the concern of inflation upcoming. The concern of interest rate hike by the Federal Reserve pushed up the yield of US Treasury Bond, leading to a small scale of financial crisis in the global stock markets in February 2018. Strong US Dollar encouraged investors to park their capital to the US market from the emerging market. The US Federal Reserve raised the interest rate four times by 25 basis points each during 2018, together with the adoption of Quantitative Tightening (QT) caused the amount of liquidity decreased within the US economy. These measures dragged down the global stock market as well as property market. Meanwhile, the US-China trade war kicked off at the beginning of July 2018 deteriorated the export and the overall economic situation in China and the Renminbi against USD depreciated close to the key supporting level. The subsequent capital outflow from Hong Kong, the intensified trade tension relationship between the US and China as well as the depreciation of the Renminbi against USD triggered a downside momentum to the local stock market and the Hang Seng Index fell to 24,541 in October, the lowest of the year and it closed at 25,846 at the end of December 2018, down by 13.61% compared with the end of December 2017 while the H-share index closed at 10,125 at the end of December 2018, down by 13.46% compared with the end of December 2017. Due to such a tremendous downturn in local stock market, our brokerage business clients who are mostly retail investors had suffered huge losses when making their investment strategies and trading activities in securities and commodities. These losses discouraged our clients to further invested in the market and the trading volume then reduced drastically. As they had taken a very cautious view to the market, our margin loan book had decreased substantially in the second half of 2018. Our brokerage business commission and interest incomes in securities and commodities trading therefore had dropped significantly. Furthermore, advanced technologies had been utilised by many leading financial institutions, corporate investors and hedge-fund managers to execute sophisticated investment strategies in trading activities, retail investors are more difficult to take profit by engaging in high volume trading activities in the market and therefore had adopted more conservative attitude in securities dealings. These changes in trading mechanism also hindered the performance of our brokerage business which mainly targeted on retail investors. Owing to the decline of investment sentiment and change in trading mechanism, CFSG's brokerage business recorded a drop of 14.9% in income for 2018. On the other hand, despite the downhill of Hong Kong's stock market and uncertain economic outlook for the second half of 2018, CFSG's asset management business recorded a 55.8% growth in revenue compared with 2017 through the provision of high quality tailor-made investment strategies to its clients to cope with market changes. In addition, CFSG's investment banking team had secured a number of sponsor and advisory contracts to achieve a satisfactory revenue growth in 2018. To embrace the ever-changing capital market in the FinTech area, we had launched "Alpha i" – a new mobile trading application which integrated and utilised artificial intelligence, Big Data and cloud computing technologies, to bring a speedy, convenient and cost-effective investing experience to millennial generation investors. Moreover, in order to further explore and expand the types of products and service we are able to offer to our clients, we had submitted an application for a virtual banking licence to the Hong Kong Monetary Authority. CFSG had incurred some upfront costs to invest for these two initiatives. Apart from brokerage, asset management and investment banking business operations, for treasury function, CFSG recorded a net loss of HK$54.1 million on its portfolio of investment securities held for trading due to the downturn of Hong Kong stock market in 2018.

Taking into account the aforesaid net loss on portfolio of investment securities held for trading, CFSG recorded a net loss of HK$144.5 million for the year ended 31 December 2018 as compared to a net loss of HK$46.1 million last year.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$307.4 million as at 31 December 2018 as compared to HK$508.1 million at the end of the previous year. The decrease in equity was mainly due to the net loss reported for the year.

As at 31 December 2018, the Group had total outstanding borrowings of approximately HK$233.2 million as compared to HK$195.2 million as at 31 December 2017. The bank borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$92.1 million and secured loans of approximately HK$141.1 million. The above bank loans of approximately HK$141.1 million were secured by the Group's pledged deposits of HK$39.0 million and corporate guarantees.

As at 31 December 2018, our cash and bank balances totalled HK$256.8 million as compared to HK$251.0 million at the end of the previous year. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 31 December 2018 fell to 0.76 times from 0.93 times as at 31 December 2017. The decrease in the liquidity ratio was mainly due to the decrease in accounts receivable, increase in bank borrowings and accounts payable.

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 83.8% as at 31 December 2018 as compared to 40.4% as at 31 December 2017. The increase in gearing ratio was mainly due to the net loss reported for the year. On the other hand, we have no material contingent liabilities at the end of the year.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

In the first half of the year, the Group subscribed for 19.9% of shareholding interest in Weever FinTech Limited (a non-wholly-owned subsidiary of CFSG which engaged in brokerage services business for digital assets trading) at total cash consideration of approximately HK$1.9 million. In the second half of the year, the shareholding interest of the Group in Weever FinTech Limited was diluted from 19.9% to 18.91% upon issuance of 500,000 new subscription shares (representing 5% of enlarged share capital) by Weever FinTech Limited to an independent investor at total cash consideration of US$5,000,000 (equivalent to approximately HK$39,000,000), resulting in a gain on dilution of interests in an associate of HK$7.3 million to the Group.

During the year under review, the Group did not make any disposal of shares in CFSG under and subject to the terms of disposal mandate as announced by the Company and CFSG dated 7 November 2017 and approved by Shareholders at a special general meeting held on 18 December 2017. Such disposal mandate was expired on 17 December 2018.

Save as aforesaid, the Group did not make any material acquisitions and disposals during the year.

Save as disclosed in this annual report, there is no important event affecting the Group which has occurred since the end of the financial year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of a portfolio of investments held for trading decreased from HK$11.0 million as at 31 December 2017 to approximately HK$2.0 million as at 31 December 2018. A net gain derived from investments held for trading of HK$8.4 million was recorded for the year.

We do not have any future plans for material investments, or addition of capital assets.

FINANCIAL REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	2018	2017	% change
Continuing operations			
Retailing	**1,420.3**	1,332.0	6.6%
Online game	—	1.0	N/A
Group total	**1,420.3**	1,333.0	6.5%

Key Financial Metrics

	2018	2017	% change
The Group			
Net (loss) profit attributable to shareholders (HK$'m)	**(202.4)**	45.5	(544.8%)
(Loss) earnings per share (HK cents)	**(24.35)**	5.47	(545.2%)
Total assets (HK$'m)	**861.0**	1,004.8	(14.3%)
Cash on hand (HK$'m)	**256.8**	251.0	2.3%
Bank borrowings (HK$'m)	**233.2**	195.2	19.5%
Retailing			
Revenue per sq. ft. (HK$)	**4,759**	4,488	6.0%
Growth for same stores (vs last year)	**4.1%**	7.2%	N/A
Inventory turnover days	**21.8**	23.8	(8.4%)

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Management Business – CRMG

Industry Review

It was a difficult year for Hong Kong retailing. Following a robust 2017 sales rebound and buoyant first half of 2018, the retail market U-turned from mid-year with decreasing quarter-to-quarter sales. Consumer sentiment was adversely affected by growing economic uncertainty amidst global trade tensions and interest rate hikes, deflating Hong Kong's stock and property markets. Together with hotter and wetter than usual inclement weather in the second half of the year, this conspiracy of negative influences resulted in a meagre 4.6% increase in overall Hong Kong annual furniture and fixtures retail sales.

Business Review and Outlook

CRMG continued its multi-brand strategy to grasp opportunities arising from the home-furnishing market – as consumers fervently pursue quality lifestyle amidst diminishing living space in Hong Kong.

To continuously improve our customer loyalty and retention – at the same time enhancing revenue – we deployed a new Customer Relationship Management (CRM) system for our brands during the year. The cloud-based system correlates service, sales, marketing and loyalty management on shopping – focused on building in-depth understanding of our customers and establishing a membership database to facilitate ongoing customer interaction, and provide personalised products and services.

Pricerite

Pricerite launched the first New Retail Concept Stores in Mongkok and Kwai Fong in the first half. This customer-centric retail model uses innovative retail technologies to enhance customer convenience with a new shopping experience. Hands-on demos and interaction with robotics and automation were welcomed by consumers, bringing encouraging new footfall – underlining the growing popularity of new retail technologies integrating benefits of both online and offline retailing in the city.

We also launched a new branding campaign extending our "Small Space • Big Universe" theme, reinforcing our emotional retailing proposition connecting with customers.

To relentlessly improve our innovative and smart space management solutions, we continued product development with customised new offerings meeting home furnishing needs. New products such as Transformer 2.0 and the multi-functional 2-in-1 Wall Series were introduced with positive feedback.

Responding to economic slowdown in the second half, we introduced a series of 'mega-sales' to whet consumer appetite – with encouraging results. To continuously enhance sales performance, we additionally reviewed our store network, aiming to open new stores in new residential districts while closing under-performing stores. Internally, we also rationalised our operations to further enhance operating efficiency.

TMF

To distinguish TMF as the city's professional, reliable and caring tailor-made furniture provider, we earmarked more resources to transform the company into an independent brand, for more promising development.

Our supply chain expanded to embrace a wider selection of products. We also provided unique services to ease customers' pain-points during the course of tailor-made furniture production, pricing and delivery. Issues were addressed and well-communicated across our branding campaign – including TV commercials, a new TMF website and in-store messaging.

In the second half, we streamlined our operations and store network to enhance operational and sales efficiency. Looking ahead, we will continue to build our professional tailor-made furniture team, delivering unparalleled service to help customers manage shrinking living space in Hong Kong.

SECO, Galleon and W@W

Three new brands were launched during the year to further extend and monetise our home furnishing expertise – SECO, Galleon and W@W.

SECO seeks to provide a variety of solutions whetting consumer appetite for family well-being products, along with tackling urban health concerns such as pollution and food safety. We launched three small shops and an e-shop to materialise our business plan. Initial customer feedback was inspiring and we continue fine-tuning our merchandising mix and operating model for a sustainable income stream. To develop the business further, we will open shop-in-shops in Pricerite in the coming year.

Galleon is a lifestyle store curating a wide range of stylish home furnishing items from around the world. We opened a flagship store near Fashion Walk in Causeway Bay, banking on spill-over trade from the trendy, upscale neighbourhood. Galleon has received strong local TV and trend-setting media coverage. Leveraging our global sourcing capability, we continue expanding our international home-styling range. Leveraging Pricerite's comprehensive store network, we will expand our business in Pricerite's shops so as to reach out to more customers.

W@W targets providing workplace wellness solutions for corporate clients to develop cost-effective, healthy working environments. We launched initially into the dormitory and office furniture markets. Looking forward, digital approaches are being developed to cater for recurring orders, while sharing CRMG's resources in developing personalised service to clients.

New Retail Business Platform

Over the past year, it became evident that the advent of new technologies is intensifying retail polarisation – with increased customer connectivity enabling retailers to create more personalised values to customers.

In the case of our home furnishing business, consumers are also becoming polarised and segmented in their shopping patterns. Where shopping for basic and bulky consumables, they tend to shop more online for a speedy, automated and delivery service. Retail technologies such as Internet of Things (IoT), AI and machine learning can substantially enhance this experience, providing convenience and at the same time lowering labour costs.

At the other end of the spectrum, shoppers for specialty items, such as furniture, health and wellness products, are seeking more human and emotional experiences. Our combination of personalised 'human' service and new retail technologies – from digital platforms and AR/VR to electronic and cashless payments – provides an unparalleled service that is not easy for competitors to replicate.

As a pioneer in Hong Kong's New Retail business model, CRMG is dedicated to developing more customer-centric retail technologies – meeting consumer aspirations and expectations for new retail experiences; thereby increasing customer loyalty, footfall and ultimately revenue to continue leading the market.

Outlook and Corporate Strategy

Looking ahead in a stabilised external political environment, as Sino-US trade tensions seem to be easing, with the US Federal Reserve taking a "dovish" stance on rate hikes amidst risk of global economic slowdown, Hong Kong's economy should have breathing space for development in 2019 – firmly underpinned by full employment, a robust tourism sector and relatively resilient property market.

Hong Kong's housing market remains robust, with rigid demand in the coming years. Public housing development is estimated at around 100,400 new units in the coming five years, together with 93,000 new units estimated for private housing supply in the coming 3-4 years. This signals a large number of new home owners seeking home furnishing products and services.

At the same time, it is estimated that about two-thirds of Hong Kong's 800,000 public housing rental flats are smaller than 430 sq ft; and this small-sized flats are expected to account for 45% of all private housing supply in 2019. According to the Rating and Valuation Department, about 90% of the completed private houses in 2019 alone are likewise expected to be small to medium-sized, under 1,000 sq ft, among those, with more than 85% less than 700 sq ft.

We therefore believe and anticipate that space management solution is increasingly in strong demand – with products that address it becoming highly sought after.

Shifting consumer shopping behaviour as a result of new retail technologies and connectivity is also altering the retail landscape – shopping in different retail channels for different products and categories.

With our wide array of quality brands, innovative space management solutions, award-winning service and leadership in adopting latest technologies with our first-mover New Retail business platform, we believe CRMG is well poised to capture market opportunities ahead.

We will continue streamlining our operations, enhancing operational efficiency and adopting a cost leadership approach while driving our home furnishing business forward. Besides, we will mobilise more resources to capitalise the "New Retail" model by integrating online and offline to serve our customers satisfactorily.

MANAGEMENT DISCUSSION AND ANALYSIS

Mobile Internet Services Business – NET2GATHER (CHINA)

Industry Review

An online game industry report jointly released by China Game Publishers Association Publications Committee (GPC) and Gamma Data (CNG New Game Research) indicated that, in 2018, Chinese mobile game users reached 626 million, an increase of 7.3%. Although China's mobile game market continued to grow in 2018, the growth rate has been on the decline as compared with the previous year, while growth of sales revenue has also been slowed down.

Business Review

In view of the very severe industry competition, our mobile game licensing business in overseas market had already been suspended in 2017. For the year ended 31 December 2018, the Group's Mobile Internet Services business recorded a net loss of HK$0.4 million as compared to a net loss of HK$1.9 million for the same period last year.

CFSG – The Group's Associate

Financial Services Business – CFSG

Industry Review

Despite starting strongly from a robust second half of 2017, global growth softened in the latter half of 2018 – most notably in Europe and Asia. Mainland China's GDP slowed to 6.6% while euro-zone growth eased from a 10-year high of 2.4% in 2017 to 1.8% in 2018. In the US, the GDP growth was on a declining trend, from 4.2% in Q2, 3.4% in Q3, to 2.6% in Q4 – ending the year with a 2.9% real economic growth.

In Hong Kong, domestic consumption and commodity exports weakened with Sino-US trade tensions and a gloomy global economic outlook conspiring to weigh on both investor and consumer confidence. Coupled with rising interest rates and quantitative tightening measures of US, UK and euro-zone central banks, Hong Kong's economy grew only at 3%.

In tandem, the Hang Seng Index (HSI) experienced a roller-coaster ride; peaking at 33,154 in January before slumping to 24,585 in October. The HSI ended 2018 at 25,845, down 13.61% from 2017's year-end.

Business Review and Outlook

Broking

Investor sentiment weakened in the second half of 2018 from Sino-US trade uncertainty and global political turmoil. Our securities brokerage business was affected, with overall results down 14.9% from 2017. Commodities trading, which was more active in market uncertainty and volatility, recorded a 10.78% increase. Due to lower turnover arising from clients' risk aversion on gloomy economic outlook and increasing market volatility, overall financing income dropped by 19.8%.

Investment Banking

In this buoyant IPO market, we continued advising listed companies on a range of corporate finance transactions, including acquisition and disposal of assets and businesses, M&As, establishing joint ventures and various connected transactions. We completed raising funds from the capital market through placing; acted as joint global coordinator for a mainboard IPO with shares significantly over-subscribed by around 1,000 times; and were appointed as sponsors in a number of IPO applications.

Asset Management

Due to the weak market sentiment, our Asset Under Management (AUM) for external customers fell around 28% by year-end compared to 2017. In 2019 we focus on defensive players and recruiting more new potential clients. Compared to global stock markets, HSI valuations are not demanding for long term investors; currently trading at around 10.5 x prospective PER, 1.22 x P/B and 3.4% prospective dividend yield. Amid this mixed investment environment, we expect slower revenue and AUM growth in 2019.

Wealth Management

Overall wealth management business achieved steady growth in 2018. We not only broadened our client base with more new clients, but also responded to various wealth management enquiries bringing new business from our existing clients. Our strategy in developing the B2C market is receiving positive feedback and our brand messaging – providing "fully-fledged wealth management services" – is reaching a wider market.

Apart from broadening our product offerings, we are also actively establishing local business development partnerships with various parties to capture the fast-growing wealth management market in Greater China. Pursuing these goals, we continue to strengthen our consultant team to provide customised wealth management solutions for our clients' asset preservation, allocation and appreciation.

Financial Technology (FinTech)

2018 was a remarkable year for CFSG in the FinTech arena. We led the market by focusing on our 'Millennial Finance' business – aiming to bring a speedy, convenient and cost-effective investing experience to a new generation of millennial investors. On this course, we launched 'Alpha i' in June 2018 – a new 'first-of-its-kind' mobile application powered by Artificial Intelligence (A.I.), big data analytics and cloud computing technologies.

Bringing a new asset class to investors, we also introduced Weever FinTech, Hong Kong's first commission-free cryptocurrency trading platform, with value-added services of higher convenience and security – coming into official operation in November 2018.

We also instigated the Group's application procedure to the Hong Kong Monetary Authority for a virtual banking licence. Despite the fact that we have not been shortlisted in the first round of the application, we will continue monitoring the market development and consider entering the virtual bank market again when opportunity arises.

Outlook and Corporate Strategy

Looking ahead, the volatile external environment is bringing uncertainties to the market and challenges to the business environment. In 2019 we anticipate a more sceptical market, wary of a number of confounding factors in the global economy – from corporate and private debt levels to US-China trade talks, Brexit and the budgetary position of Italy.

On a positive note, the US Federal Reserve, recognising a global economic slowdown, became more "patient" over raising interest rates and ending reduction in asset holdings in late 2019.

Meanwhile China, despite a mild economic slowdown, continues to maintain relatively strong growth in a global context, while accelerating pace of reform in its structural and financial systems.

Notwithstanding the market volatility, Hong Kong's financial services industry and related businesses are well-positioned to benefit from China's visionary Belt-and-Road Initiative, economic integration in the Guangdong-Hong Kong-Macau Greater Bay Area, and continuing RMB internationalisation.

In particular, Hong Kong's unique positioning in the Greater Bay Area as the international financial centre and global hub for Renminbi clearing and settlement enables professional services providers such as CFSG to offer unparalleled services and investment products to serve a combined population of some 70 million in the world's largest bay area economy. Success in building a loyal and appreciative customer-base hinges on our ability to provide precise and moment-capturing investment information, tools and products.

Going forward, the landscape of financial market has been rapidly changing and evolving towards digitalisation, mobilisation, automation and disintermediation. To continue sharpening our competitive edge, we are formulating our corporate plan towards this direction with an aim to becoming the trusted investment advisor of clients.

With our meticulous blend of human talent and advanced technologies, CFSG is already assembling a team of professional investment and wealth management advisors. We are also exploring further FinTech solutions to augment our AI-enabled Alpha i app, which is now providing a stable and reliable source of filtered and highly-relevant financial materials for clients to make informed investment decisions. The momentous development of EMD Candlesticks in Alpha i, that helps investors detect price trends with higher predictability, has already won the 'Award of the Year in Start-up 2018' in the prestigious ET Net FinTech awards; along with 'Outstanding Big Data Application and Analytics Solution' award. We believe these accolades enhance client recognition of and their stickiness for CFSG's investment platform, scalable enough to further expand into a regional investment tool.

Our goal is to position CFSG as a leading Hong Kong-based investment advisory group in China – continuing to diversify our revenue mix through strengthening existing businesses, enriching product offerings and sourcing new income streams.

Employee Information

EMPLOYEE INFORMATION

At 31 December 2018, the Group had 924 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$248.3 million.

BENEFITS

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

TRAINING

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as language proficiency, product knowledge, customer service, selling techniques, presentation, team building, communication, coaching, quality management, graduate development, leadership transformation, and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN, JP

Chairman & CEO

DBA(Hon), MBA, BBA, FFA, FHKSI, CPM(HK), FHKIM

Dr Kwan, aged 59, joined the Board on 9 March 1998. He is responsible for devising the overall business strategy of the Group. Dr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Dr Kwan was also conferred an Honorary Doctorate degree in Business Administration. Dr Kwan is also a fellow of the Institute of Financial Accountants, UK, the Hong Kong Securities and Investment Institute and the Hong Kong Institute of Marketing (HKIM). He is a Certified Professional Marketer (HK) of HKIM.

