財訊傳媒集團有限公司

SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

（stock code：205）

2018

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Li Leong
Mr. Li Xi
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent Non-Executive Directors:
Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

JOINT COMPANY SECRETARIES

Mr. Chung Cheuk Man
Mr. Tseung Sheung Shun

PRINCIPAL PLACE OF BUSINESS

Room 1408, 14/F.,
Wing On Kowloon Centre,
345 Nathan Road,
Kowloon

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.

AUDITOR

Elite Partners CPA Limited
10/F.,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITES

www.irasia.com/listco/hk/seecmedia/index.htm
www.seec-media.com.hk

STOCK CODE

205

DIRECTOR'S STATEMENT

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018.

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Revenue derived from the business of advertising and sales of books and magazines was continuous to be one of the major sources of income to the Group. However, due to the expiry of the exclusive advertising contracts of certain magazines during the year 2018 and the rapid development of the internet economy in China over the past few years, the Group's print media advertising business faced ongoing difficult and challenging business environment. As a result, the development of the print media in China, as well as the Group's revenue derived from the print media business, were adversely affected.

The revenue derived from the provision of advertising services for the current year was approximately HK$130.1 million, representing a decrease of approximately 48.6% from approximately HK$253.0 million for the last year. The revenue derived from sales of books and magazines for the current year was approximately HK$5.3 million, representing a decrease of approximately 61.2% from approximately HK$13.7 million for the last year.

Securities Broking

The Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, it is expected that the Group can be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. For the year ended 31 December 2018, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK$15.8 million in total, representing approximately 8.8% of the total revenue of the Group. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering. In addition, to cope with the occasion that the investor sentiment in Hong Kong becoming inactive, the Group has adopted flexible market strategy in order to maintain the appeal of the Group's brokerage services towards clients.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group also provides diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. The Group commenced operation in the money lending business in 2016 through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). For the year ended 31 December 2018, the interest income from loan receivables arising from the money lending business amounted to approximately HK$13.9 million, representing approximately 7.7% of the total revenue of the Group.

E-commerce

In September 2016 and May 2017, the Group acquired the entire issued share capital of two companies in which their wholly-owned subsidiaries were principally engaged in the provision of services and sales of goods in relation to e-commerce platforms. In February 2017, the Group acquired the entire interest associated with an website and domain name in relation to an e-commerce business. For the year ended 31 December 2018, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK$15.3 million, representing approximately 8.5% of the total revenue of the Group.

OUTLOOK AND PROSPECT

The relevant policies and arrangements under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area make Hong Kong more competitive in attracting foreign investments. Nevertheless, in past few months, the escalation of tensions between the US and China developed into trade war. Investors' negative sentiment and concerns over the economic outlook had made the global stock market even more volatile. The market is still concerning the uncertainties on whether the two countries can work out an agreement to settle the trade conflicts.

Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain stable in long-term. The Group will continue its effort to develop and strengthen its own financial business. Yet, the Group will closely monitor the performance, development and potential business risks of the financial business and identify the most suitable diversification of the Group's portfolio of businesses. On the other hand, the Board expects that the Group's business of advertising and sales of books and magazines may face shrinkage in their contributions to the Group's future revenue and profitability in view of the difficult operating environment for print media business in China.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to our shareholders, business partners and customers for their support. In addition, I would like to take this opportunity to thank all our staff members for their continuous and valuable contribution to the Group during the year. We are committed to drive for long-term growth and reward for our shareholders.

Li Leong
Executive Director

Hong Kong, 29 March 2019

FINANCIAL REVIEW

For the year 2018, the advertising business of the Group continued to be the most significant source of revenue of the Group. For the year ended 31 December 2018, the aggregated revenue of the Group deriving from the provision of advertising agency services and sales of books and magazines was approximately HK$135.4 million, representing a decrease of approximately 49.2% as compared with that of approximately HK$266.7 million for the year ended 31 December 2017. The decrease in revenue was mainly attributable to the weak performance of the Group's advertising business as a result of the expiry of certain exclusive advertising contracts of magazines during the year 2018 and also the severe industry and operating environment in the print media advertising business in China.

For the year ended 31 December 2018, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK$15.8 million (2017: approximately HK$31.0 million), approximately HK$15.3 million (2017: approximately HK$10.2 million) and approximately HK$13.9 million (2017: approximately HK$11.2 million) respectively. The securities broking business was commenced during the first half of the year 2016 while both of the e-commerce business and the money lending business were commenced during the second half of the year 2016.

The overall gross profit margin of the Group for the year ended 31 December 2018 was approximately 48.8%, which was lower than that for the year ended 31 December 2017 of approximately 54.6%. The lower gross profit margin in current year was attributable to the relatively large decrease in revenue and the relatively mild decrease in cost of sales which was mainly because of the weak performance of the advertising business and the notable decrease in revenue derived from the securities broking business as compared with last year. The gross profit margin contributed by the money lending business was much higher as compared with those contributed by most of the other business segments of the Group.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the year ended 31 December 2018, there were unrealised fair value losses and realised gains on held-for-trading investments of approximately HK$22.3 million (2017: approximately HK$63.8 million) and approximately HK$1.9 million (2017: losses of approximately HK$96.0 million) respectively.

For the year ended 31 December 2018, other gains and losses mainly consisted of net foreign exchange gains of approximately HK$10.4 million.

The selling and distribution costs for the year ended 31 December 2018 was approximately HK$98.5 million, decreased by approximately 19.6% from approximately HK$122.6 million for the year 2017. The decrease was conform with the decrease in revenue.

The administrative expenses decreased slightly by approximately 3.2% from approximately HK$96.4 million for the year 2017 to approximately HK$93.4 million for the year 2018.

For the year ended 31 December 2018, a share of profit from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK$1.2 million (2017: approximately HK$0.5 million) was recognised.

For the year ended 31 December 2018, a share of loss from GreaterChina Professional Services Limited, an associate of the Group, of approximately HK$18.6 million (2017: approximately HK$53.4 million) was recognised. Greaterchina Professional Services Limited ("Greaterchina") is a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services. For the year ended 31 December 2017, impairment loss on interest in an associate of approximately HK$24.8 million was recognised as a result of decrease in market price of the shares of Greaterchina.

The loss for the year ended 31 December 2018 attributable to owners of the Company amounted to approximately HK$125.1 million (2017: approximately HK$251.7 million), representing a decrease of approximately 50.3%. The decrease was mainly due to (i) the significant realised and unrealised losses on held-for-trading investments recognised in last year; (ii) decreased in share of loss of an associate from approximately HK$53.4 million in the year 2017 to approximately HK$18.6 million in the year 2018; and (iii) the impairment loss on interest in an associate of approximately HK$24.8 million recognised in the year 2017. These effects were partially offset by the decrease in gross profit in the year 2018.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2018 (2017: nil).

USE OF PROCEEDS

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$518.27 million.

For the details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015 (the "Prospectus").

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK$72 million been changed from original allocation as for the operation and development of the e-commerce platform to the revised allocation as for the acquisition of companies engaged in the development and operation of e-commerce platform.

On 8 July 2016, the Company announced that the use of part of the unutilized net proceeds of approximately HK$100 million been changed from original allocation as for the set-up and operation of a company licensed under the SFO (the "Type 1 Company") to conduct Type 1 (dealing in securities) regulated activity under the SFO to the revised allocation as for the operation and development of money lending business.

The Board from time to time reviews the business operation of the Type 1 Company and assesses the existing placements and underwriting activities involved, the potential business opportunities from its clients, and the condition of equity fund raising market in Hong Kong.

The Board noted that the equity fund raising market condition in Hong Kong for the first half of 2016 was less active and far below from the Company's expectation as at the date of the Prospectus. Since the commencement of business, the Group used its best endeavored to look for potential placing and underwriting business opportunities from its clients and potential clients. Nevertheless, in the first half of 2016, the Type 1 Company had only acted as the underwriter/sub-underwriter for two of its clients. During this period of time, apart from the two underwriting activities, no other underwriting activity from the clients or other potential clients could be identified by the Type 1 Company. On the other hand, during the first half of 2016, the liquid capital of the Type 1 Company was sufficient to comply with relevant requirement in accordance with the Securities and Futures (Financial Resources) Rules (Chapter 571N, Laws of Hong Kong) (the "FRR Rules").

In view of these, the Board considered that, after the change in use of proceeds as announced on 8 July 2016, there are still sufficient financial resources for the Type 1 Company to operate and comply with the liquid capital requirement under the FRR Rules in the foreseeable future. Moreover, it was believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. Accordingly, the Board considers that the change in use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

For the details of the change in use of proceeds from the Open Offer, please refer to the announcements of the Company dated 22 June 2016 and 8 July 2016 (the "Announcements").

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds as stated in the Prospectus and the Announcements HK$'000	Actual use of proceeds as at the date of this annual report HK$'000	Unutilised balance HK$'000	Details
Set-up and operation of the Type 1 Company	265,000	265,000	–	Used as capital injection for the Type 1 Company
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	30,000	–	30,000	–
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	119,600	4,400	Used as consideration and refundable deposits for the acquisition of companies engaged in the development and operation of e-commerce platform
Operation and development of money lending business	100,000	100,000	–	Used as intended
	519,000	484,600	34,400	

The Board expected that the unutilised balance will be used as intended.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2018, the Group had not made any material acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK$26.3 million (2017: approximately HK$50.4 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 31 December 2018 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 31 December 2018, are as follows:

	As at 31 December 2018				For the year ended 31 December 2018	
Company name	Number of shares held	Proportion to the total issued share capital for the stocks	Market value HK$'000	Proportion to the total assets of the Group	Unrealised fair value losses on the investments HK$'000	Dividends received HK$'000
QPL International Holdings Limited ("QIH")	68,700,000	3.04%	3,641	0.48%	3,504	–
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	14,282	1.88%	14,578	–
			17,923		18,082	–

QIH is principally engaged in the manufacture and sales of integrated circuit leadframes, heatsinks, stiffeners and related products. CEPG is principally engaged in the provision of biometric and Radio Frequency Identification products and solution services, internet and mobile application and related services.

For the year ended 31 December 2018, the Group recognised unrealised fair value losses on held-for-trading investments of approximately HK$22.3 million (2017: approximately HK$63.8 million), which was mainly attributable to the fair value losses on investments in QIH and CEPG of approximately HK$3.5 million and approximately HK$14.6 million respectively. For the year ended 31 December 2018, the Group recognised realised gains on held-for-trading investments of approximately HK$1.9 million (2017: losses of approximately HK$96.0 million).

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 31 December 2018, the Group's total equity was approximately HK$508.5 million (2017: approximately HK$691.1 million). The decrease was mainly attributable to the loss for the current year of approximately HK$125.0 million.

The Group had non-current liabilities of approximately HK$4.7 million as at 31 December 2018 (2017: approximately HK$6.1 million). The non-current liabilities as at 31 December 2018 consisted of deferred tax liabilities. As at 31 December 2018, the Group's gearing ratio was approximately 33.0% representing a percentage of total liabilities over total assets (2017: approximately 27.6%).

As at 31 December 2018, the Group had borrowings of approximately HK$23.7 million (2017: approximately HK$21.9 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand (2017: fixed interest rate of 8% per annum; repayable on demand).

As at 31 December 2018, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK$75.8 million (2017: approximately HK$131.8 million).

CHARGES ON ASSETS

As at 31 December 2018, the Group had pledged held-for-trading investments of approximately HK$25.7 million (2017: approximately HK$48.0 million) to secure the margin payables of approximately HK$23.7 million (2017: approximately HK$21.9 million), which was included in the borrowings of the Group.

COMMITMENTS

(a) Operating lease commitments

As lessee

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

	2018 HK$'000	2017 HK$'000
Within one year	6,041	12,800
In the second to fifth year inclusive	3,671	9,484
	9,712	22,284

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to three years.

(b) Other commitments

(i) Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising on their magazines which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	2,340	2,340
In the second to fifth year inclusive	–	2,340
	2,340	4,680

(ii) During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into agreements with two independent third parties pursuant to which the Group has agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating an e-commerce platform. The relating commitments contracted but not yet incurred as at 31 December 2018 was HK$6,000,000.

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. As at 31 December 2018, the Group has a fixed interest rate borrowing amounting approximately HK$23.7 million (2016: approximately HK$21.9 million) from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2018, the Group had 234 (2017: 427) employees in Hong Kong and PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Old Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), of which all terms and conditions are the same as the Old Share Option Scheme.

On 27 July 2017, 637,200,000 share options to subscribe for up to a total of 637,200,000 ordinary shares of HK$0.10 each were granted to eligible participants under the Share Option Scheme. During the years ended 31 December 2017 and 2018, no share options under the Share Option Scheme were exercised or forfeited.

During the year ended 31 December 2017, all of the remaining 1,851,000 share options under the Old Share Option Scheme were forfeited.

The number of shares issuable under share options granted under the Share Option Scheme was approximately 637,200,000 representing approximately ordinary 10.0% of the Company's issued shares of 6,373,545,516 shares as at the date of this annual report issued on 29 March 2019.

At the date of the Company's 2017 annual report issued on 29 March 2018, the number of shares issuable under share options granted under the Share Option Scheme was approximately 637,200,000, representing approximately 10.0% of the Company's issued shares of 6,373,545,516 shares at the time being.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining sound corporate governance and believes that good corporate governance principles and practices will bring trust and faith of the Company's stakeholders.

During the year under review, the Company has complied with all relevant code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviations stated below:

(1) Code Provision A.1.3 and A.7.1

Code A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

(2) Code Provision A.2 and E.1.2

The Board currently has not appointed any Directors as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

(3) Code Provision A.4.1

Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). At each annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

(4) Compliance with Rules 3.10(1) and 3.21

Rules 3.10(1) and 3.21 of the Listing Rules stipulate the required minimum number of independent non-executive directors and Audit Committee members. Upon the resignation of Ms. Wensy Ip as a director on 26 April 2018, the Company failed to compile with the aforesaid Rules. The Company has appointed Mr. Leung Tat Yin as an independent non-executive director, member of Remuneration Committee, Nomination Committee and Audit Committee with effect from 25 July 2018, Rules 3.10(1) and 3.21 of the Listing Rules have then been complied with.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on exactly the terms and the required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2018.

BOARD OF DIRECTORS

The Board collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. The Board has delegated the day-to-day management power of the Group to the executive Directors and senior management of the Company. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions, financial information, appointment of Directors, and other significant financial and operational matters.

The Board currently comprises four executive Directors who are Mr. Li Leong, Mr. Li Xi, Mr. Zhang Zhifang and Mr. Zhou Hongtao, and three independent non-executive Directors who are Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current size of the Board to be adequate for its present operations. Nevertheless, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Board diversity policy ("Board diversity policy") was introduced to set out the approach to diversity on the Board of directors of the Company.

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2018 are as follows:

Directors	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Li Leong	4/4
Mr. Li Xi	3/4
Mr. Zhang Zhifang	0/4
Mr. Zhou Hongtao	1/4
Mr. Law Chi Hung	4/4
Mr. Leung Tat Yin (appointed on 25 July 2018)	2/2
Ms. Wensy Ip (resigned on 26 April 2018)	1/1
Mr. Wong Ching Cheung	4/4

All directors (executive Directors, namely Mr. Li Leong, Mr. Li Xi, Mr. Zhang Zhifang and Mr. Zhou Hongtao; and independent non-executive Directors, namely Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung) have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board has not appointed any Director as its chairman.

NON-EXECUTIVE DIRECTORS

The term of office of each non-executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

BOARD COMMITTEES

Audit Committee

As at 31 December 2018, the Audit Committee comprises three independent non-executive Directors with Mr. Law Chi Hung as committee chairman, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as committee members.

The Audit Committee is responsible for the appointment of external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, review of risk management and internal control systems, the effectiveness of the internal audit function of the Group. It is also responsible for reviewing the interim and financial results of the Group.

The Audit Committee held two meetings during the year under review. Details of the attendance of the Audit Committee meeting are as follows:

Members	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Law Chi Hung	2/2
Ms. Wensy Ip (resigned on 26 April 2018)	1/1
Mr. Leung Tat Yin (appointed on 25 July 2018)	1/1
Mr. Wong Ching Cheung	2/2

The Group's interim results for the six months ended 30 June 2018 and annual audited results for the year ended 31 December 2018 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Remuneration Committee

As at 31 December 2018, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as committee members.

The principal responsibilities of the Remuneration Committee include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of Directors and senior management. The Remuneration Committee also accesses performance of executive Directors.

In respect of the remuneration packages of individual executive directors and senior management, Remuneration Committee is to make recommendations to the Board for the Board's final determination.

The emoluments of the Directors are determined by reference to the skill, knowledge and experience of the respective Directors and their involvement in the Company's affairs as well as the prevailing market conditions. Share options may also be granted to the Directors as long-term incentive or rewards for their continuous contributions to the Group.

The Remuneration Committee met once during the year ended 31 December 2018 with the presence of Mr. Law Chi Hung, Ms. Wensy Ip (resigned on 26 April 2018) and Mr. Wong Ching Cheung.

Nomination Committee

As at 31 December 2018, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Wong Ching Cheung being chairman of the committee, Mr. Law Chi Hung and Mr. Leung Tat Yin as committee members.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

The Board is empowered under the "Bye-laws" to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. In consideration of Board diversity, the Nomination Committee will monitor the implementation of the Company's nomination policy and Board diversity policy and will from time to time review the policies to ensure its effectiveness.

The Nomination Committee met once during the year ended 31 December 2018 with the presence of Mr. Law Chi Hung, Ms. Wensy Ip (resigned on 26 April 2018) and Mr. Wong Ching Cheung.

Nomination policy

The Board has adopted a nomination policy which sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board diversity policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

Board Diversity Policy

The Board has adopted a Board diversity policy which sets out the approach adopted by the Board regarding diversity of Board members. In designing the Board's composition, board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and in order for the Board to be effective. The Board has set measurable objectives (in term of gender, skills and experience) to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity in terms of gender, professional background and skills.

CORPORATE GOVERNANCE FUNCTIONS

The Board is overall responsible for performing corporate governance duties. The Board developed and reviewed the Company's policies and practices on corporate governance; and monitored the training and professional development of Directors and senior management. The Board has constantly reviewed the Company's policies and practices to ensure compliance with legal and regulatory requirements and the Company's compliance with the Code and disclosure in the corporate governance report.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 December 2018, the Joint Company Secretaries have each taken no less than 15 hours of professional training.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibilities for maintaining sound and effective internal control and risk management systems of the Group and reviewing their effectiveness. The Internal Audit function of the Group performed independent reviews and reported regularly the review results to the Board through the Audit Committee on the adequacy and effectiveness of the Group's internal control and risk management systems. The Board, through the Internal Audit function of the Group, has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures and considered them effective and adequate. The Board has delegated to the senior management of the Group the implementation of such systems of internal controls. The management throughout the Group maintains and monitors the internal control system on an ongoing and regular basis.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting, internal audit and financial reporting function, and their training programmes and budget.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Company regulates the handling and dissemination of inside information to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

AUDITOR

The external auditor of the Company is Elite Partners CPA Limited. The Audit Committee is responsible for making recommendations to the Board on the external auditor's appointment, re-appointment and removal, which are subject to approval by the Board and at the general meetings of the Company by its shareholders. In assessing the external auditor, the Audit Committee will take into account relevant experience, performance, objectivity and independence of the external auditor.

Provision of non-audit services

In deciding whether the external auditor should provide non-audit services for the Group, the following key principles are considered:

(i) the auditors should not audit their own firm's work;

(ii) the auditors should not make management decisions;

(iii) the auditors' independence should not be impaired; and

(iv) quality of service.

If any services which may be considered to be in conflict with the role of the external auditor, prior approval to engagement must be obtained from the Audit Committee, regardless of the amounts involved.

Auditor's remuneration

During the year ended 31 December 2018, the fees paid or payable to the auditor of the Company, Elite Partners CPA Limited, was approximately HK$850,000 (2017: approximately HK$780,000) and HK$15,000 (2017: HK$14,000) for statutory audit services and non-audit services rendered to the Group respectively.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2018, which were prepared in accordance with statutory requirements and applicable accounting standards.