Dr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of The Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a trustee of New Asia College of The Chinese University of Hong Kong; an honorary fellow of The Open University of Hong Kong; a member of the Court of City University of Hong Kong, an Adjunct Professor of The Hang Seng University of Hong Kong and an advisory professor and a honorary member of the Board of Trustees of Nanjing University. Dr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Open University of Hong Kong and the Academy of Oriental Studies of Peking University.

In addition to education, Dr Kwan is also active in serving the community. Currently, he is the deputy chairman of the Business Facilitation Advisory Committee (BFAC) and also the convenor of the Wholesale and Retail Task Force (WRTF) of BFAC; a non-executive director of the Mandatory Provident Fund Schemes Authority (MPFA); a standing committee member and deputy convener (Hong Kong and Macao Members) of the Chinese People's Political Consultative Conference (CPPCC), Shanghai Committee; executive vice president of Hong Kong-Shanghai Economic Development Association; a Justice of Peace (JP) of the HKSAR; a member of the Election Committee for the Fourth and the Fifth Term of the Chief Executive Election of the HKSAR; a director, honorary advisor and past chairman of the Hong Kong Retail Management Association (HKRMA); a member of the Organising Committee of the HKMA/TVB Awards for Marketing Excellence. Dr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR and an honorary advisor of the CEPA Business Opportunities Development Alliance.

In December 2009, Dr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards as organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society. In April 2016, Dr Kwan was named "Man of the Year for Leadership in Asia" by IAIR, the world's leading financial magazine. The annual IAIR Awards recognise outstanding professionals who actively promote excellences in innovation and sustainability. In August 2018, he was bestowed with the "World Outstanding Chinese Award" organised by World Chinese Business Investments Foundation, which recognised his great contribution to the global Chinese society.

Dr Kwan is a substantial Shareholder of the Company and a member of the Remuneration Committee. He is also an executive director and chairman of CFSG, as well as a member of the remuneration committee of CFSG. He is the father of Mr Kwan Teng Hin Jeffrey (Executive Director, CFSG).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Bernard Ping-wah LAW

ED

MBA, FCCA, FCPA, FHKSI

Mr Law, aged 60, joined the Board on 9 March 1998. He is leading the corporate development projects of the Group. He has extensive experience in financial management and accountancy. Mr Law received a Master of Business Administration Degree from The University of Warwick, UK. He is a fellow member of The Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and the Hong Kong Securities and Investment Institute. Mr Law is also an executive director of CFSG and an executive director of CRMG.

Benson Chi-ming CHAN

ED

PCIE, MBA, MA, BA, FCCA, CPA, MHKSI

Mr Chan, aged 52, joined the Board on 16 March 2018. He is in charge of the Group's corporate management and business development. He has extensive experience in the fields of investment banking and corporate finance, securities and futures brokerage, asset and wealth management, auditing and accounting. Mr Chan received a Professional Certificate in Innovation and Entrepreneurship from Stanford University, a Master Degree of Business Administration from The Hong Kong University of Science and Technology, a Master Degree of Arts in Psychology from The Chinese University of Hong Kong and a Bachelor of Arts (Hons.) Degree in Accountancy from The Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities and Investment Institute. He is a responsible officer of CASH Asset Management, CASH Wealth Management, Celestial Capital, Celestial Commodities and Celestial Securities. Mr Chan is also an executive director and chief executive officer of CFSG and an executive director of CRMG.

Derek Hin-sing NG

ED

MBA, BA, CFP^CM

Mr Ng, aged 50, joined the Board on 5 August 2013. He has extensive experience in the field of retail operation and management. Mr Ng received a Master of Business Administration Degree from Southern Illinois University Carbondale, USA and a Bachelor of Arts Degree from Ottawa University, USA. He is a CERTIFIED FINANCIAL PLANNER^CM professional. In 2014, Mr Ng was bestowed with the "Asia Pacific Entrepreneurship Awards 2014 – Outstanding Entrepreneurship Award", as organised by Enterprise Asia. Mr Ng is also an executive director of CRMG.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 61, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. He is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. Mr Leung received a Bachelor of Laws Degree (LL.B) from The University of London, UK. Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee.

Chuk-yan WONG

INED

MSc (Business Administration), BBA, CFA, CPA,CGA

Mr Wong, aged 57, joined the Board on 3 June 1998. He has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from The University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada (CPA,CGA). Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 57, joined the Board on 25 October 2000. He has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is a head of and an associate professor in the Department of Marketing at The Hang Seng University of Hong Kong. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from The University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. Dr Chan is also a member of the Audit Committee.

SENIOR MANAGEMENT

James Siu-pong LEUNG

Executive Director, CRMG & Chief Executive Officer of Pricerite, CRMG

MBA, BSocSc

Mr Leung, aged 56, joined the Group in October 2001. He is in charge of the retail operation, management and long-term corporate planning of Pricerite. He has extensive experience in the fields of banking and retail management businesses. Mr Leung received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences Degree from The University of Hong Kong.

Anthony Wai-ching CHEUNG

Executive Director & Chief Operating Officer, CFSG

MA, BBA

Mr Cheung, aged 45, joined the Group in July 1997. He is in charge of the overall administrative and operational control of the CFSG Group. He has extensive experience in the fields of operational control, risk management and dealing in securities and futures market. Mr Cheung received a Master of Arts Degree in Comparative and Public History from The Chinese University of Hong Kong and a Bachelor of Business Administration Degree in Applied Economics from The Hong Kong Baptist University.

Jeffrey Teng-hin KWAN

Executive Director, CFSG

BA, MHKSI

Mr Kwan, aged 29, joined the Group in October 2014. He is in charge of the corporate and business development of the CFSG Group, in particular its strategic investments and FinTech initiatives. He has extensive experience in the fields of corporate and strategic management, private equity and investment management. Mr Kwan received a Bachelor of Arts in Psychology from The Johns Hopkins University, United States. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Dr Kwan Pak Hoo Bankee (the Chairman of the Group).

Jack Tsz-cheung HO

Executive Director, CFSG

BBA, MHKSI

Mr Ho, aged 37, joined the Group in September 2003. He is in charge of corporate and business development of the CFSG Group. He has extensive experience in the fields of business development, operations and management. Mr Ho received a Bachelor Degree of Business Administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Securities and Investment Institute.

Lewis Shing-wai LI

CFO

BBus, CPA(Aus), CPA

Mr Li, aged 45, joined the Group in March 2014. He is responsible for overseeing the Group's overall financial and accounting management. He has extensive experience in the fields of financial and accounting management. Mr Li received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Suzanne Wing-sheung LUKE

Company Secretary

FCIS, FCS

Ms Luke, aged 50, joined the Group in May 2000. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is a fellow of The Institute of Chartered Secretaries and Administrators, UK and The Hong Kong Institute of Chartered Secretaries. In addition to taking the role as company secretary of the Company, Ms Luke is also the company secretary of CFSG.

Rico Wai-kwong LEUNG

General Manager & Head of Supply Chain Management of Pricerite & TMF, CRMG

Mr Leung, aged 53, joined the Group in January 2018. He is in charge of the supply chain management function of CRMG and overseeing the overall development of TMF. He has over 20 years' experience in home furnishing industry.

Boris Ting-pong TAM

General Manager of iRetail Strategy & Development, CRMG

BAS

Mr Tam, aged 37, joined the Group in May 2016. He is in charge of the e-commerce business of CRMG. He has extensive experience in the field of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Carrie Chiu-mei LAW

Director, Human Resources & Administration

BBA

Ms Law, aged 45, joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons.) Degree in Human Resources Management from The Hong Kong Baptist University. She is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 14 of the Listing Rules. For the year ended 31 December 2018, the Company has complied with all the code provisions of the CG Code, except for the deviations with explanation described below:

(i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

(ii) Dr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying year. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals.

THE BOARD COMPOSITION

As at the date of this report, the Board comprised seven Directors (four EDs and three INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the board meetings. The biographies of the Directors are set out from pages 22 to 26 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr Kwan Pak Hoo Bankee, the Chairman of the Board and the CEO of the Company, is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. The CEOs of respective business units of the Group will be responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. In addition, the three INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognised experience and expertise in professional and/or accounting fields who provide valuable advice to the Board. They are appointed for a term of one year and are subject to retirement from office and re-election at the AGM every year. The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of the Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

DELEGATION TO THE MANAGEMENT

The Management is led by the EDs of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

— Publication of final and interim results of the Company

— Dividend distribution or other distribution

— Major issues of treasury policy, accounting policy and remuneration policy

— Review on risk management and internal control systems

— Corporate governance functions

— Review on the succession plan and consideration of the appointment, re-election and removal of the Directors

— Changes to major group structure or board composition requiring notification by announcement

— Notifiable transaction and non-exempted connected transaction/continuing connected transaction

— Proposed transaction requiring the Shareholders' approval

— Capital restructuring

— Joint venture with outside party involving substantial capital commitment from the Group that requires notification by announcement

— Financial assistance to the Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

CORPORATE GOVERNANCE REPORT

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

There is a Directors' handbook containing relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and corporate information of the Group. The Directors' handbook will be regularly updated to reflect the updated corporate information and new rules and regulations.

The Directors received regular updates and presentation on changes and developments to the Group's business and on the latest developments in the law, rules and regulations relating to Directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend training sessions including but not limited to seminars, briefings, conference forums and workshop and reading materials to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:

Name of Directors	**Covered areas** *(Notes)*
Kwan Pak Hoo Bankee	(a) to (e)
Law Ping Wah Bernard	(b) to (e)
Chan Chi Ming Benson *(was appointed on 16 March 2018)*	(a), (b), (c), (e)
Ng Hin Sing Derek	(b), (d)
Leung Ka Kui Johnny	(b), (c)
Wong Chuk Yan	(b)
Chan Hak Sin	(b)
Kwok Lai Ling Elaine *(resigned on 1 July 2018)*	(a), (b), (d), (e)
Law Ka Kin Eugene *(resigned on 1 July 2018)*	(a), (b), (d), (e)

Notes:

(a) Global and local economy and financial market, general business environment

(b) Regulatory and corporate governance and directors' duties and responsibilities

(c) Finance, law and taxation

(d) Leadership, management and language skills

(e) Other information relevant to the Group's business

There is a procedure agreed by the Board to ensure the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code during the year.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance record of the Directors at the following meetings during the year is set out below:

	Meetings attended/held				
Name of Directors	**Executive Committee Meeting**	**Full Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**General Meeting**
EDs					
Kwan Pak Hoo Bankee	7/7	4/4	N/A	1/1	1/1
Law Ping Wah Bernard	7/7	4/4	N/A	N/A	1/1
Chan Chi Ming Benson *(was appointed on 16 March 2018)*	6/6	4/4	N/A	N/A	1/1
Ng Hin Sing Derek	7/7	4/4	N/A	N/A	1/1
Kwok Lai Ling Elaine *(resigned on 1 July 2018)*	3/3	1/1	N/A	N/A	1/1
Law Ka Kin Eugene *(resigned on 1 July 2018)*	3/3	1/1	N/A	N/A	1/1
INEDs					
Leung Ka Kui Johnny	N/A	3/4	3/4	0/1	0/1
Wong Chuk Yan	N/A	4/4	4/4	1/1	0/1
Chan Hak Sin	N/A	2/4	2/4	N/A	1/1
Total number of meetings held:	7	4	4	1	1

During the year, the Chairman of the Board held a meeting with the INEDs without the presence of the EDs.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their executive committee meetings with the Management on their respective functional duties and responsibilities, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

All Directors are consulted as to whether they wish to include any matter in the meeting agenda before the agenda for each board meeting is issued. Board meeting notice is sent to the Directors at least 14 days prior to each regular board meeting. Originals of the minutes of board meetings will be kept by the Company Secretary and are opened for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates have a material interest and that he/she shall not be counted in the quorum present at the board meeting.

AUDIT COMMITTEE *(SET UP ON 28 JUNE 1999)*

The Audit Committee comprises three INEDs, namely Mr Leung Ka Kui Johnny (chairman of the committee), Mr Wong Chuk Yan and Dr Chan Hak Sin.

The specific written terms of reference of the Audit Committee was revised on 17 November 2015 and is available on the Company's website.

The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system, risk management and internal control procedures. The Audit Committee held four meetings during the year.

A summary of work performed by the Audit Committee during the year is set out as follows:

i. reviewed the annual and interim financial statements and the quarterly business operation and development of the Group;

ii. discussed/met with the external auditor on general accounting issues of the Group, and reviewed their work and findings relating to the annual audit and the effectiveness of the audit process;

iii. reviewed the effectiveness of the risk management and internal control systems of the Group;

iv. annual review of the non-exempt continuing connected transactions of the Group; and

v. reviewed the external auditor's independence, approved the engagement and remuneration of external auditor and recommended the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE *(SET UP ON 1 JUNE 2005)*

The Remuneration Committee comprises two INEDs, Mr Leung Ka Kui Johnny (chairman of the committee) and Mr Wong Chuk Yan, as well as Dr Kwan Pak Hoo Bankee (Chairman of the Board).

The specific written terms of reference of the Remuneration Committee (as re-adopted on 7 February 2012) is available on the Company's website. Pursuant to model B.1.2(c)(ii) and the terms of reference in the CG Code adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held one meeting during the year.

A summary of the work performed by the Remuneration Committee during the year is set out as follows:

i. determined and endorsed to the remuneration policy and structure for the Directors and senior management; and

ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors.

NOMINATION POLICY FOR THE DIRECTORS

Nomination of the Directors

The Company had adopted a nomination policy incorporating the board diversity policy for the criteria, procedures, and process of the appointment and removal of the Directors. The criteria to select candidates for directorship is based on a range of diversity perspectives, including gender, age, culture and educational background, professional skill, experience in relevant areas, personal qualities, and whether the candidate can demonstrate his commitment, competence and integrity required for the position of the Director, and in case of INEDs, the independence requirements set out in the Listing Rules and their time commitment to the Company. Nomination of new Director(s) will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard to the benefits of diversity of the Board and our business model and specific needs from time to time. Nomination of new Director(s) will normally be proposed by the Chairman and/or CEO subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

During the year, the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

During the year under review, 2 meetings were held by the executive Directors in resolving the resignation and appointment of EDs of the Company.

Remuneration policy of the Directors

The Company adopted a remuneration policy providing guideline for the Directors' remuneration.

Under the remuneration policy, the Directors' remuneration should be based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance — which is set in accordance to the Director's duties, responsibilities, skills, experiences and market influences;
- pension — which is based on the local Mandatory Provident Fund Contribution Scheme;
- short term variable incentive — which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;
- long term variable incentive — which may include share options designed to encourage long-term commitment.

The remuneration of the non-executive Director(s) of the Company (if any) and the INEDs will be a lump sum of Directors' remuneration made annually.

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 11 to the consolidated financial statements in this annual report.

The share options granted to and/or entitled by the Directors during the year under review are set out in the section headed "Directors' Interests in Securities" in the Directors' report of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions of the Group. The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report.

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of Directors and senior management and the Company's compliance with code and disclosure in this report.

DIVIDEND POLICY

The Company has adopted a dividend policy as set out below:

1. Purpose

The policy aims to set out the approach for the declaration and payment of dividend by the Board.

2. Vision

The Company considers stable and sustainable returns to the Shareholders to be our goal.

3. Power of the Board

3.1 The Company may declare and distribute dividends to the Shareholders by way of cash or by other means that the Board considers appropriate.

3.2 In proposing any dividend payout, the Board shall also take into account, inter alia:

(i) the Company's actual and expected financial performance;

(ii) retained earnings and distributable reserves of the Company and each of the members of the Group;

(iii) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the Group's expected working capital requirements and future expansion plans;

(vi) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

(vii) any other factors that the Board deems appropriate.

3.3 Any declaration and/or payment of future dividend is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole.

4. Governing rules

Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

5. Approval

5.1 The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

5.2 Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board.

6. Review of this policy

The Board will review the policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

7. Legal validity

The policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time. There is no assurance that dividends will be paid in any particular amount for any given period.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The Management has provided all members of the Board with monthly internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibilities for establishing and maintaining an appropriate and effective risk management and internal control systems, and for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Management is primarily responsible for the design, implementation and monitoring of the risk management and internal control systems.

Procedures have been designed for safeguarding the Group's assets against unauthorised use or disposal, maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. Furthermore, they are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The key risk management and internal control procedures include the following:

(i) Delegation of authority within limits set by the Board

The managements of business units and functional departments have been delegated powers and authorities by the Board to carry out the day-to-day management, operation, and maintenance of the internal control systems that are appropriate to their business or function. The Group has adopted a tailored governance and organisational structure with formal and clearly defined lines of responsibility and delegation of authority to ensure segregation of duties with check and balance controls are effectively in place.

(ii) Risk management process

System and procedures are in place to identify, evaluate, manage, and report on the material risk types facing the Group including strategic, operations, compliance, reporting, and information and technology risks. Exposure to these risks is monitored by the Risk Management Committee ("RMC"). RMC oversees and defines the Group overall risk management framework, formulates the Group's risk management policy and guideline, determines the overall risk acceptance level, assesses the Group's risk profile, prioritises top risks for the Group, and promotes risk awareness and management knowledge.

Under the Risk Management Framework, the five steps of the risk management process adopted are risk identification, risk assessment and prioritisation, risk manager appointment, risk responses, and risk communication and monitoring. The Group maintains a set of risk registers to record the major and significant risks that will hinder the Company from achieving its business objectives. Risk managers are appointed by the Board to monitor the identified high risk areas of business practices on an ongoing basis and to develop the subsequent risk response action plans. The risk registers are reviewed and approved by the RMC on a biannual basis for continuous risk assessment.

(iii) Changes in market condition/external environment

Processes are in place to identify new risks arising from changes in market conditions or external environment which could expose the Group to heightened risk of loss or reputational damage. The Management is primarily accountable for measuring, monitoring, mitigating and managing the risks and controls in their areas of responsibility.

(iv) Financial reporting

The Management monitors the business activities closely and reviews monthly financial results of operations against budgets or forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. In addition, regular reviews and statutory audits are performed by our external auditor to ensure that the preparation of the Group's financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(v) Internal audit

The establishment of the Group's internal audit function is to provide the Management with an independent and impartial view on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance system and to provide recommendations for improvement. The Group's internal audit function is undertaken by the Internal Audit Department ("IAD"). To preserve the independence, the IAD reports directly to the Audit Committee on audit matters and to the Board on administrative matters. The IAD adopts a risk-based approach in developing the annual internal audit work plan that is reviewed and endorsed by the Audit Committee. The IAD reports audit progress and audit observations to the Audit Committee on a biannual basis.

(vi) Inside information

There are internal procedures and controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcement or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(vii) Whistle-blowing channels

The Group maintains a Whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the IAD, which will evaluate the complaint and determine whether an investigation is appropriate. Recommendations on improvements are communicated to the respective management for implementation. The IAD reports the audit procedures, investigation results and subsequent follow-up actions taken to the Audit Committee on a biannual basis.

Overall assessment

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of our risk management and internal controls systems covering all material controls, including financial, operational and compliance controls, and the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

In addition, the Board has received confirmation from the Management that the Group's risk management and internal controls systems are in place and functioning effectively.

During the year ended 31 December 2018, the Board is not aware of any material internal control deficiency or significant areas of concern that may affect Shareholders' interests.

COMMUNICATION WITH SHAREHOLDERS

The Directors consider communication with the Shareholders are mainly in the following ways: (i) the holding of AGMs and SGMs, if any, which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; (iii) the holding of press briefings and media interviews from time to time; and (iv) the upkeeping of the latest information of the Group on the Company's website at www.cash.com.hk. The Shareholders and investors are welcome to visit such website.

In order to protect the environment and save costs for the benefit of the Shareholders, the Company has introduced electronic means for receiving corporate communication materials by the Shareholders. The Shareholders may choose to receive printed or electronic copies. In line with our social caring policies, the Shareholders are encouraged to get access to corporate communication materials of the Company through the Company's website.

Separate resolutions are proposed at each general meetings of the Company. The Company's notice to the Shareholders for the AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of the SGMs were sent to Shareholders at least 10 clear business days before such meetings in year 2018.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year.