SHAREHOLDERS' RIGHTS

Dividend policy

The Company has adopted a dividend policy which became effective on 1 January 2019. The dividend policy aims at enhancing transparency of the Company and facilitating the shareholders and investors of the Company to make informed investment decisions relating to the Company. According to the dividend policy, while the Company intends to declare and pay dividends, the payment and the amount of any dividend will depend on a number of factors, including but not limited to the Group's financial performance, working capital requirements, capital expenditure requirements, future expansion plans and liquidity position, the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to bye-law 58 of the Bye-laws, on the written requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right to vote at general meetings of the Company, the Directors shall convene an extraordinary general meeting for the transaction of any business specified in such requisition; and such meeting shall be convened within thirty days from the date of deposit of the requisition.

Procedures for shareholders to propose a person for election as a director

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the shareholder can deposit a written notice to that effect at the principal place of business of the Company in Hong Kong, for the attention of the Board.

In order for the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

Pursuant to bye-law 85 of the Bye-laws, the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The Company shall publish an announcement in accordance with Rule 2.07C or issue a supplementary circular upon receipt of a notice from a Shareholder to propose a person for election as a director at the general meeting where such notice is received by the Company after publication of the notice of meeting. The Company shall include particulars of the proposed director in the announcement or supplementary circular.

The Company shall assess whether or not it is necessary to adjourn the meeting of the election to give Shareholders at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Voting at and notice of general meetings

As required by the Listing Rules, the Company conducts all voting at general meetings by poll. To compile with the Listing Rules, notices to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

Pursuant to bye-law 59 of the Bye-laws, an annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including a special general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days, a general meeting may be called by shorter notice if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Shareholders.

INVESTOR RELATIONS

The Board recognises that effective and timely communication with the Company's investors plays a crucial role in maintaining existing investor's confidence and attracting new investors, so the Board continuously places great importance on proactive communication with its existing and potential shareholders and investors. The primary communication channel between the Company and its shareholders is the publication of annual reports and interim reports, announcements, circulars and notices to shareholders. The Company's annual general meetings further provided a platform and opportunity for our shareholders to exchange view with the Company.

CONSTITUTIONAL DOCUMENTS

The Company has adopted new memorandum of Continuance and new Bye-laws with effective from 26 October 2015 (Bermuda Time), the date of continuance of the Company under the laws of Bermuda.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Li Leong, aged 35, has years of experience in financial industry. Mr. Li graduated from the University of Western Ontario in Canada with a Bachelor of Science degree in Mathematics and Statistics in 2006. He also obtained a Master of Science degree in Investment Management from the Hong Kong University of Science and Technology in 2013. Mr. Li joined the Group in February 2015.

Mr. Li Xi, aged 44, has years of experience in investment. Mr. Li graduated from the Xi'an Jiaotong University with a Bachelor of Engineering degree in Industrial Foreign Trade in 1997. He also obtained a Master of Economics degree from Xi'an Jiaotong University in 2005. Mr. Li jointed the Group in November 2015.

Mr. Zhang Zhifang, aged 65, has years of experience in investment and business planning. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang joined the Group in December 1997.

Mr. Zhou Hongtao, aged 41, has over 10 years of experience in investment and media related industry. Mr. Zhou is currently the managing director of Shanghai Xiang Chen Hang Place The Industry Co, Ltd in the PRC, a real estate investment company in Shanghai. Mr. Zhou was the senior investment manager in Founder Group, Beijing, specialized in information technology and media related investment. Mr. Zhou obtained a Bachelor degree of Chemical Engineering and Technology from the Dalian University of Technology in 2000 and a Master of Business Administration degree from the Beijing Jiaotong University in 2005. Mr. Zhou joined the Group in May 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Chi Hung, aged 35, obtained a bachelor degree of Business Administration (Honors) in Accountancy from the City University of Hong Kong. He has 10 years of experience in accounting and auditing. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and is currently a director of CLG CPA Limited. Mr. Law has not held any directorship in other listed companies in the last three years. Mr. Law has been appointed as an independent non-executive Director since June 2015.

Mr. Leung Tat Yin, aged 57, has over 30 years of experience in trading and construction industries. Prior to joining the Group. Mr. Leung has served as managerial positions in a number of sizable private companies situated in Hong Kong. Mr. Leung has been appointed as an independent non-executive Director since July 2018.

Mr. Wong Ching Cheung, aged 56, has years of experience in printed circuit board industry with extensive managerial experiences. He has engaged in providing consultation in relation to the electronic industry, specializing in chemical and product manufacturing, with client base in the People's Republic of China, Taiwan, Singapore, Germany, France and Brazil. He is currently a director of a privately owned company, Finetech Electronics Limited. Prior to that, he held management role in certain Hong Kong private companies. Mr. Wong has been appointed as an independent non-executive Director since July 2016.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries and joint ventures are engaged in the provision of advertising agency services, distribution of books and magazines in the People's Republic of China and securities brokerage business, money lending business and e-commerce business in Hong Kong. Details are set out in notes 17 and 38 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business and the outlook and prospect of the Group are provided in the "Director's Statement" section on pages 3 to 4 of this annual report. After the reporting period ended 31 December 2017, there was no significant event affecting the Group that is required to be disclosed.

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

In 2018, the Group has actively responded to the general direction of social development, strived to meet the demands of environmental and social responsibility, strengthened our group's and employees' awareness of the environment and society, and actively participated in environmental and social issues. To better protect natural resources, we have taken various measures to save energy, reduce waste and consumption, and promote the use of environmentally friendly products in our daily business operations. In terms of social issues, the Group attaches great importance to the cultivation of knowledge and talent in order to establish a safe and honest working environment that bears social responsibilities to our employees. Meanwhile, we would like to share our ideas and concepts with our stakeholders. Through these practices, the Group has achieved encouraging results regarding environmental and social aspects.

Detail information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company no later than three months after the publication of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 29.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 98.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and share option schemes are set out in notes 31 and 35 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2018, the Company did not have reserves available for distribution to shareholders (2017: approximately HK$32,415,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together were less than 10% of the Group's total cost of sales for the year. The aggregate sales attributable to the Group's five largest customers taken together were less than 10% of the Group's total revenue for the year.

As far as the Directors are aware, neither the Directors, their associates, nor those shareholders which to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in the five largest suppliers of the Group during the year.

DIRECTORS

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

Executive Directors:

Mr. Li Leong
Mr. Li Xi
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent non-executive Directors:

Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

In accordance with bye-law 83 of the Bye-laws, Mr. Leung Tat Yin shall hold office until the forthcoming annual general meeting and shall be eligible for re-election.

In accordance with bye-law 84 of the Bye-laws, Mr. Li Leong, Mr. Zhou Hongtao and Mr. Wong Ching Cheung shall retire at the forthcoming annual general meeting and the retiring Directors are eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those disclosed in note 37 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2018 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2018, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Save as disclosed below, as at 31 December 2018, none of the Directors and chief executives had interests and short positions in the shares, the underlying shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of shares held	Percentage of number of issued shares of the Company as at 31 December 2018 (Note 1) (%)
Mr. Zhang Zhifang	Beneficial owner	750,000	0.01

Note 1: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 31 December 2018.

PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 164 of the Bye-laws, the Directors and every one of them is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out and maintained Directors' liability insurance throughout the year which provides appropriate cover for legal actions brought against the Directors.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the Company's share options during the year to subscribe for shares of HK$0.10 each in the Company are set out in note 35 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of the relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares held	Percentage of number of issued share of the Company as at 31 December 2018 (Note 1) (%)
Ni Songhua	Beneficial owner	576,300,000	9.04

Note 1: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 31 December 2018.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 35 to the consolidated financial statements.

CONNECTED TRANSACTIONS

On 18 October 2016, certain subsidiaries of the Company entered into lease agreements ("Leases") with Shanghai SEEC Investment and Development Corporation ("Lessor") for term of 24 months. Leases are for office use purpose and commenced on 1 January 2017 for an aggregated yearly rental of approximately RMB3,743,000 (approximately HK$4,455,000).

Mr. Zhang Zhifang (a director of the company and director of certain subsidiaries which entered into Leases), Mr. Wang Boming and Mr. Dai Xiaojing (both are directors of certain subsidiaries which entered into Leases) ("Three Persons"), who through their shareholdings and directorship in the holding companies of Lessor, collectively may control the holding companies and may have controlling interest in Lessor. Under the circumstances, Lessor might constitute an associate of the Three Persons. Leases were considered as continuing connected transactions under the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors confirm that the continuing connected transactions during the year have been entered into by the subsidiaries of the Company in the ordinary course of their business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the board of Directors engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of Directors. The independent non-executive Directors have reviewed the continuing connected transactions during the year and the report of the auditor and have confirmed that the transactions have been entered into by the Group in the ordinary course of its business, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

On 19 September 2016, a wholly-owned subsidiary of the Company entered into an agreement to sell its commercial office properties located in PRC ("Disposal") for a consideration of RMB52,000,000 (approximately HK$61,905,000) (inclusive of the relevant value added tax in the PRC). The purchaser was Beijing Lianban Cultural Media Group Ltd ("Purchaser") where Three Persons, who through their shareholdings and directorship in the holding companies of Purchaser, collectively may control the holding companies and may have controlling interest in Purchaser. Under the circumstances, Purchaser might constitute an associate of the Three Persons. Disposal was considered as a connected transaction under the Listing Rules and was completed on 9 January 2017.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RELATIONS WITH KEY STAKEHOLDERS

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices.

The Board also treasures that maintaining good relationship with our customers and suppliers is vital to achieve the Group's long-term goals. During the year, there was no significant dispute between the Group companies and our business partners.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The Directors consider, among other things, that approvals to renew the advertising licenses of certain of our Group companies by the PRC governmental authorities, renewal of the sole advertising rights of certain magazines and addition of any new exclusive advertising contracts to the Group are the key risks and uncertainties to its operation and prospects. These are not within the control of the Board and are also much dependent on the prevailing regulations and conditions at the relevant time of renewal in future. Description of key sources of estimation uncertainty and the risks associated with the Group's financial instruments are disclosed in note 4 and note 33 to the consolidated financial statements respectively. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Board or which may not be material now but could turn out to be material in future.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDITOR

The financial statements for the year ended 31 December 2018 was audited by Elite Partners CPA Limited.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Elite Partners CPA Limited as auditor of the Company.