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

Pursuant to the bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day within two months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or tel: (852) 2980 1333 or email: cash1049@cash.com.hk.

Other Shareholders' enquiries can be directed to the Group Public Affairs Department of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or tel: (852) 2287 8888 or fax: (852) 2287 8000 or email: inquiry@cash.com.hk.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Audit Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting. During the year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company are set out as follows:

Services rendered	**Fees paid/payable** HK$
Audit services	3,100,000
Non-audit services:	
Preparation for sales report and tax advisory	228,000
	3,328,000

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 29 March 2019

Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the requirements set forth in the ESG Guide under Appendix 27 of the Listing Rules, the Group hereby presents the Environmental, Social and Governance ("ESG") report for the year ended 31 December 2018 ("Reporting Period").

SCOPE OF REPORT

This report covers the Group's principal businesses of subsidiaries in Hong Kong, which represent the major investment and income sources of the Group, including retail management business including sales of furniture, household items and electrical appliances through chain stores under the multiple brand names, including "Pricerite", "TMF", "SECO", "Galleon" and "W@W" in Hong Kong.

The ESG data that the Group has direct access to and is under the Group's direct operational control has been included in this report.

MATERIALITY ASSESSMENT

To identify the ESG issues relevant to the Group, we engaged our Management and staff to review our operations. Subsequently, the identified ESG issues have been assessed by considering their importance to our stakeholders as well as our Group. The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG Guide	Material ESG issues for the Group
A. Environmental	
A1 Emissions	Waste management and carbon emissions
A2 Use of resources	Use of electricity and packaging material
A3 The environment and natural resources	Light pollution
B. Social	
B1 Employment	Equal opportunity and diversity
B2 Health and safety	Health and safety workplace
B3 Development and training	Staff development and training
B4 Labour standards	Anti-child and forced labour
B5 Supply chain management	Supply chain management
B6 Product responsibility	Customer service, quality assurance, safeguarding customer assets, and handling of personal data
B7 Anti-corruption	Anti-corruption and money laundering
B8 Community investment	Supporting local community

The Group has complied with the "comply or explain" provisions set out in the ESG Guide for the Reporting Period.

A. Environmental

The Group upholds the belief of "Green CASH" in our business activities. The purpose of "Green CASH" is to promote the practice of minimising the depletion of natural resources (i.e. timber, electricity, etc.), while saving part of the operating cost of the Group. The Group advocates the corporate social responsibility to be aware of environmental protection and natural resources conservation, and bring mutual advantages to both the society and the Group.

In 2018, Pricerite received 10th Anniversary Special Award and Certificate of Merit in Shops and Retailers sector at 2017 Hong Kong Awards for Environmental Excellence, Hong Kong Green Organisation Certificate and 2017 Hong Kong Green Organisation Certification — Wastewi$e Certificate (Excellence level) from Environmental Campaign Committee, as well as 2018 Charter on External Lighting — Platinum Award from Environmental Bureau. CASH was granted HSBC Living Business Award 2017 of Sustainable Business Partner and The Best Ambassador by Business Environment Council, as well as 2017 Hong Kong Green Organisation Certification — Wastewi$e Certificate (Excellence level). The awards recognised our efforts on environmental management, with continuously improving the performance on environmental protection.

During the Reporting Period, the Group did not note any cases of non-compliance relating to environmental laws and regulations in Hong Kong.

A1 Emissions

Waste management

Considering the principal business activities of the Group (i.e. retail management business), we have not produced a notable level of air or water pollutants.

We established environmental policies that introduce the desired environmental practices, and measurable objectives to our employees. To mitigate the impact of waste, the principles "reduce", "reuse" and "recycle" are applied. We are committed to promoting waste reduction at source, in the offices and retail stores. Waste should be properly handled and disposed by an authorised party to central waste processing facilities. Categorisation of waste is encouraged to facilitate efficient recycling.

Paper is considered the major form of waste generated by our offices and retail stores, of which, we consumed approximately 14,796.04 kg[1] (2017: 14,448.34 kg) during the Reporting Period.

To enhance our waste management techniques, we always monitor the latest environmental regulations, as well as market trends on new environmental practices. We continuously seek opportunities on improving the effectiveness of our current practices.

In our offices, we have set up waste separation facilities. We place recycle bags and tailor-made recycle bins designated for the collection of scrap paper, plastic bottles, aluminium cans, and recyclable toner cartridges. All of which, is later delivered to the recycling agents for further processing.

1 Paper consumption intensity is not considered as an applicable performance indicator due to our nature of business.

In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis. Pallets used in logistics' activities are collected and reused by our non-governmental organisation partner.

The amount of recycling at our collection points in the Reporting Period is summarised as follows:

Issue	Amount		Unit
	2018	2017	
Paper	**9,618**	9,269	Kg
Aluminium cans	**1,182**	1,155	Pieces
Plastic bottles	**663**	963	Pieces
Toner cartridges	**245**	335	Pieces
Battery	**225.25**	164.74	Kg
Lighting tube	**1,539**	1,600	Pieces
Light bulb	**2,830**	6,000	Pieces
Pallet	**11,600**	19,050	Kg

Apart from recycling, a series of programmes and activities have been launched to encourage the participation of our stakeholders towards waste management, which include:

- Implementing Green Information and Communication Technology (ICT) Platform including systems such as E-workflow and CASHARE (Group's intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Achieving waste reduction goals set under Wastewi$e Certificate recognition scheme;
- Purchasing paper made from the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certified plantations to minimise logging in natural forest;
- Posting a "Green message" as a reminder around the office;
- Using e-channels to disseminate corporate information;
- Installing electronic product catalogues and promotions in retail stores;
- Providing reusable utensils to office staff to reduce the use of disposable utensils;
- Recommending duplex or 2-on-1 page copying on recycled paper; and
- Applying used envelopes for internal document circulation.

No particular hazardous waste was noted in our business activities during the Reporting Period.

In recognising our achievement in waste reduction, the Group and its subsidiary, including Pricerite, were awarded the Wastewi$e Certificate (Excellence Level) by Environmental Campaign Committee.

Carbon emissions

The major source of our carbon emissions is the use of electricity. There were 2,966.42 tonnes (2017: 5,422.04 tonnes) of carbon dioxide equivalent (CO_2e) generated[1] from our operations during the Reporting Period[2]. In order to reduce our carbon footprint, we have launched a series of programmes and activities. Please refer to the "A2 Use of resources" section below.

In the retail management business, transportation and deliveries of products are provided by external transportation service providers. To reduce the carbon emissions from the mobile transportation activities of our business partners, we aim to optimise the number of deliveries, which includes:

- Working closely with logistic partners in developing a better fuel-efficient transportation practice;
- Packing and loading products more efficiently to reduce the number of delivery journeys; and
- Continuously improving our transportation management system to achieve more efficient journey planning.

1 The carbon emission was calculated with reference to the Greenhouse Gas Protocol, and the carbon conversion factors published by CLP Holdings Limited and HK Electric Investment Limited.

2 Carbon emission intensity is not considered as an applicable performance indicator due to our nature of business.

A2 Use of resources

Use of electricity

Electricity is consumed during daily business operations in our offices and retail stores, through the use of indoor lighting, air-conditioning, functioning of office equipment, etc. During the Reporting Period, the total electricity consumption of the Group was 5,532,577 kWh[1] (2017: 8,581,497 kWh).

The Group has established guidelines on implementing green measures towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed in offices and retail stores;
- Staff are encouraged to switch off lighting while they are off duty;
- "Light-out" during lunch hour is highly recommended;
- A lighting and energy conservation programme is implemented in retail stores, which strictly switches off all power after business or operating hours; and
- Indoor lighting should be switched off if sufficient sunlight is available.

2) Office equipment

- Computers and other electronic equipment should be switched off while they are not in use for energy conservation; and
- Security guards patrol the offices at night to ensure all non-use equipment is switched off.

In addition to the aforesaid measures, Caring Committee sends messages related to "Green information" to staff with the aim to raise the consciousness of environmental protection. Furthermore, green posters have been framed along the corridor/pantries through which, the "green theme" of the environmental friendly atmosphere is promoted throughout the working space.

To enhance employee's awareness on low-carbon office and energy saving practices, we participated in "Earth Hour" events by turning off all non-essential lights for one hour at our retail stores and encouraged all staff to adopt the same practice at home.

[1] Energy intensity is not considered as an applicable performance indicator due to our nature of business.

Use of water

We do not consume significant amounts of water through our business activities. The majority of the water supply facilities are provided and managed by property managers on our rental premises, and the usage have been included in the management fees.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently.

Use of packaging material

In the retail management business (i.e. Pricerite), packaging material is used for delivery of goods. The major packaging material used in the business is plastic bag, which is offered to customers upon request.

We strictly implement the Plastic Shopping Bag Charging enforced by the Government. Customers are required to pay a levy in requesting a plastic bag, hence restricting the consumption of plastic bags. Furthermore, promotion material of BYOB — Bring Your Own Bag is displayed in our retail stores to raise customer awareness in order to reduce plastic bag usage.

A3 The environment and natural resources

The Group is committed to controlling its operations' impact on the environment and natural resources. In addition to complying with environment-related laws and incorporating the concept of environmental protection into internal management and daily operation activities, we continuously assess and control the potential impacts of our business activities on the environment.

Light pollution

Due to the high building density in Hong Kong, external lighting at night may disturb nearby residents.

To reduce the impact of light pollution, Pricerite strictly follows the "Charter on External Lighting" which has been in effect since April 2016. Certain Pricerite's stores are committed to switching off decorative, promotional or advertising lighting, which affects the outdoor environment during the preset time (i.e. midnight to 7 am). This measure also helps reduce energy wastage.

B. Social

B1 Employment

Respect for the rights of everyone who works for us is fundamental to the sustainability of the Group and the communities in which we operate. Our commitment to operating with respect for individuals is reflected in all aspects of the Group's business operations and is integrated in our policies and relevant procedures. We are committed to providing a happy and family — friendly workplace.

The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

The Group is committed to developing, maintaining and supporting a culture of equality and diversity in employment, on the basis of age, race, colour, nationality, religious belief, disability, sexual orientation, political opinion and any other status protected by applicable legislations and ordinances. We believe that the diversity can enrich all employees by providing a more rewarding and less stressful environment. No one shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, training or development. Qualified individuals are employed to carry out our fiduciary duties based on their education, experience, and ability without discrimination.

Meanwhile, the Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes, providing fresh fruits, and organising health talks and joggling classes to promote employee well-being.

There were no non-compliance cases noted in relation to employment laws and regulations during the Reporting Period.

The total workforce of the Group is summarised as follows:

Gender	**No. of staff**	
	2018	2017
Male	**489**	425
Female	**435**	493
Total	**924**	918

Employment type	**No. of staff**	
	2018	2017
Full-time	**738**	757
Part-time	**143**	148
Temporary and contract	**43**	13
Total	**924**	918

Age	No. of staff 2018	2017
<30	**259**	256
30–50	**515**	524
>50	**150**	138
Total	**924**	918

Note: The above statistics represents the number of employees at the end of the Reporting Period.

B2 Health and safety

Ensuring the health and safety of our employees is an integral part of our business activities. Therefore, we are dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. We ensure all employees are competent at work, and are given adequate training to comply with all local legislations and ordinances with regard to health and safety.

The Group did not violate any health and safety laws and regulations of Hong Kong during the Reporting Period.

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange flu vaccination, and free medical and dental check-ups for our employees.

B3 Development and training

We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group has implemented various training policies and organised a number of training programmes aiming specifically at improving the skills and developing the talents of our employees and generally increasing the competitiveness, productivity and efficiency of the Group.

Our training programmes are developed based on business needs and competencies of employees. During the Reporting Period, we organised more than a hundred of in-house classes including training in areas such as language proficiency, knowledge on products, customer service, operational and selling techniques, career orientation, presentation, team building, communication, coaching, quality management, graduate development, leadership transformation, Continuous Professional Training (CPT) of professional qualifications, and professional license examinations preparation.

Pricerite received Recognition of Prior Learning (RPL) Commendation from the Retail Industry Training Advisory Committee. It recognised our excellent performance in talent development and training.

B4 Labour standards

Our Group prohibits the use of all forms of forced labour. All legal regulations regarding employment of young persons whose age ranged between 15 and 18 shall be followed by the Group.

There were no material non-compliance issues noted regarding labour standards as required by related laws and regulations during the Reporting Period.

B5 Supply chain management

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and request them to comply with the same standards that have been set by the Group.

We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;
- Maintaining probity and accountability standards;
- Minimising discrimination against small and medium-sized enterprises or local vendors;
- Providing a healthy and safe working environment, not employing forced or child labour, and refraining from harassment or abuse of employees; and
- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

In the procurement process, we communicate with suppliers on their environmental and social responsibilities. The environmental friendliness of suppliers' practices and products are examined. Selected suppliers' performance is monitored through onsite factory assessments, quality reviews of products and customer feedback. Areas that do not adhere to the standard set forth by the Group are evaluated with the suppliers to identity opportunities to improve their current environmental and social practices.

B6 Product responsibility

The Group is committed to providing reliable products and services, by acting responsibly and protecting the interests of various stakeholder groups. We take responsibility in offering reliable products and services, through our principal activity of retail management business, in meeting stakeholders' expectations on quality and sustainability.

Customer service

Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

We aim to customise our solutions based on the unique needs of customers, in delivering sustainable value and fostering long-term relationship with our customers. During advertising, we ensure information and marketing materials are easily understood and provide all relevant information in facilitating the decision making of customers.

Quality assurance

In the sales of furniture and household items, we strive to achieve the highest standard in terms of quality, safety, and consistency. To safeguard our baseline, we involve an independent Quality Assurance Team in assuring the product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development — review of new designs, examination of product specifications, analysis of customer expectation conformance;

- Supplier assessment — inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;

- Pre-shipment inspection — inspection of functionality and safety of finished goods in conforming with required specifications; and

- Complaint handling — review of product defects and mismatch in customer expectation, provision of improvement plan on product quality.

Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006, and TMF received the certification in 2018. The certification recognises our competency on providing high standards of service to customers.

Handling of personal data

The Group strictly adheres to regulatory requirements of data privacy, through fulfilling high security and confidentiality. We are committed to maintaining and protecting personal data.

Internal policy has been established to govern the collection and handling of personal data received from a data subject. Under our data protection principles, a Privacy Policy Statement ("PPS") is acknowledged to enable the public to ascertain the data user's general policies and practices in relation to the collection, holding and use of individual personal data.

Furthermore, in accordance with our data protection principles, a Personal Information Collection Statement ("PICS") is acknowledged whenever there is collection of personally identifiable information from individuals to notify data subjects of certain matters in relation to specific collections of personal information from them. The Group will not use or provide personal data to any person for use in direct marketing unless we have obtained the data subject's consent in writing. Meanwhile, the Group maintains a sound safety system and protective measures to prevent unauthorised use of personal data.

There were no material non-compliance issues noted regarding product responsibility as required by related laws and regulations during the Reporting Period.

B7 Anti-corruption

The Group strives to promote and maintain the highest standard of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption.

Apart from the internal guidelines for monitoring anti-money laundering, counter-terrorist financing as well as gifts or advantages received from or given to clients or suppliers, the Group has established an assessment form to evaluate high risk customers and whistle-blowing channels to enable staff to report on suspicious transactions. Any reporting suspicious transactions will be followed up timely and investigated by independent personnel.

During the Reporting Period, no legal case regarding corruption was brought against the Group or its employees. In addition, the Group was not aware of any cases of non-compliance with laws and regulations relating to anti-money laundering.

B8 Community investment

People-centric is one of our core corporate values that guide our business and day-to-day operation. We therefore care about the interests of the communities and people that we serve. We and our employees are dedicated to working hand-in-hand with the local communities in a variety of initiatives ranging from job creation to youth education and disaster reliefs.

In addition, the Group also partnered with other charitable organisations, and organised donation programmes, such as "Toys, Books and Used Clothes Recycling", "Mooncake Donation", "Blood Donation" and "Red Pocket Envelope Recycling".

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 29 March 2019

Directors' Report

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand names including "Pricerite", "TMF", "SECO", "Galleon" and "W@W" in Hong Kong; (b) mobile internet services business; (c) general investment holding; and (d) the financial services business carried out via CFSG (stock code: 510) that includes online and traditional brokerage of securities, futures and options as well as mutual funds and insurance-linked investment products, proprietary trading of debt and equity securities and derivatives, margin financing, money lending, investment banking and asset management services.

RESULTS AND DIVIDENDS

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 pages 72 to 73 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the section of "Financial Review", "Management Discussion and Analysis" and "Chairman's Letter" of this annual report and note 36 to the consolidated financial statements.

The financial risk management objectives and policies of the Group are shown in note 36 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the section of "Financial Review" of this annual report.

Save as disclosed in this annual report, there is no important event affecting the Group that have occurred since the end of the financial year ended 31 December 2018.

RELATIONSHIPS WITH STAKEHOLDERS

We fully understand that our business is built on the long-term well-being of the "people" in our service areas at large.

Throughout the course of our business development, we care about the needs of our key stakeholders, inter alia, our shareholders, our employees, our customers, our suppliers and our community. As such, we strive to become a "Total Caring Organisation" to embrace the all-round needs of our key stakeholders.

The Group upholds the "People-oriented" principle as our core belief and this forms the essence of our corporate culture. We respect the various needs of these "people" as our stakeholders and we strive to balance the different spectrum of interests for the development of a better future.

Our five core values namely "People", "Customers", "Quality", "Teamwork" and "Change" serve as the guiding principles for the whole team to move ahead.

We are dedicated to creating an enjoyable work environment to highly engage our employees so as to maximise their potential, meeting the needs of our customers with quality products and innovative services and enhancing cooperation with our suppliers so as to provide high-quality products and services to our customers so as to ensure our sustainable development.

Shareholders

The Group is committed to communicating with our shareholders and the financial community proactively, transparently and effectively, and thereby ensuring consistent and timely dissemination of information to shareholders and potential investors.

We have established effective channels of communication with our shareholders to ensure that the corporate information is readily accessible. Corporate communications materials with regard to regulatory disclosures and notices of the Company, such as financial reports, results announcements, corporate announcements and circulars will be distributed according to the principles of continuous disclosure, and complies with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses such as press releases will be posted on the corporate website (www.cash.com.hk) and distributed to the media as soon as practicable. The Company adheres to its corporate policy of not disclosing unpublished or potentially price-sensitive information such as sales and profit forecasts.

Employees

Our staff is regarded as the most important resource of the Group. We offer a competitive remuneration package and great opportunities for career advancement based on performance-linked appraisal system. Our passion in fostering a learning culture is recognised. The Group has been honoured as "Manpower Developer" at Employees Retraining Board ("ERB") Manpower Developer Award Scheme in recognition of the Group's efforts and commitment to training and development. We also provide our staff with regular trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses. Pricerite received Recognition of Prior Learning (RPL) Commendation from the Retail Industry Training Advisory Committee. It recognised our excellent performance in talent development and training. Our retail business was once again honoured with a variety of awards, demonstrating the company's caring corporate culture and drive to lead by example. Staff members received the Distinguished Salesperson Award and Outstanding Young Salesperson Award from the Hong Kong Management Association, as well as the 2018 Service and Courtesy Award from The Hong Kong Retail Management Association (HKRMA). The recognitions, individually and collectively, strengthened the reputation of Pricerite and TMF in training and development and boosted the companies' profiles with the public and business community.

The Group is committed to the well-being of our employees as we believe that a healthy body and soul will have a positive impact on people's professional and personal lives.

Along with initiatives designed to improve the health, safety and well-being of our employees, the Group also offers recreational and educational activities in different topics such as professional growth, work-life balance, health and safety, rewards and recognitions, employees' families, amazing occasions to help staff to pursue their interests, explore their full potential and recharge after work. The Group has been awarded as "Family-Friendly Employer" by the Home Affairs Bureau and the Family Council in recognition of our family-friendly employment policies and practices which have positive impact to the Company and employees' family life.

In recognition of our commitment and effort in developing employee-orientated human resources management and promoting Family-friendly Employment Practices, we have been recognised as a Signatory of Good Employer Charter under the scheme by the Labour Department.

We sincerely care about our employees' retirement needs and have gone the extra mile to provide additional retirement benefits for them. We have been awarded the accolade of "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority (MPFA).