On behalf of the Board

Li Leong
Director
Hong Kong, 29 March 2019

TO THE MEMBERS OF SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 97, 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 (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. 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 the matter was addressed in our audit
Impairment assessment of goodwill	
As at 31 December 2018, the Group had goodwill of approximately HK$22.9 million which was allocated to the provision of e-commerce platform services and sales of related goods (the "CGU"). For the purpose of assessing impairment, the Group appointed an independent external valuer to assess the recoverable amount of the CGU, which was determined by the management based on the higher of value-in-use and fair value less costs of disposal. The valuation requires significant management judgement in valuing the recoverable amount of the CGU. We had identified impairment of goodwill as a key audit matter because significant management judgement was used in determining the key assumptions including future income, operating margin and discount rate in arriving the cash flow forecast of the CGU. After the management assessment of the recoverable amount of the CGU, no impairment loss on goodwill was recognised for the year ended 31 December 2018.	Our major audit procedures to address the impairment assessment of goodwill included: – We discussed with management as to whether there was any indicator of impairment; – We obtained cash flow forecasts of the CGU prepared and approved by the management; – We discussed with management and the independent external valuer engaged by the Company in relation to the methodology and assumptions adopted in arriving at the forecasts, to see whether these assumptions and methodology were reasonable; – We checked on a sample basis the accuracy and reliance of the input data used; and – We assessed the competency of the independent external valuer taking into account its experiences and qualifications.
Impairment assessment of accounts receivables and loan receivables Referring to notes 22 and 23 to the consolidated financial statements, as at 31 December 2018, the Group had accounts receivables and loans receivables amounting to approximately HK$198,064,000 and HK$167,739,000 respectively. The balances of impairment loss allowance for the receivables represent the management's best estimates at the reporting date of expected credit losses ("ECL") under the expected credit loss models as stipulated in Hong Kong Financial Reporting Standard 9: Financial Instruments. The Group has elected to measure loss allowances for accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For loan receivables, the ECLs are based on the 12-month ECLs. We have identified management's assessments of the ECL of loans receivables as a key audit matter because the amounts of the receivables are significant and the assessments required significant management judgement and assumption.	Our major audit procedures to address the impairment assessment of accounts receivables and loan receivables included: • Understanding and testing the design and operating effectiveness of key controls relating to the measurement of ECL; • reviewing ageing analysis of the receivables prepared by management of the Company and discussing with the management of the Company whether the amounts are recoverable on a sample basis; • examining the management's estimation on the ECL of individual balances on sample basis and the expected loss rate of each category groups and evaluating the basis and factors used in the estimation to the appropriateness of the management's identification of significant increase in credit risk, defaults and credit impaired receivables; • recalculating the provision for ECL made by the management to assess the accuracy; • verifying the balance of the receivables by requesting and receiving confirmation on a sample basis; and • checking subsequent settlements of trade and other receivables on a sample basis.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors of the Company are responsible for the other information. The other information comprises 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 the Directors of the Company 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 applicable disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors of the Company 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

We communicate with 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 this independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
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
Revenue	5	180,413	319,132
Cost of sales		(92,394)	(144,937)
Gross profit		88,019	174,195
Other income	7	2,661	3,116
Unrealised fair value losses on held-for-trading investments		(22,322)	(63,753)
Realised gains (losses) on held-for-trading investments		1,856	(96,039)
Other gains and losses	8	14,580	13,711
Selling and distribution costs		(98,518)	(122,560)
Administrative expenses		(93,353)	(96,391)
Share of profit of a joint venture	17	1,242	539
Share of loss of an associate	18	(18,627)	(53,413)
Gain on deemed disposal of an associate	18	–	11,895
Impairment loss on interest in an associate	18	–	(24,843)
Finance costs	9	(1,817)	(1,799)
Loss before taxation	10	(126,279)	(255,342)
Taxation	12	1,277	3,406
Loss for the year		(125,002)	(251,936)
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		(8,575)	7,166
Share of exchange differences of a joint venture		(1,951)	533
Fair value change on investment in equity instrument at fair value through other comprehensive income		(17,500)	–
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate		667	260
Reclassification adjustment upon deemed disposal of an associate		–	(3,436)
		(27,359)	4,523
Total comprehensive expense for the year		(152,361)	(247,413)
Loss for the year attributable to:			
Owners of the Company		(125,077)	(251,707)
Non-controlling interests		75	(229)
		(125,002)	(251,936)
Total comprehensive expense attributable to:			
Owners of the Company		(151,964)	(246,757)
Non-controlling interests		(397)	(656)
		(152,361)	(247,413)
Loss per share (HK cents)	13		
Basic		(1.96)	(3.95)
Diluted		(1.96)	(3.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	14	6,208	9,322
Other intangible assets	15	47,888	68,602
Goodwill	16	22,928	24,091
Interests in a joint venture	17	40,810	41,520
Interest in an associate	18	45,040	63,000
Investment in equity instrument at fair value through other comprehensive income	19	9,500	–
Available-for-sale investment	19	–	33,000
Amount due from a joint venture	20	8,996	12,271
Deposits paid	21	24,000	24,000
		205,370	275,806
Current assets			
Accounts receivables	22	198,064	258,111
Loan receivables	23	167,739	173,406
Amounts due from related companies	20	14,645	15,337
Other receivables and prepayments	24	42,046	34,246
Held-for-trading investments	25	26,253	50,352
Bank balances (trust and segregated accounts)	26	29,485	15,359
Bank balances (general accounts) and cash and cash equivalents	26	75,765	131,791
		553,997	678,602
Current liabilities			
Accounts payables	27	26,432	34,793
Other payables and accruals	28	112,989	131,074
Amount due to a joint venture	20	6,387	6,330
Amounts due to related companies	20	61,653	48,357
Borrowings	29	23,710	21,893
Tax payable		14,975	14,742
		246,146	257,189
Net current assets		307,851	421,413
Total assets less current liabilities		513,221	697,219
Non-current liabilities			
Deferred tax liabilities	30	4,735	6,112
Net assets		508,486	691,107
Capital and reserves			
Share capital	31	637,354	637,354
Reserves		(137,770)	45,248
Equity attributable to owners of the Company		499,584	682,602
Non-controlling interests	38	8,902	8,505
Total equity		508,486	691,107

The consolidated financial statements on pages 25 to 97 were approved and authorised for issue by the Board of Directors on 29 March 2019 and were signed on its behalf by:

Li Xi	**Li Leong**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company											
	Share capital HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000 (Note a)	Exchange translation reserve HK$'000	Other reserve HK$'000	Fair value through other comprehensive income ("FVTOCI") reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 December 2017	637,354	13,092	429,374	8,407	34,574	20,357	–	10,278	(227,135)	926,301	9,161	935,462
Loss for the year	–	–	–	–	–	–	–	–	(251,707)	(251,707)	(229)	(251,936)
Exchange differences arising on translation	–	–	–	–	7,593	–	–	–	–	7,593	(427)	7,166
Share of exchange differences of a joint venture	–	–	–	–	533	–	–	–	–	533	–	533
Share of other comprehensive income of an associate	–	–	–	–	–	260	–	–	–	260	–	260
Reclassification of adjustment upon deemed disposal of an associate	–	–	–	–	–	(3,436)	–	–	–	(3,436)	–	(3,436)
Total comprehensive expense for the year	–	–	–	–	8,126	(3,176)	–	–	(251,707)	(246,757)	(656)	(247,413)
Recognition of equity-settled share based payments	–	–	–	–	–	–	–	3,058	–	3,058	–	3,058
Lapsed of share options	–	–	–	–	–	–	–	(10,278)	10,278	–	–	–
At 31 December 2017	637,354	13,092	429,374	8,407	42,700	17,181	–	3,058	(468,564)	682,602	8,505	691,107
Effect on initial application of HKFRS 9 (Note 2)	–	–	–	–	–	–	(6,000)	–	(24,260)	(30,260)	–	(30,260)
Adjusted balance at 1 January 2018	637,354	13,092	429,374	8,407	42,700	17,181	(6,000)	3,058	(492,824)	652,342	8,505	660,847
Loss for the year	–	–	–	–	–	–	–	–	(125,077)	(125,077)	75	(125,002)
Exchange differences arising on translation	–	–	–	–	(8,897)	–	–	–	–	(8,897)	322	(8,575)
Share of exchange differences of a joint venture	–	–	–	–	(1,951)	–	–	–	–	(1,951)	–	(1,951)
Share of other comprehensive income of an associate	–	–	–	–	–	667	–	–	–	667	–	667
FVTOCI reserve	–	–	–	–	–	–	(17,500)	–	–	(17,500)	–	(17,500)
Total comprehensive expenses for the year	–	–	–	–	(10,848)	667	(17,500)	–	(125,077)	(152,758)	(397)	(152,361)
At 31 December 2018	637,354	13,092	429,374	8,407	31,852	17,848	(23,500)	3,058	(617,901)	499,584	8,902	508,486

Note a: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(126,279)	(255,342)
Adjustments for:		
Bank interest income	(169)	(946)
Finance costs	1,817	1,779
Depreciation of property, plant and equipment	4,395	3,657
Amortisation of other intangible assets	19,043	14,699
Impairment loss on interest in an associate	–	24,843
Reversal of impairment loss on accounts receivables and loan receivables	(2,984)	(1,984)
Share of profit of a joint venture	(1,242)	(539)
Gain on disposal of property, plant and equipment	(59)	(24,291)
Gain on deemed disposal of an associate	–	(11,895)
Gain on disposal of available-for-sales investments	–	(760)
Realised (gains) losses on held-for-trading investments	(1,856)	96,039
Unrealised fair value losses on held-for-trading investments	22,322	63,753
Share of loss of an associate	18,627	53,413
Equity-settled share-based payment	–	3,058
Operating cash flows before movements in working capital	(66,385)	(34,516)
Changes in accounts receivable	47,577	(81,195)
Changes in other receivables and prepayments	(8,586)	(3,559)
Changes in bank balances (trust and segregated accounts)	(14,126)	(8,732)
Changes in accounts payable	(7,920)	22,421
Changes increase in other payables and accruals	(13,138)	(24,168)
Purchases of held-for-trading investments	(556)	(8,766)
Proceeds from disposal of held-for-trading investments	4,189	6,225
Cash used in operations	(58,945)	(132,290)
Income tax paid	–	179
NET CASH USED IN OPERATING ACTIVITIES	(58,945)	(132,111)