DIRECTORS' REPORT

Customers

We value the customers' interests as the first priority. It is our mission to provide customers with a meaningful experience when utilising our services.

We value the feedback from customers and always try to understand their thoughts through Internet, daily communication, customer services and after-sale services etc. In addition, we also set up website, e-portal, email, Facebook and customer service hotline to respond to the feedback of customers.

Pricerite.com.hk received the Top 10 Quality E-Shop Award from HKRMA. Pricerite gained the Silver Award of the Best Omni-Channel Process at Asia eCommerce Awards 2018 in recognition of the Company's excellent strategies in the development of New Retail business and its outstanding omni-channel retail network. PCCW Media Limited awarded Pricerite The Excellence Brand Award to recognise its outstanding performance in marketing and provision of quality products and services. The Company and our staff members received the Bronze Award, Citation for Outstanding TV Campaign, Distinguished Marketing Leadership Award and Outstanding Marketing Professional Award at HKMA/TVB Awards for Marketing Excellence 2018 in recognition of our outstanding achievement in the branding campaign.

Recognising the heartfelt service provided by Pricerite, HKRMA awarded the company the Certificate of Merit of Retail Excellence Award. Pricerite also gained the Q-Mark Elite Brand Award, which proves that the service provided by the Company is excellent and well received by the public, while TMF received the Q-Mark Service Certification from the Hong Kong Q-Mark Council for its outstanding service provided to customers.

Suppliers

We firmly believe that our suppliers are equally important in building high-quality businesses. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services.

Community

The Group is devoted to supporting the community in which we operate through donation, education, volunteering and encourage others to give.

Over the past 10 years, we show our care about the community with unsparing support for wide-ranging community services and charities. We have also been encouraging our employees and their family members to take part in voluntary services after work and serve the disadvantaged in the community.

Showing the sustainability and breadth of our corporate social responsibility efforts, we have been awarded the accolade of "10 Years Plus Caring Company" by the Hong Kong Council of Social Service (HKCSS) in recognition of our achievements in "Caring for the Community", "Caring for the Employee" and "Caring for the Environment". It serves as a recognition for our contribution to community services and commitment to employee engagement. In addition, we have attained the "Hong Kong Outstanding Corporate Citizenship Logo" organised by the Hong Kong Productivity Council in recognition of the Group's devoted efforts in corporate social responsibilities.

We have been awarded the Social Capital Builder Logo Award by the Labour and Welfare Bureau in recognition of our active role in promoting cross-sectoral partnership and sustainable supportive network.

ENVIRONMENTAL POLICY AND PERFORMANCE

As a total caring organisation, the Group is dedicated to keeping the environmental impact of our operations to a minimum, balancing business needs with conservation.

The Group adopted "Green Office Policy" with various measures regarding minimisation of energy and paper consumption and recycling being implemented. We also execute different types of "Green Office Campaign" in our office to enhance staff awareness and participation for environmental protection.

Over the years, the Group has participated in various environmental protection programmes and campaigns organised by reputable institutions and have been recognised with awards. The Group and its subsidiary (Pricerite) received Wastewi$e Certificates (Excellence Level) from Environmental Campaign Committee. Pricerite also received 10th Anniversary Special Award and Certificate of Merit in Shops and Retailers at 2017 Hong Kong Awards for Environmental Excellence as well as the Platinum Award of 2018 Charter on External Lighting from the Environment Bureau. The Environmental Campaign Committee recognised Pricerite as Hong Kong Green Organisation. We have also been honoured as Sustainable Business Partner and The Best Ambassador in HSBC Living Business Awards 2017. The achievements highlighted the Group's total caring culture and commitment to responsible business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those have significant impact on the Group. During the year, the Group has complied with the relevant laws and regulations on corporate level as well as those that have a significant impact on the operations of the Group namely, among other things, the Listing Rules, the Companies Ordinance, Cap. 622 of the laws of Hong Kong, the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong, the Trade Descriptions Ordinance, Cap. 362 of the laws of Hong Kong, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, Cap. 615 of the laws of Hong Kong and the Competition Ordinance, Cap. 619 of the laws of Hong Kong.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2018 is set out on pages 165 to 166 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements during the year in the property and equipment of the Group are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 44 to the consolidated financial statements.

SHARE CAPITAL

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

DIRECTORS' REPORT

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on pages 76 to 77 of this annual report.

Details of movements in the reserves of the Company during the year are shown in note 45 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year under review, there were no connected transactions and continuing connected transactions which are required to be disclosed in accordance with the requirements of the Listing Rules.

RAISING OF FUNDS AND USE OF PROCEEDS

On 29 November 2018, the Company proposed to carry out the open offer on the basis of one offer Share for every one existing Share held on the record date ("Open Offer"). The Open Offer involved the allotment and issue of a maximum of 831,221,677 offer Shares at a price of HK$0.10 per offer Share. The Open Offer was terminated on 1 February 2019.

Save as disclosed in this annual report, the Company did not have any fund raising activity during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's turnover attributable to the five largest customers accounted for less than 30% of the Group's total turnover.

In the year under review, the Group's purchases attributable to the five largest suppliers accounted for less than 30% of the Group's total purchases.

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Law Ping Wah Bernard
Chan Chi Ming Benson *(was appointed on 16 March 2018)*
Ng Hin Sing Derek
Kwok Lai Ling Elaine *(resigned on 1 July 2018)*
Law Ka Kin Eugene *(resigned on 1 July 2018)*

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM:

Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being INEDs, shall retire at the AGM in each year in accordance with their terms of office of directorship.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director or any entity connected with Director had a materially interested in, either directly or indirectly, any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 38 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2018, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

1. Long positions in the Shares

		Number of Shares		
Name	**Capacity**	**Personal**	**Corporate interest**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	—	3.29
Chan Chi Ming Benson	Beneficial owner	6,310	—	0.00
		31,611,622	281,767,807	37.70

* The Shares were held by Cash Guardian. Dr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

2. Long positions in the underlying Shares

Options under share option scheme

Name	Date of grant	Exercise period	Exercise price per Share (HK$)	Notes	Number of options: outstanding as at 1 January 2018	Number of options: lapsed during the year (Note (5))	Number of options: outstanding as at 31 December 2018	Percentage to issued Shares as at 31 December 2018 (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014—31/8/2018	0.478	(1) & (3)	6,480,000	(6,480,000)	—	—
	18/12/2015	18/12/2015—31/12/2019	0.460	(1), (2) & (3)	8,000,000	—	8,000,000	0.96
Law Ping Wah Bernard	2/9/2014	2/9/2014—31/8/2018	0.478	(3)	6,480,000	(6,480,000)	—	—
	18/12/2015	18/12/2015—31/12/2019	0.460	(2) & (3)	4,800,000	—	4,800,000	0.57
Ng Hin Sing Derek	2/9/2014	2/9/2014—31/8/2018	0.478	(3)	5,184,000	(5,184,000)	—	—
	18/12/2015	18/12/2015—31/12/2019	0.460	(2) & (3)	4,800,000	—	4,800,000	0.57
Law Ka Kin Eugene (Note (4))	18/12/2015	18/12/2015—31/12/2019	0.460	(2) & (3)	4,800,000	(4,800,000)	—	—
					40,544,000	(22,944,000)	17,600,000	2.10

Notes:

(1) Dr Kwan Pak Hoo Bankee is also the substantial Shareholder of the Company.

(2) The options are vested in 4 tranches as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

(3) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(4) Mr Law Ka Kin Eugene resigned as Director and the options held by him were lapsed due to resignation during the year.

(5) The lapsed options were lapsed due to expiry of the options or cessation of employment of participants with members of the Group.

(6) No option was granted, exercised or cancelled during the year.

(7) The options were held by the Directors in the capacity of beneficial owners.

B. Associated corporations (within the meaning of SFO)

CFSG

(a) *Long positions in the ordinary shares of HK$0.02 each*

Name	Capacity	Number of shares Personal	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	—	1,667,821,069*	33.65
Chan Chi Ming Benson	Beneficial owner	10,924,000	—	0.22
		10,924,000	1,667,821,069	33.87

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Dr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) *Long positions in the underlying shares — options under share option scheme*

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2018	Number of options: reallocated upon change of directorate (Note (3))	Number of options: lapsed during the year (Note (4))	Number of options: outstanding as at 31 December 2018	Percentage to issued shares as at 31 December 2018 (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015—31/12/2019	0.315	(1)	40,000,000	—	—	40,000,000	0.80
	31/8/2017	1/1/2018—31/12/2020	0.253	(2)	49,000,000	—	—	49,000,000	0.98
Law Ping Wah Bernard	3/12/2015	3/12/2015—31/12/2019	0.315	(1)	40,000,000	—	—	40,000,000	0.80
	31/8/2017	1/1/2018—31/12/2020	0.253	(2)	49,000,000	—	—	49,000,000	0.98
Chan Chi Ming Benson (Note (3))	31/8/2017	1/1/2018—31/12/2020	0.253	(2)	N/A	49,000,000	—	49,000,000	0.98
Ng Hin Sing Derek	3/12/2015	3/12/2015—31/12/2019	0.315	(1)	16,000,000	—	—	16,000,000	0.32
Law Ka Kin Eugene (Note (4))	3/12/2015	3/12/2015—31/12/2019	0.315	(1)	20,000,000	—	(20,000,000)	—	—
					214,000,000	49,000,000	(20,000,000)	243,000,000	4.86

Notes:

(1) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively, and is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the CFSG Board. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(3) Mr Chan Chi Ming Benson was appointed as Director during the year.

(4) Mr Law Ka Kin Eugene resigned as a Director and the options held by him were lapsed due to resignation during the year.

(5) No option was granted, exercised or cancelled during the year.

(6) The options were held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at 31 December 2018, none of the Directors, chief executive or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

THE SHARE OPTION SCHEMES

(A) The Company

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at an AGM held on 21 May 2012. Particulars of the terms of the Share Option Scheme are set out in note 37(A) to the consolidated financial statements.

Details of the movements in the share options to subscribe for the Shares granted under the Share Options Scheme during the year are set out below:

					Number of options		
Name of scheme	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	**Notes**	**outstanding as at 1 January 2018**	**lapsed during the year** (Note (6))	**outstanding as at 31 December 2018**
Directors							
The Share Option Scheme	2/9/2014	2/9/2014–31/8/2018	0.478	(1)	18,144,000	(18,144,000)	—
	18/12/2015	18/12/2015–31/12/2019	0.460	(1)	22,400,000	(4,800,000)	17,600,000
					40,544,000	(22,944,000)	17,600,000
Employees and other grantees							
The Share Option Scheme	2/9/2014	2/9/2014–31/8/2018	0.478	(2) & (4)	15,810,000	(15,810,000)	—
	18/12/2015	18/12/2015–31/12/2019	0.460	(3) & (4)	19,400,000	(2,800,000)	16,600,000
	18/12/2015	18/12/2015–31/12/2019	0.460	(5)	6,800,000	(6,800,000)	—
					42,010,000	(25,410,000)	16,600,000
					82,554,000	(48,354,000)	34,200,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".

(2) The options are vested in 4 tranches period as to 25% each exercisable from 2 September 2014 (the date of grant), 1 September 2015, 1 September 2016 and 1 September 2017 respectively and is subject to the vesting conditions as set out in (4) below.

(3) The options are vested in 4 tranches period as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (4) below.

(4) The vesting conditions of the options is the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(5) The options must be exercised within one month from the date on which the Board's approval of the vesting of the options and upon satisfactory delivery of services.

(6) The lapsed options were due to expiry of the options or cessation of employment of participants with members of the Group.

(7) No option was granted, exercised or cancelled during the year.

DIRECTORS' REPORT

(B) The subsidiary

Netfield Technology Limited (Incorporated in Bermuda)

The share option scheme of Netfield Technology Limited was adopted on 6 June 2008. Particulars of the terms of the share option scheme of Netfield Technology Limited are set out in note 37(B) to the consolidated financial statements. No option has been granted under the share option scheme of Netfield Technology Limited since the adoption of the scheme. The share option scheme of Netfield Technology Limited had been expired and terminated on 5 June 2018.

(C) The associate

CFSG

The CFSG New Option Scheme was adopted pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018 to replace the CFSG Old Option Scheme dated 22 February 2008. The options granted under the CFSG Old Option Scheme before expiry and remained outstanding shall continue to be valid and exercisable in accordance with the terms of the options.

No option has been granted under the CFSG New Option Scheme during the year ended 31 December 2018. Details of the movements in the share options to subscribe for shares of HK$0.02 each in CFSG granted under the CFSG Old Option Scheme during the year are set out below:

					Number of options			
Name of scheme	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2018	reallocated upon change of directorate	lapsed during the year (Note (6))	outstanding as at 31 December 2018
Directors								
CFSG Old Option Scheme	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	116,000,000	—	(20,000,000)	96,000,000
	31/8/2017	1/1/2018–31/12/2020	0.253	(1)	98,000,000	49,000,000	—	147,000,000
					214,000,000	49,000,000	(20,000,000)	243,000,000
Employees and other grantees								
CFSG Old Option Scheme	3/12/2015	3/12/2015–31/12/2019	0.315	(2) & (3)	112,000,000	—	(28,000,000)	84,000,000
	3/12/2015	3/12/2015–31/12/2019	0.315	(4)	30,000,000	—	(30,000,000)	—
	31/8/2017	1/1/2018–31/12/2020	0.253	(5)	121,000,000	(49,000,000)	—	72,000,000
	31/8/2017	1/1/2018–31/12/2020	0.253	(4)	194,400,000	—	—	194,400,000
					457,400,000	(49,000,000)	(58,000,000)	350,400,000
					671,400,000	—	(78,000,000)	593,400,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' interests in securities" above.

(2) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

(3) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the CFSG Board. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The vesting of the options is subject to the satisfactory delivery of services to members of the Group as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(5) The vesting of the options is subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(6) The lapsed options were due to cessation of employment of participants with members of the Group.

(7) No option was granted, exercised or cancelled during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, so far as is known to the Directors and chief executive of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	**Capacity**	**Number of Shares**	**Shareholding** (%)
Hobart Assets Limited (Notes (1) & (2))	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian (Notes (1) & (2))	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	77,404,926	9.31

Notes:

(1) This refers to the same number of the Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Dr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in the section "Directors Interests in Securities" above.

(3) The Shares were held as to 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all these Shares.

Save as disclosed above, as at 31 December 2018, the Directors and chief executive of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

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 of the Company listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of its Shares in the hands of the public in accordance with the Listing Rules as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2018.

EQUITY-LINKED AGREEMENTS

Save as the share option schemes of the Company as disclosed in note 37 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year ended 31 December 2018 or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the financial year.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the INEDs in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

AUDITOR

There have been no changes of auditor in the preceding three years.

The consolidated financial statements of the Company for the year were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 29 March 2019

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 164, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("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.

Independent Auditor's Report

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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on interests in CASH Financial Services Group Limited ("CFSG")	
We identified the impairment assessment on the Group's equity interests in an associate, CFSG, as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant estimation and judgement involved by management of the Group in determining the recoverable amount of CFSG for the purposes of impairment assessment. As set out in notes 5 and 21 to the consolidated financial statements, the recoverable amount of CFSG is determined by management of the Group with reference to the higher of its value in use and fair value less costs of disposal. The recoverable amount has been determined based on value in use calculations as at 31 December 2018. The management of the Group estimated the value in use using the present value of estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, taking into account a suitable discount rate by reference to comparable companies. Accordingly, the management of the Group determined that the recoverable amount is estimated to be less than the carrying amount of the interests in CFSG. An impairment loss of HK$64,966,000 in respect of interests in an associate is recognised in profit or loss for the year and the carrying amount of the Group's interests in CFSG is HK$250,256,000 as at 31 December 2018. Further details of the impairment assessment are set out in notes 5 and 21 to the consolidated financial statements.	Our procedures in relation to the impairment assessment on interests in CFSG included: • understanding the impairment assessment of interests in CFSG performed by management of the Group, including the valuation model adopted and key assumptions used; • assessing the valuation model adopted by the management; • involving internal valuation specialists in evaluating the mathematical accuracy of the value in use calculations and the key assumptions and inputs used by the management of the Group, including the future cash flows expected to be generated by CFSG based on the cash flows from the proceeds on the ultimate disposal of CFSG, taking into account a suitable discount rate by reference to comparable companies; • comparing the result of the value in use calculation prepared by the management of the Group with fair value less costs of disposal in determining the recoverable amount of interest in CFSG; • comparing the recoverable amount of interest in CFSG with its carrying amount; and • evaluating the mathematical accuracy of the impairment calculation.

Key audit matter	**How our audit addressed the key audit matter**
Impairment assessment on goodwill and intangible assets with indefinite useful life allocated to the retailing business	
We identified the impairment assessment on goodwill and trademark with indefinite useful life allocated to the cash generating unit ("CGU") of retailing business as a key audit matter due to their significance to the consolidated financial statements as a whole and significant estimates and judgement involved in determining the recoverable amounts for the purposes of impairment assessments. As at 31 December 2018, the carrying amounts for impairment assessments of goodwill and trademark allocated to the CGU of retailing business were HK$39,443,000 and HK$38,000,000 respectively. As set out in notes 5 and 20 to the consolidated financial statements, the recoverable amount of the CGU of retailing business is determined by management of the Group with reference to the higher of its value in use and fair value less costs of disposal. The recoverable amount has been determined based on value in use calculations. The management of the Group estimated the value in use using the present value of the future cash flows expected to be generated by the retailing business based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. Accordingly, based on the results of the impairment assessment conducted by management of the Group, it is concluded that no impairment loss in respect of goodwill and trademark is required for the year ended 31 December 2018. Further details of the impairment assessment are set out in note 20 to the consolidated financial statements.	Our procedures in relation to the impairment assessment on goodwill and intangible assets with indefinite useful life allocated to the retailing business included: • understanding the impairment assessment of goodwill and intangible assets with indefinite useful performed by management of the Group, including the assessment as to whether any indication of impairment exists during the year ended 31 December 2018; • involving internal valuation specialists in evaluating the mathematical accuracy of the value in use calculations and the key assumptions and inputs used by the management of the Group, including the future cash flows expected to be generated by the retailing business based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies; and • comparing the recoverable amount of the CGU of retailing business with its carrying amount.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Continuing operations			
Revenue	6	**1,420,264**	1,333,041
Cost of inventories	13	**(824,943)**	(748,200)
Other income	8	**13,177**	10,503
Other gains and losses	8	**15,490**	14,459
Salaries, allowances and related benefits	9	**(248,330)**	(243,648)
Other operating, administrative and selling expenses		**(418,454)**	(403,573)
Depreciation of property and equipment		**(26,190)**	(22,841)
Impairment loss recognised in respect of property and equipment		**(8,537)**	—
Finance costs	10	**(9,666)**	(7,085)
Loss before loss arising from associates and taxation		**(87,189)**	(67,344)
Share of loss of associates	21	**(48,459)**	(2,938)
Impairment loss recognised on interests in an associate	21	**(64,966)**	(125,760)
Loss before taxation		**(200,614)**	(196,042)
Income tax expense	12	**(4,325)**	(3,715)
Loss for the year from continuing operations	13	**(204,939)**	(199,757)
Discontinued operation			
Profit for the year from discontinued operation	14	**—**	223,645
(Loss) profit for the year		**(204,939)**	23,888
Other comprehensive income (expense) for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**1,598**	(941)
Reclassification of translation reserve upon loss of control of a subsidiary		**—**	552
Share of other comprehensive income of an associate		**94**	276
		1,692	(113)
Total comprehensive (expense) income for the year		**(203,247)**	23,775

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
(Loss) profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**(202,415)**	(201,220)
— from discontinued operation		**—**	246,702
		(202,415)	45,482
Non-controlling interests			
— from continuing operations		**(2,524)**	1,463
— from discontinued operation		**—**	(23,057)
		(2,524)	(21,594)
		(204,939)	23,888
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(200,723)**	45,369
Non-controlling interests		**(2,524)**	(21,594)
		(203,247)	23,775
(Loss) earnings per share	15		
From continuing and discontinued operations			
— Basic (HK cents)		**(24.35)**	5.47
— Diluted (HK cents)		**(24.35)**	5.47
From continuing operations			
— Basic (HK cents)		**(24.35)**	(24.21)
— Diluted (HK cents)		**(24.35)**	(24.21)

Consolidated Statement of Financial Position

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property and equipment	17	**56,293**	42,352
Goodwill	18	**39,443**	39,443
Intangible assets	19	**43,460**	43,460
Interests in associates	21	**259,494**	363,585
Rental and utilities deposits		**41,708**	31,660
Deferred tax assets	12	**6,550**	6,550
		446,948	527,050
Current assets			
Inventories — finished goods held for sale		**57,848**	40,791
Accounts and other receivables	22	**91,215**	160,352
Loans receivable	23	**4,171**	9,618
Amount due from an associate	21	**1,904**	1,764
Tax recoverable		**72**	3,163
Investments held for trading	24	**2,018**	11,025
Pledged bank deposits	25	**44,379**	41,974
Bank balances (general accounts) and cash	25	**212,450**	209,031
		414,057	477,718
Current liabilities			
Accounts payable	26	**238,335**	187,180
Accrued liabilities and other payables	27	**63,789**	118,712
Contract liabilities	28	**23,140**	—
Taxation payable		**13,463**	13,452
Obligations under finance leases — amount due within one year	29	**444**	39
Borrowings — amount due within one year	30	**208,685**	195,175
		547,856	514,558
Net current liabilities		**(133,799)**	(36,840)
Total assets less current liabilities		**313,149**	490,210

Consolidated Statement of Financial Position (continued)

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	31	**83,122**	83,122
Reserves		**224,275**	425,001
Equity attributable to owners of the Company		**307,397**	508,123
Non-controlling interests	32	**(27,086)**	(24,562)
Total equity		**280,311**	483,561
Non-current liabilities			
Deferred tax liabilities	12	**6,949**	6,649
Obligations under finance leases — amount due after one year	29	**1,375**	—
Borrowings — amount due after one year	30	**24,514**	—
		32,838	6,649
		313,149	490,210

The consolidated financial statements on pages 72 to 164 were approved and authorised for issue by the board of directors on 29 March 2019 and are signed on its behalf by:

KWAN PAK HOO BANKEE	**LAW PING WAH BERNARD**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

		Attributable to owners of the Company											
	Notes	**Share capital** HK$'000	**Share premium** HK$'000 (Note (a))	**Contributed surplus** HK$'000 (Notes (b)&(c))	**General reserve** HK$'000	**Other reserve** HK$'000 (Note (d))	**Translation reserve** HK$'000	**Share option reserve** HK$'000	**Revaluation reserve** HK$'000 (Note (e))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (Note 32)	**Total** HK$'000
At 1 January 2017		83,122	591,437	88,926	1,160	59,649	11,712	5,032	11,164	(390,282)	461,920	293,270	755,190
Profit (loss) for the year		—	—	—	—	—	—	—	—	45,482	45,482	(21,594)	23,888
Other comprehensive expense for the year		—	—	—	—	—	(113)	—	—	—	(113)	—	(113)
Total comprehensive (expense) income for the year		—	—	—	—	—	(113)	—	—	45,482	45,369	(21,594)	23,775
Recognition of equity-settled share-based payments	37	—	—	—	—	—	—	761	—	—	761	—	761
Effect of lapsed share options	37	—	—	—	—	—	—	(648)	—	648	—	—	—
Issue of new shares by a subsidiary		—	—	—	—	—	—	—	—	—	—	231,281	231,281
Elimination upon loss of control of a subsidiary	39	—	—	—	—	—	—	—	—	—	—	(527,407)	(527,407)
Acquisition of additional interest in a non-wholly owned subsidiary	33	—	—	—	—	73	—	—	—	—	73	(112)	(39)
At 31 December 2017		83,122	591,437	88,926	1,160	59,722	11,599	5,145	11,164	(344,152)	508,123	(24,562)	483,561
Loss for the year		—	—	—	—	—	—	—	—	(202,415)	(202,415)	(2,524)	(204,939)
Other comprehensive expense for the year		—	—	—	—	—	1,692	—	—	—	1,692	—	1,692
Total comprehensive expense for the year		—	—	—	—	—	1,692	—	—	(202,415)	(200,723)	(2,524)	(203,247)
Effect of lapsed and expired share options	37	—	—	—	—	—	—	(5,145)	—	5,145	—	—	—
Acquisition of additional interest in a non-wholly owned subsidiary	33	—	—	—	—	(3)	—	—	—	—	(3)	—	(3)
At 31 December 2018		**83,122**	**591,437**	**88,926**	**1,160**	**59,719**	**13,291**	**—**	**11,164**	**(541,422)**	**307,397**	**(27,086)**	**280,311**

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2018

Notes:

(a) Under the Companies Act 1981 of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) Under the Companies Act 1981 of Bermuda, contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

   (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

   (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1994 and the nominal value of the issued share capital of the Company issued in exchange thereof, and the net amount arising from the reduction of share premium account, capital reduction and the amounts transferred to set-off accumulated losses.

(d) The other reserve of the Group represents the reserve arising from the distribution of shares of CASH Financial Services Group Limited ("CFSG") (formerly known as CASH on-line Limited) in year 2000 and the effect arising from the change in the Group's ownership interest in existing subsidiaries without losing control.

   Movement of other reserves during the years ended 31 December 2018 and 2017 arose from the effect due to changes in the Group's ownership interests in existing subsidiaries without losing control. Details of change in shareholding in subsidiaries without losing control are disclosed in note 33.

(e) Revaluation reserve of HK$11,164,000 represented the adjustment to the fair value of trademark (included in the intangible assets) related to previously held interest in an associate when the Group acquired additional interest and obtained control over the associate in 2006.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Operating activities			
(Loss) profit before taxation		**(200,614)**	27,603
Adjustments for:			
Allowance of impaired accounts receivable, net	14	**—**	15,372
Depreciation of property and equipment	17	**26,190**	26,116
Share-based payments		**—**	761
Write-down of inventories	13	**2,960**	4,873
Interest expense	10 & 14	**9,666**	9,711
Interest income	8 & 14	**(970)**	(12,311)
Dividend income	8 & 14	**(811)**	(1,113)
Loss on disposal/write-off of property and equipment	8	**97**	351
Impairment loss recognised in respect of property and equipment	17	**8,537**	—
Gain on dilution of interests in an associate	21	**(7,349)**	—
Gain on losing control of a subsidiary	39	**—**	(262,615)
Share of loss of associates	21	**48,459**	2,938
Impairment loss recognised on interests in an associate	21	**64,966**	125,760
Operating cashflow before movements in working capital		**(48,869)**	(62,554)
(Increase) decrease in inventories		**(20,017)**	10,941
Increase in of statutory and other deposits		**—**	(597)
(Increase) decrease in accounts receivable		**(106)**	120,629
Decrease in loans receivable		**—**	13
Decrease (increase) in prepayments, deposits and other receivables		**61,851**	(115,851)
Decrease in investments held for trading		**9,007**	7,370
Increase in bank balances — trust and segregated accounts		**—**	(12,254)
Increase in accounts payable		**51,155**	15,573
(Decrease) increase in accrued liabilities and other payables		**(34,825)**	23,894
Increase in contract liabilities		**5,075**	—
Net cash from (used in) operations		**23,271**	(12,836)
Interest income received		**—**	12,010
Income taxes refunded		**—**	1,457
Income taxes paid		**(923)**	(7,189)
Net cash from (used in) operating activities		**22,348**	(6,558)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Investing activities			
Interest received		**895**	339
Dividend received		**811**	1,113
Placement of pledged bank deposits		**(2,405)**	(423)
Advance of loans receivable		**—**	(5,764)
Repayment of loans receivable		**5,522**	2,126
Proceeds from disposal of property and equipment		**—**	362
Purchase of property and equipment		**(48,544)**	(15,402)
Acquisition of interests in an associate	21	**(1,891)**	—
Deposit refunded in relation to disposal of subsidiary		**—**	(50,000)
Net cash outflow from loss of control of a subsidiary	39	**—**	(551,222)
(Advance to) repayment from an associate		**(140)**	600
Net cash used in investing activities		**(45,752)**	(618,271)
Financing activities			
Purchase of additional interest in a non-wholly owned subsidiary	33	**(3)**	(39)
Proceeds on issue of shares to non-controlling interest of a subsidiary		**—**	231,281
Decrease in bank borrowings for margin financing	41	**—**	30,241
Drawdown of borrowings	41	**561,158**	473,462
Repayment of borrowings	41	**(523,134)**	(521,275)
Repayment of obligations under finance leases	41	**(507)**	(603)
Interest paid on obligations under finance leases	41	**(63)**	(12)
Interest paid on borrowings	41	**(9,603)**	(9,699)
Net cash from financing activities		**27,848**	203,356
Net increase (decrease) in cash and cash equivalents		**4,444**	(421,473)
Cash and cash equivalents at beginning of year		**209,031**	629,553
Effect of foreign exchange rate changes		**(1,025)**	951
Cash and cash equivalents at end of year		**212,450**	209,031
Being:			
Bank balances (general accounts) and cash		**212,450**	209,031

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of this annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 44.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by HK$133,799,000 as at 31 December 2018 and the Group incurred a loss of HK$204,939,000 for the year then ended.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures. These measures include but not limited to obtaining financial support from a substantial shareholder, banks and an independent third party through arrangement of new long-term facilities, considering usage of existing banking facilities and reducing central corporate expenses, such as corporate expenses relating to marketing and promotion activities.

The directors of the Company are of the opinion that, taking into account the measures as described above, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

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

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

HKFRS 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 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

3.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- sales of furniture and household good and electrical appliances

- sales of tailor-made furniture

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 6 and 4 respectively.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

3.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
	HK$'000	HK$'000 (Note)	HK$'000
Current liabilities			
Accrued liabilities and other payables	118,712	(18,065)	100,647
Contract liabilities	—	18,065	18,065

Note: As at 1 January 2018, advances from customers of HK$13,596,000 in respect of tailor-made furniture contracts and deferred revenue for the award credits granted under customer loyalty programme of HK$4,469,000 previously included in accrued liabilities and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and the consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	**Adjustment**	**Amounts without application of HKFRS 15**
	HK$'000	HK$'000	HK$'000
Current liabilities			
Accrued liabilities and other payables	63,789	23,140	86,929
Contract liabilities	23,140	(23,140)	—

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

3.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

Impact on the consolidated statement of cash flows

	As reported	Adjustment	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Operating cash flows before movements in working capital			
Decrease in accrued liabilities and other payables	(34,825)	5,075	(29,750)
Increase in contract liabilities	5,075	(5,075)	—

Under HKAS 18, revenue from the sale of goods arising from retailing business is recognised upon transfer of significant risks and rewards of ownership of the goods, which is when the goods are delivered and titles have passed. Under HKFRS 15, revenue will be recognised when control over the goods is transferred to the customer. There is no material impact on the timing and amounts of revenue recognised upon the application of HKFRS 15 on 1 January 2018.

3.2 HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("ECL") for financial assets and other items; and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4.

Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

3.2 HKFRS 9 "Financial Instruments" and the related amendments (continued)

Impairment of financial assets

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The Group applies simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable arising from retailing business. To measure the ECL, accounts receivable arising from retailing business are assessed individually for each debtor based on past due analysis. Based on assessment by the management of the Group, the ECL for accounts receivable arising from retailing business is insignificant.

ECL for other financial assets at amortised cost, including loans receivable, receivables from securities brokers, amount due from an associate, other receivables and deposits, pledged bank deposits and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

For receivables from securities brokers, pledged bank deposits and bank balances, the Group considers the risk of default is low and 12-month ECL is insignificant as the Group only transacts with reputable banks and securities brokers with high credit ratings among rating agencies.

For loans receivable, amount due from an associate, other receivables and deposits, the management of the Group makes periodic individual assessment on the their carrying amounts, based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, management of the Group considers that the 12-month ECL for these balances is insignificant.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not effective (continued)

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[5] Effective for annual periods beginning on or after 1 January 2020

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

HKFRS 16 "Leases"

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

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

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease lability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 "Leases" (continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitment of HK$478,613,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits paid of HK$49,975,000 as at 31 December 2018 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power over the investee 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates

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

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

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

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty scheme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 January 2018)

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

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

Revenue or income arising from financial services are recognised on the following basis:

- Commission income for broking business is recorded as income on a trade date basis;
- Advisory and other fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from the sale of goods arising from retailing business is recognised when the goods are delivered and titles have passed.

Sales of goods that result in award credits for customers, under the Group's customer loyalty scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Service income from online game business are recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

The Group as lessee

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

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

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

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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. Hong Kong dollars) at the rates of exchanges prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in 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.

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefit costs

Payments to defined contribution plans including state-managed benefit scheme and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the amount as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 ending 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 base 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment held for use in supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property 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 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.

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

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

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, 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).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

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

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

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

- the financial asset is held within a business model whose objective is achieved by both 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 fair value through profit or loss ("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.

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3)

The Group assesses a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable arising from retailing business, loans receivable, receivables from securities brokers, amount due from an associate, other receivables and deposits, pledged bank deposits and bank balances and cash). The assessment of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL 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.

The Group always assesses lifetime ECL for accounts receivable arising from retailing business and are assessed individually for each debtor.

For all other instruments, the Group assesses the loss allowance equal to 12-month 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(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.

In particular, the following information is taken into account when assessing whether the 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 debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 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 accounts receivable, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (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.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of accounts receivable arising from retailing business and loans receivable where the correspondence adjustment is recognised through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on nature and purpose of financial assets and is determined at the time of initial recognition.

(i) Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of 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.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on 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 'other gains and losses' line item. Fair value is determined in the manner described in note 36.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, loans receivable, other receivables and deposits, amount due from an associate, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the 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, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of accounts receivable and loans receivable 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 debtor 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 carried at amortised costs, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables and borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Share options granted to employees of the Group for their services to the Group

The fair value of services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted at the grant date without taking into account any service and non-market performance vesting conditions. Services and non-market performance vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity (share option reserve).

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

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the 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 counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing 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.

Key sources of estimation uncertainty

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

Impairment assessment of interests in CFSG

Determining whether interests in CFSG are impaired requires an estimation of the recoverable amount of the interests in CFSG which is the higher of value in use and fair value less costs of disposal. The management of the Group estimates the value in use using the present value of the estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG together with suitable discount rate by reference to comparable companies. Where the recoverable amount are less than or more than expected, or upon the management's revision of estimated cash flows for the purpose of determining the value in use due to changes in conditions, facts and circumstances, an additional impairment loss or reversal of impairment loss may arise.

As at 31 December 2018, the carrying amount of the Group's interests in CFSG was approximately HK$250,256,000 (2017: HK$363,585,000). An impairment loss of approximately HK$64,966,000 (2017: HK$125,760,000) was recognised in profit or loss during the year. Details of the recoverable amount calculation are disclosed in note 21.

Estimated impairment of goodwill and intangible assets with indefinite life

Determining whether goodwill and intangible assets with indefinite life are impaired requires an estimation of recoverable amounts of relevant intangible assets and the respective cash generating units ("CGU") of retailing business in which the goodwill and intangible assets with indefinite life have been allocated, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The management of the Group estimates the value in use using the present value of the future cash flows expected to arise from the assets or CGU based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. The discount rate reflects current market assessments of time value of money and the risks specific to the asset or CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise. Details of the recoverable amount calculation of CGU are disclosed in note 20.

6. REVENUE

For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

	HK$'000
Types of goods or service	
Sales of furniture and household goods	**1,188,557**
Sales of electrical appliances	**142,108**
Sales of tailor-made furniture	**89,599**
	1,420,264
Timing of revenue recognition	
A point of time	**1,330,665**
Over time	**89,599**
	1,420,264
Geographical market	
Hong Kong	**1,420,264**

(ii) Performance obligations for contracts with customers

Sales of furniture and household goods and electronic appliances

The Group makes sales transactions of furniture and household goods and electronic appliances with customers both through its own retail outlets directly and through internet sales.

For sales of furniture and household goods and electronic appliances to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases and took the goods at the retail outlet directly or being when the goods have been transported to the customers' specific location (delivery). Transportation and other related activities that incurred before customers obtain control of the related products are considered as fulfilment activities. Payment of the transaction price is generally due immediately at the point the customer purchases the goods in the retail outlets, except for corporate customers that the Group allows an average credit period of 30 days for their accounts receivable. The transaction price received by the Group for goods that require delivery is recognised as a contract liability until the goods have been delivered to the customer.

6. REVENUE (continued)

For the year ended 31 December 2018 (continued)

(ii) Performance obligations for contracts with customers (continued)

Sales of furniture and household goods and electronic appliances (continued)

For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been transported to the customer's specific location. Transportation and other related activities that incurred before customers obtain control of the related products are considered as fulfilment activities. When the customer initially purchases the goods online, the transaction price is due immediately and amount received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Sales of tailor-made furniture

The Group makes sales transactions of tailor-made furniture through its own retail outlets.

Revenue are recognised over time as the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised for these tailor-made orders based on the stage of completion of the contract using input method.

The Group requires customers to provide full amount of upfront payments. When the Group receives the advance payments in the retail outlets, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail outlets and internet sales where retail customers accumulate award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points anytime before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed or expired. The sales discounts is recognised and net to the revenue.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2018, contracts with customers with unsatisfied performance obligations, including customer loyalty award points, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied performance obligations or customer loyalty programmes are not disclosed.

6. REVENUE (continued)

For the year ended 31 December 2017

	HK$'000
An analysis of the Group's revenue for the year is as follows:	
Sales of furniture and household goods and electrical appliances, net of discounts and returns	1,332,015
Online game subscription income and licensing income	1,026
	1,333,041

7. SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments for continuing operations are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Online game services	Provision of online game services, sales of online game auxiliary products and licensing services, of which the management is proactively looking for potential transactions during the year

The financial services segment was discontinued during the year ended 31 December 2017. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 14.

7. SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the year ended 31 December 2018

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Continuing operations			
Revenue	**1,420,264**	**—**	**1,420,264**
Segment loss	**(23,937)**	**(418)**	**(24,355)**
Unallocated other income, gain and losses			**22,474**
Corporate expenses			**(85,245)**
Share of loss of associates			**(48,459)**
Impairment loss recognised on interests in an associate			**(64,966)**
Unallocated finance costs			**(63)**
Loss before taxation			**(200,614)**

For the year ended 31 December 2017

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Continuing operations			
Revenue	1,332,015	1,026	1,333,041
Segment profit (loss)	19,367	(1,936)	17,431
Unallocated other income, gain and losses			18,513
Corporate expenses			(102,965)
Share of loss of associates			(2,938)
Impairment loss recognised on interests in an associate			(125,760)
Unallocated finance costs			(323)
Loss before taxation			(196,042)

7. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses, share of loss of associates, impairment loss recognised on interests in an associate and certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

As at 31 December 2018

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	**495,124**	**1,346**	**496,470**
Unallocated property and equipment			**5,298**
Interests in associates			**259,494**
Tax recoverable			**72**
Deferred tax assets			**6,550**
Loans receivable			**4,171**
Amount due from an associate			**1,904**
Investments held for trading			**2,018**
Unallocated prepayments, deposits and other receivables			**54,162**
Unallocated bank balances and cash			**30,866**
Total assets			**861,005**
LIABILITIES			
Segment liabilities	**542,933**	**3,048**	**545,981**
Unallocated accrued liabilities and other payables			**12,482**
Taxation payable			**13,463**
Deferred tax liabilities			**6,949**
Obligations under finance leases			**1,819**
Total liabilities			**580,694**

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2017

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	474,491	1,939	476,430
Unallocated property and equipment			5,770
Interests in associates			363,585
Tax recoverable			3,163
Deferred tax assets			6,550
Loans receivable			9,618
Amount due from an associate			1,764
Investments held for trading			11,025
Unallocated prepayments, deposits and other receivables			104,570
Unallocated bank balances and cash			22,293
Total assets			1,004,768
LIABILITIES			
Segment liabilities	452,422	3,266	455,688
Unallocated accrued liabilities and other payables			45,379
Taxation payable			13,452
Deferred tax liabilities			6,649
Obligations under finance leases			39
Total liabilities			521,207

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

- all assets are allocated to the reportable and operating segment other than certain property and equipment, interests in associates, tax recoverable, deferred tax assets, loans receivable, investments held for trading, amount due from an associate, certain prepayments, deposits and other receivables and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, taxation payable, deferred tax liabilities and obligations under finance leases.

7. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2018

	Retailing HK$'000	**Online game services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	**45,996**	**—**	**2,802**	**48,798**
Interest income	**657**	**—**	**313**	**970**
Depreciation of property and equipment	**22,913**	**3**	**3,274**	**26,190**
Finance costs	**9,603**	**—**	**63**	**9,666**
Net gain on investments held for trading	**—**	**—**	**8,384**	**8,384**
Write-down on inventories	**2,960**	**—**	**—**	**2,960**
Loss on disposal/write-off of property and equipment	**97**	**—**	**—**	**97**
Impairment loss recognised in respect of property and equipment	**8,537**	**—**	**—**	**8,537**

For the year ended 31 December 2017

	Retailing HK$'000	Online game services HK$'000	Unallocated HK$'000	Total HK$'000
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	15,490	—	64	15,554
Interest income	271	2	28	301
Depreciation of property and equipment	19,693	9	3,139	22,841
Finance costs	6,762	—	323	7,085
Net gain on investments held for trading	—	—	13,223	13,223
Write-down on inventories	4,873	—	—	4,873
Loss on disposal/write-off of property and equipment	351	—	—	351

7. SEGMENT INFORMATION (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2018 HK$'000	2017 HK$'000
Continuing operations		
Sales of furniture and household goods	**1,278,156**	1,196,572
Sales of electrical appliances	**142,108**	135,443
Income from online game services	**—**	1,026
	1,420,264	1,333,041

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding those relating to discontinued operation and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Continuing operations				
Hong Kong	**1,420,264**	1,332,007	**440,032**	519,934
PRC	**—**	1,034	**366**	566
	1,420,264	1,333,041	**440,398**	520,500

No customers individually contributed over 10% of the Group's revenue during both years.

8. OTHER INCOME, OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Continuing operations		
Other income		
Dividends from investments held for trading	**811**	798
Interest income	**970**	301
Sundry income	**11,396**	9,404
	13,177	10,503

8. OTHER INCOME, OTHER GAINS AND LOSSES (continued)

	2018 HK$'000	2017 HK$'000
Continuing operations		
Other gains and losses		
Net gain on investments held for trading	**8,384**	13,223
Loss on disposal/write-off of property and equipment	**(97)**	(351)
Net foreign exchange (loss) gain	**(146)**	1,587
Gain on dilution of interests in an associate (note 21)	**7,349**	—
	15,490	14,459

9. SALARIES, ALLOWANCES AND RELATED BENEFITS

	2018 HK$'000	2017 HK$'000
Continuing operations		
Salaries, allowances and related benefits represent the amounts paid and payable to the directors of the Company and employees comprises of:		
Salaries and allowances	**203,524**	203,702
Sales commission	**34,620**	28,965
Contributions to retirement benefits schemes	**10,186**	10,220
Share-based payments	**—**	761
	248,330	243,648

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Continuing operations		
Interest on:		
— borrowings	**9,603**	7,073
— finance leases	**63**	12
	9,666	7,085

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration

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

	Executive directors						Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Law Ping Wah Bernard HK$'000	Chan Chi Ming Benson HK$'000 (Note (2))	Ng Hin Sing Derek HK$'000	Kwok Lai Ling Elaine HK$'000 (Note (3))	Law Ka Kin Eugene HK$'000 (Note (3))	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2018										
Fee	—	—	—	—	—	—	150	150	—	300
Other remuneration:										
Salaries and allowances	1,469	624	927	1,580	1,144	1,479	—	—	—	7,223
Contributions to retirement benefits scheme	73	31	46	79	55	60	—	—	—	344
Total remuneration	1,542	655	973	1,659	1,199	1,539	150	150	—	7,867

	Executive directors					Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Law Ping Wah Bernard HK$'000	Ng Hin Sing Derek HK$'000	Kwok Lai Ling Elaine HK$'000	Law Ka Kin Eugene HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2017									
Fee	—	—	—	—	—	150	150	—	300
Other remuneration:									
Salaries and allowances	1,728	1,128	1,620	2,160	2,928	—	—	—	9,564
Performance related bonuses	2,000	1,000	400	400	500	—	—	—	4,300
Contributions to retirement benefits scheme	73	56	81	108	120	—	—	—	438
Total remuneration	3,801	2,184	2,101	2,668	3,548	150	150	—	14,602

Notes:

(1) Dr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

(2) Mr Chan Chi Ming Benson was appointed as director of the Company on 16 March 2018.

(3) Ms Kwok Lai Ling Elaine and Mr Law Ka Kin Eugene resigned as directors of the Company on 1 July 2018.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's remuneration (continued)

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors are for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years.

The performance related bonuses (if any) of executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to the performance in discharging their duties and responsibilities within the Group, the Group's performance and prevailing market situation.

Employees' remuneration

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

	2018 **HK$'000**	2017 HK$'000
Salaries and allowances	**2,785**	—
Contributions to retirement benefits scheme	**123**	—
	2,908	—

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

	Number of Employees **2018**	 2017
HK$1,000,001 to HK$1,500,000	**2**	—

12. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	**4,000**	4,150
Underprovisions in prior years	**25**	565
Deferred tax charge (credit)	**300**	(1,000)
	4,325	3,715

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC income tax has been made as they incurred tax losses in both years.

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

	2018 HK$'000	2017 HK$'000
Loss before taxation from continuing operations	**(200,614)**	(196,042)
Tax at domestic income tax rate of 16.5% (2017: 16.5%)	**(33,101)**	(32,347)
Tax effect of share of loss of associates	**7,996**	485
Underprovisions in prior years	**25**	565
Tax effect of expenses not deductible for tax purpose	**21,317**	31,797
Tax effect of income not taxable for tax purpose	**(2,986)**	(4,702)
Tax effect of deductible temporary difference not recognised	**1,766**	464
Tax effect of utilisation of deductible temporary difference previously not recognised	**(372)**	(754)
Tax effect of estimated tax losses not recognised	**10,014**	8,559
Tax effect of utilisation of estimated tax losses previously not recognised	**(280)**	(312)
Tax effect of two-tiered tax rate	**(165)**	—
Others	**111**	(40)
Income tax expense	**4,325**	3,715

12. INCOME TAX EXPENSE (continued)

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

Deferred tax assets

	Decelerated tax depreciation
	HK$'000
At 1 January 2017	5,550
Credit to profit or loss for the year	1,000
At 31 December 2017 and 31 December 2018	6,550

Deferred tax liabilities

	Accelerated depreciation allowance	**Revaluation of investment properties**	**Fair value adjustment on intangible assets under business combination**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2017	—	(40)	(6,649)	(6,689)
Losing control of CFSG (note 39)	—	40	—	40
At 31 December 2017	—	—	(6,649)	(6,649)
Charge to profit or loss for the year	(300)	—	—	(300)
At 31 December 2018	(300)	—	(6,649)	(6,949)

As at 31 December 2018, the Group has deductible temporary differences in respect of decelerated tax depreciation and estimated unused tax losses of approximately HK$58,164,000 and HK$836,396,000 (2017: HK$49,716,000 and HK$847,776,000) available for offset against future profits, while HK$70,374,000 (2017: HK$69,992,000) of estimated unused tax losses from certain subsidiaries operating in the PRC expired during the year ended 31 December 2018. No deferred tax asset has been recognised as at 31 December 2018 and 31 December 2017 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$37,799,000 (2017: HK$106,955,000) will expire in various dates up to 2022 (2017: 2021). The remaining unrecognised tax losses of the Group can be carried forward indefinitely.

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2018 HK$'000	2017 HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**2,228**	2,080
Operating lease rentals in respect of land and buildings:		
Minimum lease payments	**218,535**	201,537
Contingent rents (Note)	**2,435**	2,638
Handling expenses for securities dealing	**3,252**	7,825
Advertising and promotion expenses	**45,300**	19,389
Utilities expenses	**26,063**	22,846
Telecommunication expenses	**11,226**	11,151
Legal and professional fees	**17,914**	20,110
Other selling and distribution expenses	**58,046**	49,943
Cost of inventories in retailing business (including write-down of inventories of HK$2,960,000 (2017: HK$4,873,000))	**824,943**	748,200

Note: The contingent rents are determined based on certain percentage of the gross sales of the relevant shops when the sales meet certain specified level.

14. DISCONTINUED OPERATION

On 20 June 2017, CFSG issued 826,000,000 new shares to an independent third party and the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62%. Upon completion of the issuance of new shares by CFSG, the directors of the Company considered that the Group was no longer in a position to dominate the voting interest and exercise control but maintains significant influence over CFSG. Accordingly, CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017. The Group's financial services operation which is carried out by CFSG was considered as discontinued during the year ended 31 December 2017.

14. DISCONTINUED OPERATION (continued)

The loss for the period attributable from the financial services operation is set out below.

	1.1.2017 to 20.6.2017 HK$'000
Loss of financial services operation for the period	(38,970)
Gain on disposal of financial services operation (see note 39)	262,615
Profit for the period from discontinued operation	223,645
Profit (loss) for the period attributable to:	
Owners of the Company	246,702
Non-controlling interests	(23,057)
Profit for the period from discontinued operation	223,645

The results of the discontinued operation for the period from 1 January 2017 to 20 June 2017, which have been included in the consolidated statement of comprehensive income, are as follows:

	1.1.2017 to 20.6.2017 HK$'000
Revenue	61,246
Other income	582
Other gains and losses	(12,088)
Salaries, allowance and related benefits	(34,496)
Commission expenses	(19,995)
Other operating and administrative expenses	(28,318)
Depreciation of property and equipment	(3,275)
Finance costs	(2,626)
Loss before taxation	(38,970)
Income tax credit	–
Loss for the period	(38,970)

14. DISCONTINUED OPERATION (continued)

	1.1.2017 to 20.6.2017 HK$'000
Loss for the period from discontinued operation has been arrived at after charging (crediting):	
Interest income (included in revenue of discontinued operation)	(12,010)
Dividends from listed investments held for trading	(315)
Net gain on investments held for trading	(3,284)
Net foreign exchange gain	(986)
Allowance of impaired accounts receivable, net	15,372
Salaries and allowances	33,007
Contributions to retirement benefits schemes	1,489
	34,496
Auditor's remuneration	960
Operating lease rentals in respect of land and buildings	
— Minimum lease payments	11,817
Handling expenses for securities dealing	34,916
Advertising and promotion expenses	1,483
Utilities expenses	746
Telecommunication expenses	2,345
Legal and professional fees	1,865

No tax charge or credit arose on gain on discontinuance of the operation.

During the year ended 31 December 2017, financial services operation paid HK$39.4 million from the Group's net operating cash flows, contributed HK$1.0 million in respect of investing activities and paid HK$257.2 million in respect of financing activities.

15. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2018 HK$'000	2017 HK$'000
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(202,415)**	45,482

The denominators used are the same as those detailed below for the loss per share from continuing operations.

15. (LOSS) EARNINGS PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following information:

	2018 **HK$'000**	2017 HK$'000
(Loss) profit figures are calculated as follow:		
(Loss) profit for the year attributable to the owners of the Company	**(202,415)**	45,482
Less: profit for the year from discontinued operation	**—**	(246,702)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(202,415)**	(201,220)

	2018 **'000**	2017 '000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share from continuing operations	**831,222**	831,222

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the years ended 31 December 2018 and 2017 because they are antidilutive in calculating the diluted loss per share.

From discontinued operation

During the year ended 31 December 2017, basic and diluted earnings per share from the discontinued operation is HK29.68 cents per share, based on the profit for the year from discontinued operation of HK$246,702,000. The denominators used are the same as these detailed above for the loss per share from continuing operations.

16. DIVIDENDS

No dividend was paid or proposed during 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

17. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 January 2017	151,649	97,123	4,060	252,832
Additions	8,851	7,704	—	16,555
Eliminated on loss of control of CFSG	(18,975)	(43,569)	—	(62,544)
Disposals/written off	(15,360)	(20,560)	(749)	(36,669)
Exchange adjustments	122	334	—	456
At 31 December 2017	126,287	41,032	3,311	170,630
Additions	32,790	13,686	2,322	48,798
Disposals/written off	(10,410)	(28,512)	—	(38,922)
Exchange adjustments	(97)	(300)	—	(397)
At 31 December 2018	148,570	25,906	5,633	180,109
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2017	119,488	66,719	2,714	188,921
Provided for the year	15,454	10,294	368	26,116
Eliminated on loss of control of CFSG	(17,010)	(34,230)	—	(51,240)
Eliminated on disposals/written off	(15,356)	(20,213)	(387)	(35,956)
Exchange adjustments	122	315	—	437
At 31 December 2017	102,698	22,885	2,695	128,278
Provided for the year	16,231	9,432	527	26,190
Impairment loss recognised for the year	8,537	—	—	8,537
Eliminated on disposals/written off	(10,377)	(28,448)	—	(38,825)
Exchange adjustments	(97)	(267)	—	(364)
At 31 December 2018	116,992	3,602	3,222	123,816
CARRYING AMOUNTS				
At 31 December 2018	31,578	22,304	2,411	56,293
At 31 December 2017	23,589	18,147	616	42,352

17. PROPERTY AND EQUIPMENT (continued)

The above property and equipment are depreciated on a straight-line basis over the following years:

Leasehold improvements	The shorter of the lease terms and 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

During the year ended 31 December 2018, the Group started certain new brands namely "SECO" and "Galleon" in Hong Kong under the retailing segment, and operating losses were incurred. In the opinion of the directors of the Company, the unsatisfactory results of these new brands may not able to turn around in the foreseeable future and the Group decided to move the stores under the brands "SECO" and "Galleon" into the brand of "Pricerite". In view of this, the leasehold improvements amounting to HK$8,537,000 in relation to the stores under the brands "SECO" and "Galleon" were fully impaired during the year ended 31 December 2018.

The carrying amounts of motor vehicles include amounts of approximately HK$2,013,000 (2017: HK$326,000) in respect of assets held under finance leases as at 31 December 2018.

18. GOODWILL

	HK$'000
COST	
At 1 January 2017	261,707
Eliminated on loss of control of CFSG	(23,267)
At 31 December 2017 and 31 December 2018	238,440
IMPAIRMENT	
At 1 January 2017	201,658
Eliminated on loss of control of CFSG	(2,661)
At 31 December 2017 and 31 December 2018	198,997
CARRYING AMOUNTS	
At 31 December 2018	39,443
At 31 December 2017	39,443

The carrying amounts of goodwill are allocated to the retailing CGU. Particulars regarding impairment testing on goodwill as at 31 December 2018 and 2017 are disclosed in note 20.

19. INTANGIBLE ASSETS

	Trading rights HK$'000	Club debenture HK$'000	Online game development costs HK$'000	Domain name HK$'000 (Note (a))	Trademark HK$'000 (Note (b))	Gaming licences HK$'000	Total HK$'000
COST							
At 1 January 2017	9,392	660	63,271	5,460	38,000	40,295	157,078
Eliminated on loss of control of CFSG	(9,392)	(660)	—	—	—	—	(10,052)
At 31 December 2017 and 31 December 2018	—	—	63,271	5,460	38,000	40,295	147,026
AMORTISATION AND ACCUMULATED IMPAIRMENT							
At 1 January 2017	300	—	63,271	—	—	40,295	103,866
Eliminated on loss of control of CFSG	(300)	—	—	—	—	—	(300)
At 31 December 2017 and 31 December 2018	—	—	63,271	—	—	40,295	103,566
CARRYING AMOUNTS							
At 31 December 2018	—	—	—	5,460	38,000	—	43,460
At 31 December 2017	—	—	—	5,460	38,000	—	43,460

Notes:

(a) At 31 December 2018, intangible assets with carrying amounts of HK$5,460,000 (2017: HK$5,460,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life. The domain name is considered by management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name at 31 December 2018 and 2017, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs of disposal at 31 December 2018 and 2017 was supported by a valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(b) At 31 December 2018, trademark amounting to HK$38,000,000 (2017: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademark are disclosed in note 20.

20. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS

For the purpose of impairment testing, the carrying amounts of goodwill and trademark set out in notes 18 and 19 have been allocated to the group of retailing CGUs.

Goodwill of HK$39,443,000 (2017: HK$39,443,000) and trademark of HK$38,000,000 (2017: HK$38,000,000) are allocated to the group of CGUs of retailing business in Hong Kong. The recoverable amount of the group of CGUs of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period having an average annual growth rate of 3.6% and discount rate of 14.5% (2017: five-year period, average annual growth rate of 3% and discount rate of 12%) and projection of terminal value using the perpetuity method at a growth rate of 3% (2017: 3%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong. No impairment on this group of CGUs is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the group of CGUs to exceed the recoverable amount of the above CGUs.

21. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE

Interests in associates

	2018 **HK$'000**	2017 HK$'000
Cost of investment in associates		
Listed in Hong Kong	**492,007**	492,007
Unlisted	**9,240**	—
Share of post-acquisition loss and other comprehensive income	**(51,027)**	(2,662)
Less: Impairment loss recognised on interests in associates	**(190,726)**	(125,760)
	259,494	363,585
Fair value of listed investments (Note)	**91,730**	363,585

Note: The fair value of the listed investments are determined based on the quoted market bid price available on the Stock Exchange.

21. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Interests in associates (continued)

The Group has interests in the following associate:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activities
					2018	2017	**2018**	2017	
					%	%	**%**	%	
CFSG (Note (i))	Incorporated	Bermuda	Hong Kong	Ordinary	**33.62**	33.62	**33.62**	33.62	Investment holding with its subsidiaries engaged in provision of financial services
Weever FinTech Limited (Note (ii))	Incorporated	Hong Kong	Hong Kong	Ordinary	**18.91**	—	**18.91**	—	Investment trading

Notes:

(i) CFSG's shares are listed on the Stock Exchange.

(ii) Weever FinTech Limited ("Weever") is a non-wholly owned subsidiary of CFSG. The Group considers Weever is an associate of the Group as the Group exercises significant influence over Weever through its representation on the board of directors and its participation in the financial and operating policy decisions.

On 10 May 2018 and 1 June 2018, the Group subscribed an aggregate of 1,890,500 new shares of Weever, a wholly-owned subsidiary of CFSG, at par (HK$1 per share) which represents equity interests of approximately 19.9% in Weever.

In second half of year, Weever issued 500,000 new shares to an independent third party at a consideration of USD5,000,000 (equivalent to approximately HK$39,000,000) and the shareholding interest of the Group in this associate was diluted from approximately 19.9% to 18.91%. Accordingly, the dilution in interests in an associate resulted in a gain of approximately HK$7,349,000, being the difference between the proportionate share of Weever's net assets attributable to the Group and the consideration, recognised in the profit or loss during the year ended 31 December 2018.

At 31 December 2018 and 2017, the carrying amount of the Group's interests in CFSG was higher than their fair value determined based on the quoted market price of CFSG on the same date. Management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The value in use estimation was assessed by the management based on a valuation performed by an independent professional qualified valuer using income approach, which estimates the present value of the estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, together with discount rate of 12% (2017: 12%).

The fair value less costs of disposal on CFSG has been determined by reference to the quoted market price of CFSG's shares available on the Stock Exchange which is within level 1 fair value hierarchy.

21. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Interests in associates (continued)

As at 31 December 2018, the recoverable amount determined by value in use estimation is higher than the recoverable amount determined by the fair value less costs of disposal because of the significant drop in quoted market price of CFSG during the year ended 31 December 2018. The management of the Group therefore determined that the recoverable amount, which represented the value in use estimation, is estimated to be HK$250,256,000 and is less than the carrying amount of the interests in CFSG. Impairment loss of HK$64,966,000 in respect of interests in CFSG is recognised in profit or loss during the year ended 31 December 2018.

During the year ended 31 December 2017, the management of the Group determined that the recoverable amount, which represented the fair value less costs of disposal, is estimated to be less than the carrying amount of the interests in CFSG. Impairment loss of HKHK$125,760,000 in respect of interests in CFSG is recognised in profit or loss during the year ended 31 December 2017.