	2018 HK$'000	2017 HK$'000
INVESTING ACTIVITIES		
Repayment from (advance to) a joint venture	2,806	(11,858)
Purchase of property, plant and equipment	(1,909)	(6,655)
Purchase of other intangible assets	–	(15,024)
Increase in loan receivables	(5,720)	(54,311)
Interest received	169	946
Sale proceeds from disposals of property, plant and equipment	369	51,285
Proceeds from disposal of available-for-sale investment	–	8,800
Advance to related companies	(14)	(7,579)
Cash effect on acquisition of subsidiaries	–	(24,000)
NET CASH USED IN INVESTING ACTIVITIES	(4,299)	(58,396)
FINANCING ACTIVITIES		
Repayment of borrowings	–	(1,376)
Repayment from (advance to) related companies	16,067	(68,210)
Interest paid	–	(1,779)
Repayment from a joint venture	360	44,863
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	16,427	(26,502)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46,817)	(217,009)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	131,791	339,171
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(9,209)	9,629
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	75,765	131,791
Analysis of balances of cash and cash equivalents at the end of the year		
Bank balances and cash and cash equivalents	75,765	131,791

1. GENERAL

SEEC Media Group Limited (the "Company") is incorporated as an exempted company with limited liability in the Cayman Islands and continued in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The change of domicile of the Company from the Cayman Islands to Bermuda was effective on 26 October 2015. The address of the registered office and principal place of business of the Company are disclosed "Corporate Information" section to the annual report.

The Company acts as investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China ("PRC") and the securities broking business, money lending business and provision of e-commerce platform services in Hong Kong.

The functional currency of the Company and respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Company together with its subsidiaries operate. For the purpose of the consolidated financial statements and conveniences of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars ("HK$").

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

(a) Adoption of new/revised HKFRS – effective 1 January 2018

In the current year, the Group has applied a number of new standards and interpretation issued by the Hong Kong Institute of Certified Public Accountants for the first time of which the followings are relevant to the Group's consolidated financial statements:

- HKFRS 9 Financial Instruments (including the amendments to HKFRS 9 Prepayment Features with Negative Compensation which is mandatorily effective for annual periods beginning on or after 1 January 2019);
- HKFRS 15 Revenue from Contracts with Customers and amendments to HKFRS 15; and
- HK(IFRIC) 22 Foreign Currency Transactions and Advance Consideration.

Other than the amendments to HKFRS 9 as described above, the Group has not early applied any new standard or interpretation that is not yet mandatorily effective for the current year.

A) Application of HKFRS 9

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

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

(a) Adoption of new/revised HKFRS-effective 1 January 2018 (Continued)

A) Application of HKFRS 9 (Continued)

(I) Classification and measurement of financial assets

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

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

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

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

	Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39 HK$'000	Carrying amount under HKFRS 9 HK$'000	Note
Investment in unlisted equity securities	Available for sale investment (at cost less impairment)	Equity investment at FVTOCI	33,000	27,000	Notes 1&2
Investments in listed equity securities (held for trading)	Held for trading investments – FVTPL	Held for trading investments – FVTPL	50,352	50,352	–
Accounts receivables	Accounts receivables	Amortised cost	258,111	244,881	Note 3
Loans receivables	Loans receivables	Amortised cost	173,406	162,376	Note 3

Notes:

1. Under HKFRS 9, investments in equity securities are required to be measured at fair value subsequently at the end of each reporting period. Accordingly, for investments in equity securities that were previously measured at cost less impairment based on the cost exemption under HKAS 39 have to be measured at fair value under HKFRS 9. Based on the specific transitional provisions set out in HKFRS 9, such investments have to be measured at fair value at the date of initial application (i.e. 1 January 2018), with any difference between the fair value and carrying amount under HKAS 39 being recognised in the opening retained earnings as of 1 January 2018.

2. The Group had designated an investment in equity security (that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies) as at FVTOCI as at the date of initial application of HKFRS 9 (i.e. 1 January 2018) based on the specific transitional provisions set out in HKFRS 9.

3. The variance represented additional impairment loss based on the new expected loss model under HKFRS 9. Please also see details disclosed in (A)(II) below.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

(a) Adoption of new/revised HKFRS-effective 1 January 2018 (Continued)

A) Application of HKFRS 9 (Continued)

(II) Impairment

HKFRS 9 has introduced the expected credit loss model ("ECL model") to replace the "incurred loss" model under HKAS 39. The expected credit loss ("ECL") requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the expected loss ("ECL") to financial assets that are subsequently measured at amortised cost (including accounts receivables, loan receivables, other receivables, amount due from joint venture and amounts due from related parties).

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for accounts receivables. Impairment of loan receivables, other receivables, amount due from a joint venture and amounts due from related companies are measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

The Group established ECL model based on historical settlement records, past experience and available forward-looking information.

The following table is a reconciliation that shows how the closing loss allowance as at 31 December 2017 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 January 2018 determined in accordance with HKFRS 9.

	HK$'000
Loss allowance recognised as at 31 December 2017 under HKAS 39	11,345
Additional loss allowance as a result of the application of the "expected loss model" under HKFRS 9	
– Accounts receivables	13,230
– Loan receivables	11,030
Loss allowance recognised as at 1 January 2018 under HKFRS 9	35,605

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

(a) Adoption of new/revised HKFRS-effective 1 January 2018 (Continued)

A) Application of HKFRS 9 (Continued)

(III) Classification and measurement of financial liabilities

The application of HKFRS 9 in respect of financial liabilities' classification and measurement requirements has had no impact on the consolidated financial statements.

(IV) Effect on the Group's retained earnings and other reserves as of 1 January 2018

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

	Increase in the Group's accumulated losses HK$'000
Recognition of additional expected credit losses relating to:	
– Accounts receivables	13,230
– Loan receivables	11,030
	24,260

	Decrease in FVTOCI reserve HK$'000
Decrease in FVTOCI reserve relating to equity investment that was previously classified as available-for-sale financial asset and measured at cost less impairment under HKAS 39 (designated as FVTOCI as at the date of initial application of HKFRS 9)	6,000

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

(a) Adoption of new/revised HKFRS-effective 1 January 2018 (Continued)

B) Application of HKFRS 15

HKFRS 15 has replaced HKAS 11 Construction Contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods was passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Based on the specific transitional provisions set out in HKFRS 15, the Group had decided to use the cumulative effect transition method and had recognised the cumulative effect of initial application of HKFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (i.e. 1 January 2018). Accordingly, comparative information has not been restated and continues to be presented under HKAS 11 and HKAS 18.

There is no significant impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of comprehensive income for the year ended 31 December 2018. However, the application of HKFRS 15 has had the following presentation changes:

	Carrying amount as at 1 January 2018 HK$'000	**Carrying amount as at 31 December 2017** HK$'000
"Advance from customers" that were presented in other payables and accruals in the consolidated statement of financial position as of 31 December 2017 are presented as "Contract liabilities" in other payables and accruals in the consolidated statement of financial position as of 1 January 2018 under HKFRS 15	62,459	62,459

C) Application of HK (IFRIC 22)

HK (IFRIC) 22 provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency. The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. There is no significant impact of adopting HKFRS 22 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of comprehensive income for the year ended 31 December 2018.

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

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

The Group has not applied any of the following new and revised HKFRSs that are relevant to the Group that have been issued but are not yet mandatorily effective:

HKFRS 16	Leases[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 28	Long-term Interest in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015–2017 Cycle
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[1]

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

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presents as operating cash flows. Under 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.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangements and prepaid lease payments for leasehold lands where the Group is a lessee. 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.

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

As at 31 December 2018, the Group as lessee has non-cancellable operating lease commitments of approximately HK$9,712,000. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above.

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

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

B) Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

C) Amendments to HKAS 28

The amendments require an entity to apply HKFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, from part of the entity's net investment in an associate or joint venture. An entity applies HKFRS 9 to such long-term interests before it applies paragraph 38 and paragraphs 40-43 HKFRS 28.

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

D) HK (IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments

This Interpretation clarifies how to apply the recognition and measurement requirements in HKAS 12 when there is uncertainty over income tax treatments.

The Directors of the Company do not anticipate that the application of this Interpretation will have a material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group, comprising the Company and its subsidiaries, for the year ended 31 December 2018 that are prepared in accordance with HKFRSs and the disclosures requirements by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared under the historical cost convention except for financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Control is achieved where the Company:

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

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

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

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

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

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

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquire or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition – date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

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 cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit 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 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. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitor goodwill).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of the associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assess whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exits, 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 the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

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

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

Revenue recognition (accounting policies applied from 1 January 2018)

Revenue is recognised to depict the transfer of promised services to customers in an amount the reflects the consideration to which the entity expects to be entitled in exchange for those services. Specially, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognised revenue when (or as) the entity satisfies a performance obligation

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:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the group performs;

(b) the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

(c) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (accounting policies applied from 1 January 2018) (Continued)

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

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

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

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

Principal versus agent

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

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

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its consultancy service contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (accounting policies applied from 1 January 2018) (Continued)

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to ECLs assessment.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Interest income

Interest income from financial asset is recognised as revenue in profit or loss over the terms of the contracts using the effective interest rate, 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.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the credit loss.

Revenue recognition (accounting policies applied until 31 December 2017)

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value added tax, rebates and discounts, and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Advertising services income is recognised upon the publication of the related advertisements. Advertising service income from certain magazines which the Group has exclusive rights to serve as the advertising agent is measured at the fair value of the consideration received or receivable, net of rebates to licensors. Advertising services income from conferences and events organised by magazines is recognised when the conferences and events are held.

Interest income arising from loan receivables on an accrued basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument.

Revenue from sales of books and magazines and high-tech products is recognised on the date of delivery, net of an estimated allowances for unsold copies which may be returned.