Summarised financial information of associates

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

CFSG

	2018	2017
	HK$'000	HK$'000
Non-current assets	**68,955**	54,716
Current assets	**1,680,992**	1,811,349
Current liabilities	**(1,122,106)**	(1,129,686)
Non-current liabilities	**(3,932)**	(7,351)
Net assets	**623,909**	729,028

21. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

	1.1.2018 to 31.12.2018 HK$'000	21.6.2017 to 31.12.2017 HK$'000
Revenue	123,445	70,744
Loss for the period	(144,132)	(7,434)
Other comprehensive income for the year/period	280	821
Total comprehensive expense for the year/period	(143,852)	(6,613)
The Group's share of loss	(48,457)	(2,938)
The Group's share of other comprehensive income	94	276
	(48,363)	(2,662)

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

	2018 HK$'000	2017 HK$'000
Net assets	623,909	729,028
Non-controlling interests of CFSG's subsidiaries	(11,343)	—
	612,566	729,028
Proportion of the Group's ownership interest	33.62%	33.62%
The Group's share of net assets of CFSG	205,945	245,099
Unrecognised equity transactions of CFSG	(9,647)	(438)
Goodwill	244,684	244,684
Accumulated impairment loss recognised on interests in an associate	(190,726)	(125,760)
Carrying amount of the Group's interest	250,256	363,585

21. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

Weever

	2018 HK$'000
Non-current assets	19
Current assets	48,846
Net assets	48,865

	9.5.2018 to 31.12.2018 HK$'000
Revenue	—
Loss and total comprehensive expense for the period	(10)
The Group's share of loss and total comprehensive expense	(2)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associate recognised in the consolidated financial statements:

	2018 HK$'000
Net assets	48,865
Proportion of the Group's ownership interest	18.905%
The Group's share of net assets of Weever	9,238
Carrying amount of the Group's interests	9,238

Amount due from an associate

Amount is non-trade nature, unsecured, interest-free and repayable on demand.

22. ACCOUNTS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Accounts receivable arising from the business of retailing	**1,772**	1,666
Receivables from securities brokers	**46,619**	95,765
Prepayments	**13,342**	13,539
Rental and other deposits	**26,760**	47,891
Other receivables	**2,722**	1,491
	91,215	160,352

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**480**	549
31–60 days	**284**	695
61–90 days	**268**	68
Over 90 days	**740**	354
	1,772	1,666

As at 31 December 2018, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$1,362,000 which are past due as at the reporting date. Out of the past due balances, HK$437,000 has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered fully recoverable due to the management's historical experience on the settlement pattern or record from these debtors. The Group does not hold any collateral over these balances.

As at 31 December 2017, included in the Group's accounts receivable arising from the business of retailing are debtors with a carrying amount of HK$1,117,000 which are past due at the end of the reporting period for which the Group has not provided for impairment as there has not been a significant change in credit quality. The Group believes that the amounts are still considered recoverable given the substantial settlement after the end of the reporting period. The Group does not hold any collateral over these balances.

The following is an ageing analysis of accounts receivable which were past due but not impaired as at 31 December 2017 based on number of days overdue:

	2017 HK$'000
0–30 days	695
31–60 days	68
61–90 days	103
Over 90 days	251
Total accounts receivable from retailing business	1,117

Other deposits and other receivables are non-interest bearing and repayable on demand or within one year.

23. LOANS RECEIVABLE

	2018	2017
	HK$'000	HK$'000
Variable-rate loans receivable	**4,171**	9,618

The credit quality of loans receivable is summarised as follows:

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**4,171**	9,618

The loans receivable are unsecured and bear variable-rate interest of Hong Kong Prime Rate plus a spread for both years.

The Group has policy for assessing the impairment of loans receivable that are unsecured, those are secured but without sufficient collateral and those with default or delinquency in interest or principal payment, on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgement, including the ageing analysis of receivables and the current creditworthiness, collateral value (if any), the past collection history of each client and supportive forward-looking information.

At the end of each reporting period, the Group's loans receivable was individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date. As at 31 December 2018 and 2017, management of the Group considered no impairment allowance is necessary.

The Group has concentration of credit risk from five highest borrowers of HK$4,171,000 (2017: five highest borrowers of HK$9,618,000) in total at 31 December 2018.

The carrying amount of variable-rate loans receivable has remaining contractual maturity dates as follows:

	2018	2017
	HK$'000	HK$'000
On demand or within one year	**4,171**	9,618

24. INVESTMENTS HELD FOR TRADING

	2018 HK$'000	2017 HK$'000
Equity securities listed in Hong Kong (Note)	**2,018**	2,047
Equity securities listed outside Hong Kong (Note)	**—**	8,978
	2,018	11,025

Note: The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges.

25. PLEDGED BANK DEPOSITS/BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates in a range of 0.25% to 2.50% (2017: 0.01% to 1.35%) per annum with an original maturity of three months or less.

Pledged bank deposits

The pledged bank deposits carried fixed rate in a range of 0.20% to 1.82% (2017: 0.01% to 0.43%) per annum, which was the effective interest rate on the Group's bank deposits. Pledged bank deposits of HK$39,000,000 (2017: HK$39,000,000) and HK$5,379,000 (2017: HK$2,974,000) are pledged to secure short-term loan and short-term undrawn facilities, respectively, and are therefore classified as current assets.

The pledged bank deposits will be released upon the repayment of relevant bank borrowings or expiration of the facilities.

26. ACCOUNTS PAYABLE

	2018 HK$'000	2017 HK$'000
Trade creditors arising from retailing business	**238,335**	187,180

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0–30 days	**75,132**	73,655
31–60 days	**77,456**	51,873
61–90 days	**57,385**	45,266
Over 90 days	**28,362**	16,386
	238,335	187,180

27. ACCRUED LIABILITIES AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Accrued liabilities		
— Salaries and commission payables	**12,978**	38,508
— Other accrued liabilities	**22,828**	29,394
Other payables	**27,983**	50,810
	63,789	118,712

28. CONTRACT LIABILITIES

	31.12.2018 HK$'000	1.1.2018* HK$'000
Advances received in relation to tailor-made furniture	**14,107**	13,596
Advances received in relation to other furniture	**2,685**	—
Award points under customer loyalty programme	**6,348**	4,469
	23,140	18,065

* The amounts in this column are after the adjustments from the application of HKFRS 15.

Tailor-made furniture and other furniture

Contract liabilities in relation to tailor-made and other furniture represent the advances payments received from the customers upon ordering of tailor-made furniture commences, or before delivery of other furniture, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Customer loyalty programme

The Group offers customer loyalty programme in the Group's retailing operation. Basically, the customers can earn one award point for each dollar spent in the shops of the Group. The customers can enjoy discount by utilising the award points earned under the customer loyalty programme. All award points can be accumulated up to 31 December each year and will be expired in January of the following year.

Contract liabilities in relation to award points under customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed or expired.

For the contract liabilities as at 1 January 2018, the entire balances were recognised as revenue in profit or loss during the year ended 31 December 2018.

29. OBLIGATIONS UNDER FINANCE LEASES

	2018 HK$'000	2017 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**444**	39
Non-current liabilities	**1,375**	—
	1,819	39

Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 2.89% (2017: 2.7%) per annum. No arrangements had been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2018 **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000
Amount payable under finance leases				
Within one year	**491**	39	**444**	39
Within a period of more than one year but not more than two years	**491**	—	**458**	—
Within a period of more than two years but not more than five years	**940**	—	**917**	—
	1,922	39	**1,819**	39
Less: Future finance charges	**(103)**	—	**—**	—
Present value of lease obligations	**1,819**	39	**1,819**	39
Less: Amount due for settlement within one year (shown under current liabilities)			**(444)**	(39)
Amount due for settlement after one year			**1,375**	—

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

30. BORROWINGS

	2018 HK$'000	2017 HK$'000
Secured bank borrowings	**63,891**	29,000
Unsecured bank borrowings	**11,875**	26,600
Secured trust receipt loans	**77,191**	47,555
Unsecured trust receipt loans	**80,242**	92,020
	233,199	195,175
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**177,265**	139,575
More than one year but not exceeding two years	**20,663**	—
More than two years but not exceeding five years	**3,851**	—
	201,779	139,575
Carrying amount of borrowings (shown under current liabilities) containing a repayment on demand clause:		
Within one year	**30,245**	53,200
More than one year but not exceeding two years	**1,175**	1,600
More than two years but not exceeding five years	**—**	800
	233,199	195,175
Less: Amount due within one year shown under current liabilities	**(208,685)**	(195,175)
Amount shown under non-current liabilities	**24,514**	—

As at 31 December 2018, the Group's secured bank borrowings of HK$141,082,000 (2017: HK$76,555,000) were secured and guaranteed by:

(a) corporate guarantees from the Company;

(b) corporate guarantees from certain subsidiaries of the Company; and

(c) pledged bank deposits of HK$39,000,000 (2017: HK$39,000,000) for short-term bank borrowings as disclosed in note 25.

As at 31 December 2018, bank borrowings amounting to approximately HK$75,766,000 (2017: HK$55,600,000) are variable-rate borrowings which carry interest at either Hong Kong Interbank Offered Rate ("HIBOR") or Hong Kong Prime Rate plus a spread. Trust receipts loans amounting to HK$157,433,000 (2017: HK$139,575,000) carry interest at either HIBOR or Hong Kong Prime Rate plus a spread.

The unsecured bank borrowings amounting to approximately HK$11,875,000 (2017: HK$26,600,000) and unsecured trust receipt loans amounting to approximately HK$80,242,000 (2017: HK$86,909,000) are guaranteed by the Company. The Group has unused short-term banking facilities of approximately HK$138.7 million as at 31 December 2018.

The effective interest rates on the Group's borrowings ranged from 2.25% to 5.50% (2017: 2.25% to 5.25%) per annum.

31. SHARE CAPITAL

	Par value of each ordinary share	Number of shares	Amount
	HK$	'000	HK$'000
Ordinary shares			
Authorised:			
At 1 January 2017, 31 December 2017 and 31 December 2018	0.1	3,000,000	300,000
Issued and fully paid:			
At 1 January 2017, 31 December 2017 and 31 December 2018	0.1	831,222	83,122

All the shares in issue rank pari passu in all respects.

32. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries
	HK$'000
At 1 January 2017	293,270
Share of loss and total comprehensive expense for the year	(21,594)
Issue of new shares by CFSG	231,281
Transfer upon loss of control of CFSG (note 39)	(527,407)
Acquisition of additional interest in a non-wholly owned subsidiary (note 33)	(112)
At 31 December 2017	(24,562)
Share of loss and total comprehensive expense for the year	(2,524)
At 31 December 2018	(27,086)

33. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

During the year ended 31 December 2018, the Group acquired 0.007% (2017: 0.09%) equity interest of CASH Retail Management (HK) Limited ("CRM (HK)"), a non-wholly owned subsidiary, from the non-controlling shareholders at a consideration of HK$3,000 (2017: HK$39,000). The difference between the proportionate share of net assets attributable to non-controlling interests of CRM (HK) and the consideration paid by the Group is HK$3,000 (2017: HK$73,000) and was debited (2017: credited) to other reserve and accumulated in equity.

34. OPERATING LEASE COMMITMENTS

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

	2018	2017
	HK$'000	HK$'000
Within one year	**173,547**	143,439
In the second to fifth year inclusive	**289,634**	181,630
Over five years	**15,432**	—
	478,613	325,069

Operating lease commitments represent rental payable by the Group for office premises, warehouse and retail shops at the end of both reporting periods. Leases are mainly negotiated for lease term of one to five years and rentals are fixed over the relevant lease terms. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group paid rental of approximately HK$2,435,000 (2017: HK$2,638,000), based on certain percentage of the gross sales of the relevant shop when the sales meet certain specified level.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 30 and equity attributable to owners of the Company, comprising share capital disclosed in note 31, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both years.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Investments held for trading at FVTPL	**2,018**	11,025
Loans and receivables (including cash and cash equivalents)	**—**	373,997
Amortised cost	**325,461**	—
Financial liabilities		
Amortised cost	**499,517**	433,165

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, other receivables and deposits, amount due from an associate, investments held for trading, bank balances and cash, pledged bank deposits, loans receivable, other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Equity price risk

As at 31 December 2018 and 2017, the Group held a portfolio of investments held for trading which are carried at fair value and expose the Group to price risk. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of investments and imposing trading limits on individual trades.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. The analysis is prepared assuming the listed equity investments outstanding at the end of reporting period were outstanding for the whole year.

As at 31 December 2018, if the quoted prices of the Group's listed equity investments had been 15 percent (2017: 15 percent) higher/lower, the Group's loss after tax would decrease/increase by approximately HK$253,000 (2017: profit after tax would increase/decrease by approximately HK$1,381,000). This is attributable to the changes in fair values of the listed equity investments.

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

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits. The Group currently does not have fair value hedging policy. The Group considers that the fair value interest rate risk is not significant given the amounts of pledged bank deposits held at the year end. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, loans receivable and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management of the Group closely monitors its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

A 50 basis points (2017: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as these are subject to minimal interest rate fluctuation for both years. As at 31 December 2018, if the interest rate had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax would increase/decrease by approximately HK$956,000 (2017: profit after tax would decrease/increase by approximately HK$775,000). This is mainly attributable to the Group exposure to the interest rates on variable-rate bank borrowings and loans receivable.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

The group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets and liabilities denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks and equity securities listed outside Hong Kong denominated in United States dollars (''USD'') and Renminbi ("RMB"). The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets of the Group at the end of the reporting period are as follows:

	2018 **HK$'000**	2017 HK$'000
USD	**17,846**	64,853
RMB	**5,055**	19,203

As at 31 December 2018, if RMB had strengthened/weakened by 5% (2017: 5%) against HK$ and all other variables were held constant, the Group's loss after tax would decrease/increase by approximately HK$211,000 (2017: profit after tax would increase/decrease by approximately HK$802,000). Under the pegged exchange rate system, the financial impact in exchange fluctuation between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to accounts receivable arising from retailing business, loans receivable, receivables from securities brokers, other receivables and deposits, amount due from an associate, pledged bank deposit and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with these financial assets.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Accounts receivables arising from retailing business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on balances individually.

Loans receivable

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits and interest rate offered to customers. 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 (2017: incurred loss model) on balances individually.

The directors of the Company estimate the estimated loss rates of loans receivable based on historical observed default rates over the expected life of the debtors. Based on assessment by the directors of the Company, the directors of the Company considers the ECL for loan receivables is insignificant.

Amount due from an associate

The directors of the Company continuously monitor the credit quality and financial positions of the counterparty and the level of exposure to ensure that the follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on balances individually.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of significant balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information starting from 1 January 2018. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. Based on assessment by the management of the Group, the ECL for other receivables and deposits is insignificant.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Receivables from securities brokers, pledged bank deposits and bank balances

The management of the Group considers that the credit risks on receivables from securities brokers, pledged bank deposits and bank balances are limited because the banks and securities brokers are financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12-month ECL by reference to probability of default, loss given default by the relevant credit rating grades published by international credit rating agencies and concluded the ECL is insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivable arising from retailing business	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts	
					HK$'000	HK$'000
Amortised cost						
Accounts receivable arising from retailing business	22	N/A	Low risk	Lifetime ECL	1,772	1,772
Loans receivable	23	N/A	Low risk	12-month ECL	4,171	4,171
Amount due from an associate	21	N/A	Low risk	12-month ECL	1,904	1,904
Other receivables and deposits	22	N/A	Low risk	12-month ECL	71,190	71,190
Receivables from securities brokers	22	Aa3 – Aa1	N/A	12-month ECL	3,321	
		A3 – A1	N/A	12-month ECL	10,032	
		B1 – Baa1	N/A	12-month ECL	33,266	46,619
Pledged bank deposits	25	Aa3 – Aa1	N/A	12-month ECL	24,000	
		A3 – A1	N/A	12-month ECL	20,379	44,379
Bank balances and cash	25	Aa3 – Aa1	N/A	12-month ECL	56,240	
		A3 – A1	N/A	12-month ECL	144,953	
		B1 – Baa1	N/A	12-month ECL	11,257	212,450

During the year ended 31 December 2018, the impairment allowance for the Group's financial assets are insignificant and there was no movement in 12-month ECL.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group has no significant concentration of credit risk as the exposure is spread over a number of counterparties and customers, except for the liquid funds which are deposited with several banks with high credit ratings and receivables from three securities brokers in a total amount of HK$43,186,000 (2017: HK$95,765,000) as disclosed in note 22.

Liquidity risk

The Group has net current liabilities of approximately HK$133,799,000 (2017: HK$36,840,000) as at 31 December 2018. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the measures as disclosed in note 2.

The management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with all the loan covenants.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed settlement dates.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2018						
Accounts payable	N/A	238,335	—	—	238,335	238,335
Other payables	N/A	27,983	—	—	27,983	27,983
Borrowings	Note	209,990	22,463	3,871	236,324	233,199
Obligations under finance leases	2.89	491	491	940	1,922	1,819
		476,799	22,954	4,811	504,564	501,336
At 31 December 2017						
Accounts payable	N/A	187,180	—	—	187,180	187,180
Other payables	N/A	50,810	—	—	50,810	50,810
Borrowings	Note	195,986	—	—	195,986	195,175
Obligations under finance leases	2.7	39	—	—	39	39
		434,015	—	—	434,015	433,204

Note: Variable-rate borrowings carry interest at either HIBOR or Hong Kong Prime Rate plus a spread. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

Borrowings with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these bank loans amounted to approximately HK$31,420,000 (2017: HK$55,600,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2018, assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank loans amount to approximately HK$31,817,000 (2017: HK$56,123,000), as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**30,627**	53,676
More than one year but not exceeding two years	**1,190**	1,640
More than two years but not exceeding five years	**—**	807
	31,817	56,123

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

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 input(s) used).

Financial assets	**Fair value as at 31 December 2018**	31 December 2017	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	HK$'000	HK$'000		
Equity securities listed in Hong Kong	**2,018**	2,047	Level 1	Quoted prices in an active market
Equity securities listed outside Hong Kong	**—**	8,978	Level 1	Quoted prices in an active market

There were no transfers between Levels 1 and 2 during both years.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

37. SHARE OPTION SCHEME

(A) Share option scheme of the Company

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012 and took effect on the same date.

The major terms of the Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company, its subsidiaries and associates, including CFSG and its subsidiaries ("CASH Group"); or
- attract potential candidates to serve the CASH Group for the benefit of the development of the CASH Group.

(ii) The participants include any employee, director, consultant, adviser or agent of any members of the CASH Group.

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 83,122,167 shares, representing 10% of the issued share capital of the Company as at 31 December 2018. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;
- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the share.

(ix) The life of the Share Option Scheme is effective for 10 years from the date of adoption until 20 May 2022.

All share-based compensation will be settled in equity. The CASH Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

37. SHARE OPTION SCHEME (continued)

(A) Share option scheme of the Company (continued)

The following table discloses details of the Company's share options held by the directors, employees and consultants of the Group and movements in such holdings:

				Number of share options					
Name of scheme	Date of grant/ arrangement	Exercise price per share	Exercise period	outstanding as at 1.1. 2017	lapsed in 2017	outstanding as at 31.12. 2017	lapsed in 2018	expired in 2018	outstanding as at 31.12.2018
		HK$							
Directors									
Share Option Scheme	2.9.2014	0.478	(Note (1))	18,144,000	—	18,144,000	—	(18,144,000)	—
	18.12.2015	0.460	(Note (2))	22,400,000	—	22,400,000	(4,800,000)	—	17,600,000
				40,544,000	—	40,544,000	(4,800,000)	(18,144,000)	17,600,000
Employees									
Share Option Scheme	2.9.2014	0.478	(Note (1))	20,088,000	(4,278,000)	15,810,000	(3,630,000)	(12,180,000)	—
	18.12.2015	0.460	(Note (2))	26,200,000	(6,800,000)	19,400,000	(2,800,000)	—	16,600,000
				46,288,000	(11,078,000)	35,210,000	(6,430,000)	(12,180,000)	16,600,000
Independent grantees									
Share Option Scheme	18.12.2015	0.460	(Note (2))	6,800,000	—	6,800,000	(6,800,000)	—	—
				93,632,000	(11,078,000)	82,554,000	(18,030,000)	(30,324,000)	34,200,000
Exercisable at 31 December						33,954,000			—

37. SHARE OPTION SCHEME (continued)

(A) Share option scheme of the Company (continued)

Notes:

(1) The options were granted to directors and employees of the Group on 2 September 2014 for the provision of services to the CASH Group. The options would vest upon achievement of performance condition (performance target based on non-market condition and service condition) for the financial year ended 31 December 2014. During the year ended 31 December 2018, 3,630,000 (2017: 4,278,000) options with aggregate fair value of HK$713,000 (2017: HK$648,000) lapsed due to cessation of employment of employees of the Group and had been transferred to accumulated losses.