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

E-commerce platform service income is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases from rendering of services, recognised when the services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 recognised 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

Financial instruments (accounting policies applied from 1 January 2018)

Financial assets

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied from 1 January 2018) (Continued)

Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied from 1 January 2018) (Continued)

Impairment loss on financial assets

The Group recognises loss allowances for ECLs on account receivables, loan receivables, other receivables, amounts due from a joint venture and amounts due from related companies, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied from 1 January 2018) (Continued)

Financial liabilities (Continued)

Financial liabilities at FVTPL (Continued)

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of comprehensive income. The net fair value gain or loss recognised in the consolidated statement of comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including accounts payables, other payables, amount due to a joint venture, amounts due to related companies and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial instruments (accounting policies applied until 31 December 2017)

Financial assets

Financial assets are classified into financial assets at FVTPL, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied until 31 December 2017) (Continued)

Financial assets (Continued)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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 includes 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 34.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL.

AFS financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

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 amount due from a joint venture, accounts receivable, loan receivables, other receivables, amounts due from related companies and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied until 31 December 2017) (Continued)

Financial assets (Continued)

Impairment of financial assets

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

For all other financial assets 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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables and financial difficulties found in respective debts.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (accounting policies applied until 31 December 2017) (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company 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 the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including accounts payables, other payables and accruals, amount due to a joint venture, amounts due to related companies, amount due to a shareholder of the Company and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment loss 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. 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. Where 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 to sell 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 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

3. 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 profit 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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.

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 are also recognised in other comprehensive income or directly in equity respectively. When deferred tax arises from the initial accounting from business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) 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 that are measured in terms of historical cost in a foreign currency are not re-translated.

The functional currency of the Company and its major subsidiaries in the PRC is RMB.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period. Income and expenses items 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 (the exchange translation reserve).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a business before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Provisions are measured at 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).

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its financial instruments at fair value at the end of reporting period. Fair value is the price that will be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value if an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated or belongs. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at 31 December 2018 was approximately HK$22,928,000 (2017: approximately HK$24,091,000), no impairment loss during the year (2017: Nil) was recognised.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision for impairment loss of accounts receivables, loan receivables and other receivables

The policy for provision for impairment of accounts receivables, loan receivables and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement or expected credit losses associated with credit risk. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history. If the financial conditions of the counter parties were to change, resulting in an impairment or improvement in their abilities to make payments, either additional provision or reversal of previously made provision may be required.

Fair value of investment in equity instrument at fair value through other comprehensive income

As disclosed in Note 19 to the Consolidated Financial Statements, the investment in equity instrument at fair value through other comprehensive income is related to the equity interests in a private company which was engaged in the business of investor relations in Hong Kong, and its fair value as at 1 January 2018 and 31 December 2018 were determined by using discounted cash flow valuation method. Where the fair value of financial assets recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

5. REVENUE

Revenue represents the gross invoiced value of advertising services, sales of books and magazines, commission and brokerage income arising from securities broking services, e-commerce platform services income, interest income arising from securities broking business, interest income from loan receivables and gross invoiced value of sales of high-tech products. An analysis of the Group's revenue is as follows:

	2018 HK$'000	2017 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Advertising services income	130,067	252,984
Sales of books and magazines	5,322	13,716
Commission and brokerage income	745	12,970
E-commerce platform services income	5,859	5,687
Sales of high-tech products	9,435	4,543
	151,428	289,900
Revenue from other sources:		
Interest income arising from securities broking business	15,048	17,991
Interest income from loan receivables	13,937	11,241
	28,985	29,232
	180,413	319,132

6. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group has five operating and reporting segments during the year (2017: five) which are as follows: (a) advertising services income from provision of advertising services; (b) sales of books and magazines; (c) provision of securities broking services including brokerage, financing and underwriting and placement; (d) provision of e-commerce platform services and sales of related goods; and (e) money lending.

Segment revenues and results

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

For the year ended 31 December 2018

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
Revenue						
External sales	130,067	5,322	15,793	15,294	13,937	180,413
Result						
Segment (loss)/profit	(43,559)	118	(6,716)	5,330	13,937	(30,890)
Other income						2,661
Unrealised fair value losses on held-for-trading investments						(22,322)
Realised gains on held-for-trading investments						1,856
Other gains and losses						14,580
Unallocated administration expenses						(49,524)
Amortisation of other intangible assets						(19,043)
Depreciation of property, plant and equipment						(4,395)
Share of profit of a joint venture						1,242
Share of loss of an associate						(18,627)
Finance costs						(1,817)
Loss before taxation						(126,279)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2017

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
Revenue						
External sales	252,984	13,716	30,961	10,230	11,241	319,132
Result						
Segment profit	5,841	2,362	5,198	3,263	11,241	27,905
Other income						3,116
Unrealised fair value losses on held-for-trading investments						(63,753)
Realised losses on held-for-trading investments						(96,039)
Other gains and losses						13,711
Unallocated administration expenses						(54,305)
Amortisation of other intangible assets						(14,699)
Depreciation of property, plant and equipment						(3,657)
Share of profit of a joint venture						539
Share of loss of an associate						(53,413)
Gain on deemed disposal of an associate						11,895
Impairment loss on interest in an associate						(24,843)
Finance costs						(1,799)
Loss before taxation						(255,342)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit or loss earned by each segment without allocation of unallocated administration expense, other income, other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision makers for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
PRC	135,389	276,931	53,433	76,343
Hong Kong	45,024	42,201	23,591	25,672
	180,413	319,132	77,024	102,015

Note: Non-current assets excluded interests in a joint venture, investment in equity instrument at fair value through other comprehensive income, interest in associate, amount due from a joint venture and deposits paid.

Information about major customers

There is no customer from either provision of advertising services, sales of books and magazines, provision of securities broking services, provision of e-commerce platform services and sale of related goods or money lending segment which contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	169	946
Magazine registration number charges received from a joint venture	1,418	1,309
Other miscellaneous income	568	196
Government grant	166	112
Others	340	553
	2,661	3,116

8. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Reversal of allowance for doubtful debts	2,984	1,974
Net foreign exchange gains (losses)	10,494	(13,315)
Gain on disposal of property, plant and equipment	59	24,292
Gain on disposal of available for sale investment	–	760
Others	1,043	–
	14,580	13,711

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on borrowings wholly repayable within five years	1,817	1,799

10. LOSS BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	850	780
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	58,178	68,999
Contributions to retirement benefits schemes	6,164	7,711
	64,342	76,710
Depreciation of property, plant and equipment	4,395	3,657
Amortisation of other intangible assets	19,043	14,699
Total depreciation and amortisation	23,437	18,356
Minimum lease payments under operating lease in respect of rented premises	12,467	16,679

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

The emoluments paid or payable to each of the directors and the chief executive were as follows:

	2018				2017			
	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive Direcctors								
– Mr. Zhang Zhifang	40	–	–	40	–	–	–	–
– Mr. Zhou Hongtao	120	–	–	120	120	–	–	120
– Mr. Li Leong	–	1,235	18	1,253	–	1,235	18	1,253
– Mr. Li Xi	300	–	–	300	300	–	–	300
Independent Non-Executive Direcctors								
– Mr. Law Chi Hung	120	–	–	120	120	–	–	120
– Ms. Wensy Ip (Note a)	38	–	–	38	120	–	–	120
– Mr. Wong Ching Cheung	96	–	–	96	96	–	–	96
– Mr. Leung Tat Yin (Note b)	52	–	–	52	–	–	–	–
	766	1,235	18	2,019	756	1,235	18	2,009

Notes:

(a) Resigned on 26 April 2018

(b) Appointed on 25 July 2018

Salaries, allowance and benefits in kind paid or payable to the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

The executive directors' emoluments above were mainly for their services in connection with the management of the affairs of the Company and the Group. While the independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The five highest paid individuals whose remuneration were the highest in the Group included one executive director. Details of the remuneration of the remaining four (2017: four) highest paid employees during the year are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	4,702	3,267
Contributions to retirement benefits scheme	479	528
	5,181	3,795

Their emoluments were within the following bands:

	2018 No. of employees	2017 No. of employees
HK$nil to HK$1,000,000	4	4

No emoluments were paid by the Group to the directors or the five highest paid individuals as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the directors, chief executive or the five highest paid individuals has waived any emoluments in both years.

12. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% for both years on the estimated assessable profits arising in Hong Kong during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both years.

	2018 HK$'000	2017 HK$'000
Current taxation		
– PRC Enterprise Income Tax	–	777
– Hong Kong Profits Tax	–	711
Deferred taxation	(1,277)	(4,894)
	(1,277)	(3,406)

12. TAXATION (CONTINUED)

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

	2018 HK$'000	2017 HK$'000
Loss before taxation	(126,279)	(255,342)
Tax at EIT rate of 25%	(31,569)	(63,836)
Tax effect of income not taxable for tax purposes	(5,586)	(3,598)
Tax effect of expenses not deductible for tax purposes	1,842	34,848
Tax effect of tax losses not recognised	28,467	29,249
Utilisation of tax losses previously not recognised	–	(193)
Difference in tax rates under different jurisdictions	5,569	124
	(1,277)	(3,406)

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$336,055 (2017: approximately HK$240,322) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

13. LOSS PER SHARE

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

	2018 HK$'000	2017 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per ordinary share being loss for the year attributable to owners of the Company	(125,077)	(251,707)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	6,373,545,516	6,373,545,516