For the options granted to directors, the options must be exercised within one month from the date of the board of directors of the Company approves the vesting of the options. For the options granted to employees, the options must be exercised subject to 4 tranches period as to (i) 25% exercisable from the date of the board of directors of the Company approves the vesting of the options; (ii) 25% exercisable from 1 September 2015; (iii) 25% exercisable from 1 September 2016; and (iv) 25% exercisable from 1 September 2017. The directors of the Company considered that the performance target is achieved by the grantees in the year of grant and thus share-based compensation expense of HK$761,000 was recognised in profit or loss and the corresponding amount of HK$761,000 was credited to share option reserve during the year ended 31 December 2017. No liabilities were recognised due to share-based payment transactions.

On 31 August 2018, the outstanding 30,324,000 options with aggregate fair value of HK$4,432,000 (2017: nil) were expired and had been transferred to accumulated losses.

(2) The options were granted to the directors and employees of the Group on 18 December 2015 for the provision of services to the CASH Group. The options are subject to approval from the board of directors of the Company and will vest upon achievement of specific performance target, including profit arising on disposal of certain investments held by the Group, for the financial years ended/ending 31 December 2016 to 2019, service condition and at the discretion of the board of directors of the Company. At 31 December 2018 and 2017, performance target was not met and no share-based compensation expense was recognised in the financial years ended 31 December 2018 and 2017. During the year ended 31 December 2018, 7,600,000 (2017: 6,800,000) options lapsed due to cessation of directorship of a director and employment of employees of the Group.

In addition, the Group entered into arrangement with other service providers in respect of options on 18 December 2015 for the provision of satisfactory services to the CASH Group for the financial years ended/ending 31 December 2016 to 2019. The service providers will be entitled to the options upon the satisfactory delivery of services to the CASH Group and determined at the sole discretion of the board of directors of the Company. The options must be exercised within one month from the date the board of directors of Company approves the entitlement of the options. At 31 December 2018 and 2017, there were no satisfactory delivery of services to the CASH Group and thus no share-based compensation expense was recognised in the financial years ended 31 December 2018 and 2017. During the year ended 31 December 2018, 6,800,000 (2017: nil) options lapsed due to termination of the contracts with these service providers.

No liabilities were recognised due to share-based payment transactions.

The Black-Scholes Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

37. SHARE OPTION SCHEME (continued)

(B) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group

The Netfield share option scheme ("Netfield Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 June 2008. During the years ended 31 December 2018 and 2017, no option has been granted under the Netfield Share Option Scheme nor outstanding as at 31 December 2018 and 2017. The Netfield Share Option Scheme had been expired and terminated on 5 June 2018. The major terms of the Netfield Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to Netfield and its subsidiaries ("Netfield Group"); or

- attract potential candidates to serve the Netfield Group for the benefit of the development of the Netfield Group.

(ii) The participants include any employee, executive, officer, consultant, adviser or agent of any member of the Netfield Group.

(iii) The maximum number of shares in respect of which share options might be granted under the Netfield Share Option Scheme must not exceed 10% of the issued share capital of Netfield as at the date of approval of the Netfield Share Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the Netfield Share Option Scheme and any other share option scheme must not exceed 30% of the Netfield shares in issue from time to time.

(iv) The maximum number of shares in respect of which share options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the share options cancelled) under any share option granted to the same participant under the Netfield Share Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the relevant class of securities of Netfield in issue from time to time.

(v) There is no requirement for a grantee to hold the share option for a certain period before exercising the share option save as determined by the board of directors of Netfield and provided in the offer of grant of share option.

(vi) The exercise period should be any period fixed by the board of directors of Netfield upon grant of the option but in any event the share option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of a share option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to Netfield.

37. SHARE OPTION SCHEME (continued)

(B) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group (continued)

(viii) The exercise price of a share option shall be such price as the board of directors of Netfield at its absolute discretion shall determine, save that such price must not always be less than the nominal value of Netfield's share, which is currently of HK$0.10 each.

(ix) The exercise price of a share option granted at any time after Netfield has resolved to seek a separate listing of Netfield and up to the listing date or during the period commencing 6 months before the lodgement of listing application and up to the listing date, shall not be less than the new issue price at listing.

(x) After Netfield's shares have been listed, the exercise price of a share option must be the highest of:

- the closing price of the Netfield's shares on the date of grant which day must be a trading day;
- the average closing price of the Netfield's shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the Netfield's share.

(xi) The life of the Netfield Share Option Scheme is effective for 10 years from the date of adoption until 5 June 2018.

38. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme. The cap of contribution amount is HK$1,500 per employee per month.

Certain subsidiaries of the Company participate in various benefits schemes operated by the relevant municipal and provincial governments for its full-time employees in the PRC in accordance with the relevant PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 5%, 17%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

The employer's contributions to the MPF Schemes and various benefits schemes in the PRC are disclosed in note 9.

39. LOSS OF CONTROL/DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2017

As referred to in note 14, upon the completion of issuance of new shares by CFSG on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62% and CFSG ceased to be a subsidiary of the Company and became an associate of the Company.

The fair value of the interests in CFSG held by the Company of approximately HK$492,007,000 as at 20 June 2017, determined based on quoted market price of CFSG's shares at the same date, has been regarded as cost of interests in an associate from the date on which the Group ceased to have control, and accounted for in the consolidated financial statements using the equity method of accounting. The net assets of CFSG at the date of losing control were as follows:

	HK$000
Analysis of assets and liabilities over which control was lost:	
Property and equipment (note 17)	11,304
Investment properties	16,508
Goodwill (note 18)	20,606
Intangible assets (note 19)	9,752
Other assets	9,164
Rental and utility deposits	5,514
Available-for-sale financial assets	8,415
Accounts receivable	460,945
Loans receivable	1,850
Prepayments, deposits and other receivables	9,625
Tax recoverable	1,286
Investments held for trading	14,922
Bank deposits subject to conditions	25,050
Bank balances – trust and segregated accounts	832,057
Bank balances (general accounts) and cash	551,222
Accounts payable	(997,306)
Accrued liabilities and other payables	(26,310)
Taxation payable	(3,000)
Bank borrowing	(192,953)
Amounts due to subsidiaries of the Company	(2,364)
Deferred tax liabilities	(40)
Net assets disposed of	756,247
Gain on losing control of a subsidiary:	
Net assets derecognised	(756,247)
Non-controlling interest	527,407
	(228,840)
Cumulative exchange differences in respect of the net assets of CFSG reclassified from equity to profit or loss	(552)
Reclassified as interests in associates at fair value	492,007
Gain on losing control	262,615
Net cash outflow arising on loss of control:	
Bank balances and cash derecognised	551,222

The impact of loss of control of CFSG on the Group's results and cash flows in the current and prior periods is disclosed in note 14.

40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	Notes	**2018** **HK$'000**	2017 HK$'000
Commission and interest income received			
from the following director of the Company			
Mr Law Ping Wah Bernard	(b)	—	2
Commission and interest income received			
from the following director of CFSG			
Ms Cheng Pui Lai Majone	(a) & (b)	—	9

Notes:

(a) Ms Cheng Pui Lai Majone resigned as an executive director of CFSG during the year ended 31 December 2017.

(b) The business of dealing in securities is carried out by CFSG, where CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017.

Compensation of key management personnel

The remuneration of directors of the Company and chief executive which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings HK$'000 (note 30)	**Obligations under finance leases** HK$'000 (note 29)	**Total** HK$'000
At 1 January 2017	405,700	642	406,342
Financing cash flows (Note)	(27,271)	(615)	(27,886)
Eliminated on loss of control of CFSG (note 39)	(192,953)	—	(192,953)
Interest expense	9,699	12	9,711
At 31 December 2017	195,175	39	195,214
Financing cash flows (Note)	28,421	(570)	27,851
Commencement of leases (note 42)	—	2,287	2,287
Interest expense	9,603	63	9,666
At 31 December 2018	233,199	1,819	235,018

Note: The financing cash flows include the drawdown of borrowings, repayments of borrowings, decrease in bank borrowings for margin loan financing, repayment of obligations under finance leases and related interest paid.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2018, part of the consideration for the purchase of property and equipment amounting to approximately HK$1,822,000 (2017: HK$3,915,000) were not settled and included in the consolidated statement of financial position as other payables.

During the year ended 31 December 2018, the Group entered into finance lease arrangements in respect of assets with a total capital value at the commencement of the leases of HK$2,287,000 (2017: nil).

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group obtained financial support from a substantial shareholder and external parties through arrangement and draw down of new long-term facilities in order to improve the Group's financial position.

On 15 March 2019, a special resolution in relation to capital reorganisation was approved by the shareholders at a special general meeting held on the same date. Pursuant to the capital reorganisation took effect on 18 March 2019, the par value of each of the Company's shares was reduced from HK$0.10 to HK$0.01. The authorised share capital of the Company decreased to HK$30,000,000, representing 3,000,000,000 new shares of par value of HK$0.01 each, of which 831,221,677 new shares were issued and were fully paid or credited as fully paid and the remainder were unissued. The Company's issued and paid up share capital was reduced to approximately HK$8,312,000 and the reduction amount of approximately HK$74,810,000 was transferred to the contributed surplus account of the Company. Details of the transaction were disclosed in the announcements of the Company dated 29 November 2018 and 1 February 2019, and the circular and the supplemental circular of the Company dated 4 January 2019 and 15 February 2019 respectively.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of issued share capital held by the Company 2018 %	2017 %	Principal activities
CASH Group Limited	BVI	Ordinary US$1	**100**	100	Investment holding
CRM (HK)	BVI	Ordinary HK$3,877,860	**91.07**	91.07	Investment holding
Celestial Investment Group Limited ("CIGL")	BVI	Ordinary US$10,000	**100**	100	Investment holding
Libra Capital Management (HK) Limited	BVI	Ordinary US$1	**100**	100	Trading of securities
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	BVI	Ordinary US$10,000	**89.7**	89.7	Investment holding
Mov2Gather (HK) Limited	Hong Kong	Ordinary HK$1	**89.7**	89.7	Investment holding
Joy2Gather Limited	BVI	Ordinary US$1	**89.7**	89.7	Investment holding
Praise Joy Limited	BVI	Ordinary US$1	**100**	100	Investment holding
Pricerite Home Limited	Hong Kong	Ordinary HK$201,170,000	**91.07**	91.07	Retailing of furniture and household goods
Wealthy View Investment Limited	BVI	Ordinary US$10	**91.07**	91.07	Investment holding
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**100**	100	Provision of management services for group companies
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
CASH Dynamic Opportunities Investment Limited	BVI	Ordinary HK$5,000,000	**100**	100	Investment holding
CDOI Securities Limited	Hong Kong	Ordinary HK$5,000,000	**100**	100	Investment trading
CASH Algo Finance Group Limited	Hong Kong	Ordinary HK$2,000,000	**100**	100	Investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of issued share capital held by the Company 2018 %	2017 %	Principal activities
CASH Frontier Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Quant-Finance Lab Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

None of the subsidiaries had issued any debt securities at the end of the year.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiaries	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018**	2017	**2018**	2017
				HK$'000	HK$'000	**HK$'000**	HK$'000
CRM (HK) (Note (1))	BVI/Hong Kong	**8.93%**	8.93%	**(2,524)**	1,463	**12,424**	14,948
MMDE	BVI/Hong Kong	**10.3%**	10.3%	**—**	—	**(40,045)**	(40,045)
CFSG (Note (2))	Bermuda/Hong Kong	**—**	—	**—**	(23,057)	**—**	—
Individual immaterial subsidiaries with non-controlling interests				**—**	—	**535**	535
				(2,524)	(21,594)	**(27,086)**	(24,562)

Notes:

(1) CRM (HK) is 91.07% (2017: 91.07%) owned by the Company.

(2) As referred to in notes 14 and 39, upon the issuance of new shares by CFSG on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62% and CFSG ceased to be a subsidiary of the Company and became an associate of the Company.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CRM (HK)

	2018 **HK$'000**	2017 HK$'000
Non-current assets	**137,082**	112,394
Current assets	**547,180**	509,153
Non-current liabilities	**(31,463)**	(6,649)
Current liabilities	**(519,917)**	(453,666)
	132,882	161,232
Equity attributable to owners of the Company	**120,458**	146,284
Non-controlling interests of CRM (HK)	**12,424**	14,948
	132,882	161,232
Revenue	**1,420,264**	1,332,015
Expenses	**(1,448,526)**	(1,316,364)
(Loss) profit for the year	**(28,262)**	15,651
(Loss) profit for the year attributable to		
— owners of the Company	**(25,738)**	14,188
— non-controlling interests of CRM (HK)	**(2,524)**	1,463
(Loss) profit for the year	**(28,262)**	15,651
Other comprehensive (expense) income for the year attributable to		
— owners of the Company	**(88)**	86
— non-controlling interests of CRM (HK)	**—**	—
Other comprehensive (expense) income for the year	**(88)**	86
Total comprehensive (expense) income for the year attributable to		
— owners of the Company	**(25,826)**	14,274
— non-controlling interests of CRM (HK)	**(2,524)**	1,463
Total comprehensive (expense) income for the year	**(28,350)**	15,737
Net cash inflow from operating activities	**24,662**	33,224
Net cash outflow from investing activities	**(58,166)**	(42,588)
Net cash inflow (outflow) from financing activities	**28,660**	(3,386)
Net cash outflow	**(4,844)**	(12,750)

There are no significant restrictions on the ability of CRM (HK) to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

MMDE

	2018 HK$'000	2017 HK$'000
Non-current assets	**6,168**	6,187
Current assets	**1,158**	1,541
Current liabilities	**(405,835)**	(405,717)
	(398,509)	(397,989)
Equity attributable to owners of the Company	**(358,464)**	(357,944)
Non-controlling interests of MMDE	**(40,045)**	(40,045)
	(398,509)	(397,989)
Revenue	**—**	1,026
Expenses	**(418)**	(2,962)
Loss for the year	**(418)**	(1,936)
Loss for the year attributable to		
— owners of the Company	**(418)**	(1,936)
— non-controlling interests of MMDE	**—**	—
Loss for the year	**(418)**	(1,936)
Other comprehensive (expense) income for the year attributable to		
— owners of the Company	**(102)**	25
— non-controlling interests of MMDE	**—**	—
Other comprehensive (expense) income for the year	**(102)**	25
Total comprehensive expense for the year attributable to		
— owners of the Company	**(520)**	(1,911)
— non-controlling interests of MMDE	**—**	—
Total comprehensive expense for the year	**(520)**	(1,911)
Net cash outflow from operating activities	**(1,097)**	(2,116)
Net cash inflow from financing activities	**962**	1,691
Net cash outflow	**(135)**	(425)

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

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2018 **HK$'000**	2017 HK$'000
Non-current asset		
Amounts due from subsidiaries	**339,282**	421,819
Current assets		
Other receivables	**227**	227
Bank balance and cash	**1,037**	113
	1,264	340
Current liabilities		
Other payables and accruals	**363**	580
Amounts due to subsidiaries	**41,137**	41,137
	41,500	41,717
Net current liabilities	**(40,236)**	(41,377)
Net assets	**299,046**	380,442
Capital and reserves		
Share capital	**83,122**	83,122
Reserves	**215,924**	297,320
Total equity	**299,046**	380,442

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Reserves of the Company:

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2017	591,437	149,719	5,032	(446,417)	299,771
Loss and total comprehensive expense for the year	—	—	—	(3,212)	(3,212)
Recognition of equity-settled share-based payments	—	—	761	—	761
Effect of lapsed share options	—	—	(648)	648	—
At 31 December 2017	591,437	149,719	5,145	(448,981)	297,320
Adjustment arising from initial application of HKFRS 9 (Note)	—	—	—	(48,274)	(48,274)
At 1 January 2018 (restated)	591,437	149,719	5,145	(497,255)	249,046
Loss and total comprehensive expense for the year	—	—	—	(33,122)	(33,122)
Effect of lapsed share options	—	—	(5,145)	5,145	—
At 31 December 2018	591,437	149,719	—	(525,232)	215,924

Note: As at 1 January 2018, additional credit loss allowance of HK$48,274,000 has been recognised against accumulated losses. The additional loss allowance is charged against the amounts due from subsidiaries. No deferred tax asset has been recognised in respect of these loss allowance as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Five-Year Financial Summary

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements as appropriate, is set out below:

	Year ended 31 December				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue					
Continuing operations	**1,420,264**	1,333,041	1,443,055	1,390,716	1,173,545
Discontinued operation	**—**	61,246	149,916	243,897	198,063
	1,420,264	1,394,287	1,592,971	1,634,613	1,371,608
(Loss) profit before taxation					
Continuing operations	**(200,614)**	(196,042)	15,542	12,647	10,577
Discontinued operation	**—**	223,645	(70,314)	13,410	54,327
	(200,614)	27,603	(54,772)	26,057	64,904
Income tax expense	**(4,325)**	(3,715)	(4,395)	(7,852)	(21,302)
(Loss) profit for the year	**(204,939)**	23,888	(59,167)	18,205	43,602
Attributable to:					
Owners of the Company	**(202,415)**	45,482	(31,139)	15,229	2,422
Non-controlling interests	**(2,524)**	(21,594)	(28,028)	2,976	41,180
	(204,939)	23,888	(59,167)	18,205	43,602

Five-Year Financial Summary (continued)

	As at 31 December				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**56,293**	42,352	63,911	83,751	74,486
Investment property	**—**	—	16,508	188,583	213,666
Goodwill	**39,443**	39,443	60,049	60,049	60,049
Interests in associates	**259,494**	363,585	—	—	1,434
Intangible assets	**43,460**	43,460	53,212	53,212	53,212
Other non-current assets	**48,258**	38,210	65,670	52,617	76,183
Current assets	**414,057**	477,718	2,260,816	2,614,213	2,058,903
Total assets	**861,005**	1,004,768	2,520,166	3,052,425	2,537,933
Current liabilities	**547,856**	514,558	1,747,407	2,149,024	1,740,356
Long term borrowings	**24,514**	—	10,645	78,412	91,516
Other non-current liabilities	**8,324**	6,649	6,924	13,077	14,509
Total liabilities	**580,694**	521,207	1,764,976	2,240,513	1,846,381
Net assets	**280,311**	483,561	755,190	811,912	691,552
Equity attributable to owners of the Company	**307,397**	508,123	461,920	489,899	366,626
Non-controlling interests	**(27,086)**	(24,562)	293,270	322,013	324,926
	280,311	483,561	755,190	811,912	691,552

No restatement is made in respect of the application of HKFRS 9 and HKFRS 15 to the consolidated results and assets and liabilities of the Group for the financial years before 1 January 2018.

Definitions

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"AGM(s)"	the annual general meeting(s) of the Company
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CASH Asset Management"	CASH Asset Management Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 9 (asset management) regulated activity
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability, is the substantial Shareholder of the Company and an associate of Dr Kwan Pak Hoo Bankee
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities
"Celestial Capital"	Celestial Capital Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities
"Celestial Commodities"	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 2 (dealing in futures contracts) regulated activity
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board. CFSG is an associate of the Company
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Old Option Scheme"	the previous share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008, which has been expired nd terminated on 21 February 2018
"CFSG New Option Scheme"	the existing share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018. The CFSG New Option Scheme, which replaced the CFSG Old Option Scheme, took effect on 8 June 2018
"CG Code"	the Corporate Governance Code as contained in Appendix 14 of the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board

Definitions (continued)

"Company Secretary"	the company secretary of the Company
"CRMG" or "CRMG Holdings"	CRMG Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited, SECO Living Company Limited, Galleon Home Limited and WAW Corporate Services Limited), which mainly conduct the retail management business in Hong Kong under multi-brand names including "Pricerite", "TMF", "SECO", "Galleon" and "W@W"
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company
"ESG Guide"	the Environmental, Social and Governance Reporting Guide as contained in Appendix 27 of the Listing Rules
"Group"	the Company and its subsidiaries
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Net2Gather (China)"	Net2Gather (China) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and the holding company of mobile internet services business
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFC"	the Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary shares in the share capital of the Company
"Share Option Scheme"	the existing share option scheme of the Company adopted by the Shareholders at an AGM of the Company held on 21 May 2012
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"PRC"	the People's Republic of China
"UK"	United Kingdom
"US"	United States