The computation of diluted loss per share for both years does not assume the exercise of outstanding share options of the Company since their assumed exercise, which would result in a decrease in loss per share, is anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
At cost						
At 1 January 2017	35,788	14,175	14,209	2,021	12,452	78,645
Additions	–	463	4,410	153	1,629	6,655
Disposals	(37,050)	(10,364)	(2,944)	(18)	(561)	(50,937)
Exchange realignment	1,262	–	1,045	115	877	3,299
At 31 December 2017 and 1 January 2018	–	4,274	16,720	2,271	14,397	37,662
Additions	–	–	1,389	–	520	1,909
Disposals	–	–	(2,365)	(66)	(1,260)	(3,691)
Exchange realignment	–	–	(736)	(79)	(594)	(1,409)
At 31 December 2018	–	4,274	15,008	2,126	13,063	34,471
Accumulated depreciation						
At 1 January 2017	10,199	12,406	11,950	1,081	10,913	46,549
Provided for the year	98	1,298	946	406	909	3,657
Disposals	(10,657)	(10,364)	(2,766)	(16)	(140)	(23,943)
Exchange realignment	360	–	772	147	798	2,077
At 31 December 2017 and 1 January 2018	–	3,340	10,902	1,618	12,480	28,340
Provided for the year	–	702	2,325	302	1,066	4,395
Disposals	–	–	(2,279)	(20)	(1,082)	(3,381)
Exchange realignment	–	–	(480)	(62)	(549)	(1,091)
At 31 December 2018	–	4,042	10,468	1,838	11,915	28,263
Carrying values						
At 31 December 2018	–	232	4,540	288	1,148	6,208
At 31 December 2017	–	934	5,818	653	1,917	9,322

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

Leasehold land and building	Over the shorter of lease term of land and 30 years
Leasehold improvements	Over the shorter of 3 years and the lease term
Motor vehicles	4 to 5 years
Furniture, fixtures and fittings	Over the shorter of 10 years and the lease term
Computer and office equipment	3 to 6⅔ years

15. OTHER INTANGIBLE ASSETS

	Technical know how HK$'000	Customer relationship HK$'000	Domain name HK$'000	Total HK$'000
Cost				
At 1 January 2017	27,622	1,570	–	29,192
Addition	15,888	–	36,624	52,512
Exchange realignment	1,917	78	1,275	3,270
At 31 December 2017 and 1 January 2018	45,427	1,648	37,899	84,974
Exchange realignment	(1,443)	(76)	(1,743)	(3,262)
At 31 December 2018	43,984	1,572	36,156	81,712
Accumulated amortisation and impairment				
At 1 January 2017	911	196	–	1,107
Amortisation	5,579	796	8,324	14,699
Exchange realignment	238	38	290	566
At 31 December 2017 and 1 January 2018	6,728	1,030	8,614	16,372
Amortisation	7,799	610	10,634	19,043
Exchange realignment	(764)	(68)	(759)	(1,591)
At 31 December 2018	13,763	1,572	18,489	33,824
Carrying values				
At 31 December 2018	30,221	–	17,667	47,888
At 31 December 2017	38,699	618	29,285	68,602

The technical know how relates to platforms for catering business and mobile application integration systems business which were acquired through business combination on 9 September 2016 and 25 May 2017 respectively. The useful life of the technology know how is 7 years.

The customer relationship represents the contract backlog with customers which were acquired through business combination on 9 September 2016. The useful life of the customer relationship is over its contract term.

The domain name is related to a website for online shopping business which was acquired on 12 December 2016. The useful life of the domain name is 4 years.

The technical know how and customer relationship were allocated to the provision of e-commerce platform services' cash generating units ("e-commerce CGU"). The directors of the Company conducted an impairment review of the Group's e-commerce CGU as at 31 December 2018. The recoverable amount of the e-commerce CGU has been determined taking into account the valuation performed by independent professional valuers not connected to the Group, based on a value in use calculation which derived from the financial budgets approved by management covering a period of 5 years in accordance with the remaining contractual lives for the other intangible assets of the operation, and at a discount rate of 17%-20% per annum. Other key assumptions for the value in use calculations are budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend.

As the result of the impairment review, the recoverable amount of the e-commerce CGU has been assessed to be higher than the aggregate carrying amounts of other intangible assets and goodwill related to e-commerce platform services resulting in no impairment loss recognised in profit or loss during the year ended 31 December 2018.

Subsequent to the year ended, the management of the Company considered to dispose the website for online shopping business with the domain name which was acquired on 12 December 2016. The vendor, the indirect wholly owned subsidiary of the Company entered into a non-legally binding Memorandum of Understand (MOU) with the purchaser, an independent third party to the Group at the consideration of HK$18,000,000.

16. GOODWILL

	HK$'000
Cost	
At 1 January 2017	129,223
Acquisition of subsidiaries	12,798
Exchange realignment	956
At 31 December 2017 and 1 January 2018	142,977
Exchange realignment	(1,163)
At 31 December 2018	141,814
Accumulated impairment	
At 1 January 2017, 31 December 2017 and 1 January 2018 and 31 December 2018	118,886
Carrying values	
At 31 December 2018	22,928
At 31 December 2017	24,091

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	2018 HK$'000	2017 HK$'000
Provision of e-commerce platform services and high tech products (Note)	22,928	24,091
	22,928	24,091

Note:

The goodwill which related to the provision of e-commerce platform services and the high-tech products of certain subsidiaries which share common cost and resulted from acquisition of subsidiaries in 2016 and 2017.

The recoverable amount of the CGUs has been determined based on a value in use calculation. The recoverable amount of the e-commerce CGU and the high-tech products of goodwill are determined taking into account the valuation performed by independent professional external valuers not connected to the Group, based on the cash flow forecast derived from the most recent financial budgets approved by the management covering a 5-year period in accordance with the expected cash inflows generating period, and at a discount rate of 17% to 20% per annum. Other key assumptions for the value in use calculations are the budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend. After the impairment loss recognised for the year, the management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

17. INTEREST IN A JOINT VENTURE

	2018 HK$'000	2017 HK$'000
Cost of unlisted investment in joint venture	22,863	22,863
Share of post-acquisition profit and other comprehensive income	17,947	18,657
	40,810	41,520

As at 31 December 2018 and 2017, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
					2018	2017	2018	2017	
Mondadori – SEEC (Beijing) Advertising Co., Ltd. ("Mondadori – SEEC")	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Advertising agent

Summarised financial information of a joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with International Financial Reporting Standards.

Mondadori – SEEC

	2018 HK$'000	2017 HK$'000
Current assets	123,368	138,724
Non-current assets	817	1,143
Current liabilities	(46,155)	(64,321)

17. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of a joint venture (Continued)

Mondadori – SEEC (Continued)

The above amounts of assets including the following:

	2018 HK$'000	2017 HK$'000
Cash and cash equivalents	43,474	50,802

	2018 HK$'000	2017 HK$'000
Revenue	151,166	141,337
Profit and total comprehensive income for the year	3,396	1,078

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mondadori – SEEC:

	2018 HK$'000	2017 HK$'000
Net assets	78,030	75,546
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets of a joint venture	39,015	37,773
Accumulated share of exchange differences of a joint venture	1,795	3,747
Carrying amount of the Group's interest in a joint venture	40,810	41,520

The above profit shared by the Group for the year includes the following:

	2018 HK$'000	2017 HK$'000
Depreciation of property, plant and equipment	804	278
Interest income	1,184	641
Impairment of accounts receivable	2,559	1,535

17. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of a joint venture (Continued)

Mondadori – SEEC (Continued)

The cost of investment in joint venture represents the Group's 50% capital in the Mondadori – SEEC (Beijing) Advertising Co., Ltd. which was established in the PRC and engaged in provision of advertising agency services in the PRC.

According to the legal form and terms of the contractual arrangements, the joint venturer that have joint control of the arrangement and have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

During the years ended 31 December 2018 and 2017, the Group recognised all the share of profit for the joint venture. The management believes that there is no indication that the investment in this joint venture is impaired.

18. INTEREST IN AN ASSOCIATE

	2018 HK$'000	2017 HK$'000
Cost of investment in an associate	140,000	**140,000**
Share of post-acquisition profit or loss and other comprehensive income	(69,318)	**(51,358)**
Impairment loss recognised	(25,642)	**(25,642)**
	45,040	**63,000**

As at 31 December 2018, the Group held 1,400,000,000 (2017: 1,400,000,000) shares of GreaterChina Professional Services Limited ("GreaterChina"), representing approximately 24.02% (2017: 24.02%) equity interest of the issued share capital of GreaterChina.

GreaterChina was incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM of the Stock Exchange. GreaterChina is an investment holding company while the principal activities of its subsidiaries are provision of asset appraisal, provision of corporate services and consultancy services, provision of property agency services, provision of asset advisory services, provision of media advertising services and provision of financial credit services.

The market value of the investment in GreaterChina as at 31 December 2018 was determined based on quoted market prices on the Stock Exchange amounted to HK$56,000,000 (2017: 63,000,000).

Summarised financial information of GreaterChina

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

18. INTEREST IN AN ASSOCIATE (CONTINUED)

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

	2018 HK$'000	2017 HK$'000
Current assets	269,746	310,045
Non-current assets	140,970	67,820
Current liabilities	(175,520)	(121,897)
Non-current liabilities	(56,112)	(2,112)
Revenue	48,432	62,511
Loss for the period	(77,806)	(185,694)
Total comprehensive expenses for the period	(77,562)	(185,344)

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

	2018 HK$'000	2017 HK$'000
Net assets of GreaterChina	179,084	253,856
Proportion of the Group's ownership interest in GreaterChina	24.02%	24.02%
	43,016	60,976
Goodwill on acquisition of interest in GreaterChina	27,666	27,666
Impairment loss recognised	(25,642)	(25,642)
Carrying amount of the Group's interest in GreaterChina	45,040	63,000

19. INVESTMENT IN EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENT

	2018 HK$'000	2017 HK$'000
Unlisted equity shares: Hong Kong, at cost	9,500	33,000

This investment was reclassified from available-for-sale investment to investment in equity investment at fair value through other comprehensive income at 1 January 2018 upon adoption of HKFRS as detailed in Note 2. As at 31 December 2018 and 2017, the Group held a total of 38% of the issued ordinary share capital of Merit Advisory Limited ("Merit Advisory"), which is an investment holding company holding the entire issued ordinary share capital of a Hong Kong incorporated company which engaged in the business of investor relations in Hong Kong. As at 31 December 2017, the investment in Merit Advisory are measured at cost less impairment, if any at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. Since 1 January 2018, this investment is measured at fair value by using discounted cash flow valuation method. Merit Advisory is not regarded as an associate of the Group because the Group has less than one-fifth of the voting power of Merit Advisory under relevant contractual arrangement with other investors and the Group has no right to appoint directors of Merit Advisory.

20. AMOUNTS DUE FROM/TO RELATED PARTIES

	Notes	2018 HK$'000	2017 HK$'000
Non-trading in nature:			
Amounts due from related companies	(i)	14,645	15,337
Amount due from a joint venture (non-current)	(ii)	8,996	12,271
Amounts due to related companies	(i)	61,653	48,357
Amount due to a joint venture (current)	(iii)	6,387	6,330

Notes:

(i) The related companies are companies which Mr. Zhang Zhifang, a director of the Company, Mr. Wang Boming and Mr. Dai Xiaojing (both are directors of certain subsidiaries), have interests and may exercise control or significant influence over these companies. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the amount is expected to be recovered within twelve months at the end of reporting period and therefore classified as current asset. The maximum outstanding amount due from related companies during the year was approximately HK$15,337,000 (2017: approximately HK$15,337,000).

(ii) The entire balance represents amounts due from a joint venture that are non-interest bearing unsecured and repayable on demand. As at 31 December 2018, the amount is expected to be recovered after twelve months at that date and therefore classified as non-current asset.

(iii) The amounts are unsecured, non-interest bearing and repayable on demand.

21. DEPOSIT PAIDS

As at 31 December 2018 and 2017, the Group had made deposit of HK$24,000,000 in relation to the acquisition of entire share capital in a company incorporated in the PRC from an independent third party. The aforesaid company is principally engaged in provision of e-commerce service business in the PRC.

At the date these consolidated financial statements are authorised for issuance, the acquisition of the subsidiary has not been completed.

22. ACCOUNTS RECEIVABLES

	2018 HK$'000	2017 HK$'000
Accounts receivables arising from the business of provision of advertising agency services and sales of books and magazines	33,920	70,574
– less: allowance for doubtful debts	(8,847)	(11,345)
	25,073	59,229
Accounts receivables arising from the business of dealing in securities:		
Cash client	174,275	186,179
– less: allowance for doubtful debts	(11,065)	–
	163,210	186,179
Accounts receivables arising from the business of e-commerce platform services and sales of related goods	10,030	12,703
– less: allowance for doubtful debts	(249)	–
	9,781	12,703
	198,064	258,111

Provision of advertising agency services and sales of books and magazines

Credit period granted by the Group to customers for both provision of advertising agency services and sales of books and magazines are not more than three months from the date of recognition of the sale.

22. ACCOUNTS RECEIVABLES (CONTINUED)

Provision of advertising agency services and sales of books and magazines (Continued)

The ageing analysis of the Group's accounts receivables arising from the provision of advertising agency services and sales of books and magazines net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2018		2017	
	HK$'000	%	HK$'000	%
Less than three months	14,097	56	32,269	54
Three months to six months	4,033	16	16,427	28
Over six months to one year	6,943	28	10,533	18
	25,073	100	59,229	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Ageing of accounts receivables which are past due but not impaired

	2018	2017
	HK$'000	HK$'000
Three months to six months	4,033	16,427
Over six months to one year	6,943	10,533
	10,976	26,960

As at 31 December 2018 and 2017, the Group has provided fully for all receivables over one year because historical experience is such that receivables that are past due beyond one year are generally not recoverable.

Included in the Group's accounts receivable balance arising from the provision of advertising services and sales of books and magazines are debtors with aggregate carrying amount of approximately HK$10,976,000 (2017: approximately HK$26,960,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

22. ACCOUNTS RECEIVABLES (CONTINUED)

Ageing of accounts receivables which are past due but not impaired (Continued)

Movement in the allowance for doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	11,345	13,351
Impact on initial application of HKFRS 9	1,328	–
Impairment losses recognised on accounts receivable	516	5,161
Amount recovered during the year	(3,246)	(6,679)
Amounts written off as uncollectible	(529)	(1,340)
Exchange realignment	(567)	852
Balance at end of the year	8,847	11,345

In determining the recoverability of accounts receivables, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Business of dealing in securities

The credit period for the business of dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimise credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

The ageing analysis of the Group's accounts receivables arising from the dealing in securities on cash clients, presented based on date of completion, which approximate the date of revenue recognition is as follows:

Ageing of accounts receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
Over three months but within one year	163,210	186,179
	163,210	186,179

Included in the Group's accounts receivables balance arising from the dealing in securities on cash client are debtors with aggregate carrying amount of approximately HK$163,210,000 (2017: approximately HK$186,179,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

22. ACCOUNTS RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	–	–
Impact on initial application of HKFRS 9	11,530	–
Amount recovered during the year	(465)	–
Balance at end of the year	11,065	–

Provision of e-commerce platform services and sales of related goods

The ageing analysis of the Group's accounts receivables arising from the provision of e-commerce platform services and sales of related goods, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	2018 HK$'000	2017 HK$'000
Less than three months	3,159	3,778
Three months to six months	4,212	3,965
Over six months to one year	2,410	2,843
Over one year	–	2,117
	9,781	12,703

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Included in the Group's accounts receivables balance arising from the provision of e-commerce platform services and sales of related goods are debtors with aggregate carrying amount of approximately HK$9,781,000 (2017: approximately HK$12,703,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of accounts receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
Three months to six months	4,212	3,965
Over six months to one year	2,410	2,843
Over one year	–	2,117
	6,622	8,925

22. ACCOUNTS RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	–	–
Impact on initial application of HKFRS 9	372	–
Amount recovered during the year	(146)	–
Exchange realignment	23	–
Balance at end of the year	249	–

23. LOAN RECEIVABLES

Loan receivables carried fixed interest rates ranging from 8% to 10% and will be repaid in accordance with the terms of the loan agreements.

	2018 HK$'000	2017 HK$'000
Loan receivables	179,126	173,406
– less: allowance for doubtful debts	(11,387)	–
	167,739	173,406

Loan receivables are analysed by the remaining period to contractual maturity date as follows:

	2018 HK$'000	2017 HK$'000
Overdue	22,441	22,427
Less than three months	145,298	150,979
Three months to six months	–	–
Over six months to one year	–	–
	167,739	173,406

Loan receivables of approximately HK$167,739,000 (2017: approximately HK$173,406,000) that were neither past due nor impaired related to debtors for whom there is no recent history of default.

23. LOAN RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	–	–
Impact on initial application of HKFRS 9	11,030	–
Impairment losses recognised on loan receivable	357	–
Balance at end of the year	11,387	–

24. OTHER RECEIVABLES AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Advance to staffs	4,021	4,918
Rental deposits	2,137	2,714
Others	35,888	26,614
	42,046	34,246

25. HELD-FOR-TRADING INVESTMENTS

	2018 HK$'000	2017 HK$'000
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	26,253	50,352

Held-for-trading investments as at 31 December 2018 and 2017 represent equity securities listed in the Stock Exchange. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

The Group has pledged certain held-for-trading investments with carrying amount of approximately HK$25,735,000, to secure the borrowing as disclosed in note 29.

26. BANK BALANCES AND CASH AND CASH EQUIVALENTS

Included in the bank balances (general accounts) and cash and cash equivalents, there are short-term deposits of approximately HK$3,670,000 (2017: approximately HK$242,000) placed in various brokers' accounts. There is no restrictions in the use of these balances.

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payables (Note 27) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

27. ACCOUNTS PAYABLES

	2018 HK$'000	2017 HK$'000
Accounts payables arising from the provision of advertising agency service and sales of books and magazines	7,844	13,285
Accounts payables arising from the securities broking business – Cash clients	14,452	15,359
Accounts payables arising from the provision of e-commerce platform service and sales of related goods	4,136	6,149
	26,432	34,793

The ageing analysis of the Group's accounts payables arising from the provision of advertising agency services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	2018		2017	
	HK$'000	%	HK$'000	%
Less than three months	3,129	40	7,424	56
Three months to six months	359	5	3,021	23
Over six months to one year	1,270	16	708	5
Over one year	3,086	39	2,132	16
	7,844	100	13,285	100

The average credit period granted by accounts payables is 42 days (2017: 57 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Note: The balance of accounts payables arising from the securities broking business are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

27. ACCOUNTS PAYABLES (CONTINUED)

The ageing analysis of the Group's accounts payables arising from the provision of e-commerce platform service and sales of related goods presented based on the invoice date at the end of the reporting period is as follows:

	2018		2017	
	HK$'000	%	HK$'000	%
Less than three months	1,815	44	2,245	37
Three months to six months	2,321	56	2,152	35
Over six months to one year	–	–	1,060	17
Over one year	–	–	692	11
	4,136	100	6,149	100

The average credit period granted by accounts payables is 61 days (2017: 61 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

28. OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	HK$'000
Advance from customers	58,296	62,459
Other tax payable	–	2,342
Accrued office and rental expenses	5,265	5,760
Others	49,428	60,513
	112,989	131,074

29. BORROWINGS

	2018	2017
	HK$'000	HK$'000
Margin payables	23,710	21,893

As at 31 December 2018, margin financing from a regulated securities broker was granted to the Group which were secured by the Group's held-for-trading investments. Amount of margin payables of approximately HK$23,710,000 (2017: approximately HK$21,893,000) as at 31 December 2018 had been utilised against these facilities and the total carrying amount of the held-for-trading investments charged to the securities broker was approximately HK$25,735,000 (2017: approximately HK$48,018,000).

30. DEFERRED TAX LIABILITIES

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

	Fair value changes on held for trading investments HK$	Tax losses HK$	Fair value adjustment arising from acquisition of subsidiaries HK$	Total HK$
At 1 January 2017	12,713	(8,795)	4,558	8,476
Acquisition of subsidiaries	–	–	2,259	2,259
Charge for the year	(12,713)	8,795	(976)	(4,894)
Exchange realignment	–	–	271	271
At 31 December 2017	–	–	6,112	6,112
Charge for the year	–	–	(1,277)	(1,277)
Exchange realignment	–	–	(100)	(100)
At 31 December 2018	–	–	4,735	4,735

31. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018		
– Ordinary shares of HK$0.1 each	10,000,000	1,000,000
Issued and fully paid		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018		
– Ordinary shares of HK$0.1 each	6,373,546	637,354

All the issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Equity investment at FVTOCI:		
Investment in equity instrument at fair value through other comprehensive income	9,500	–
Held-for-trading investments at FVTPL:		
Held-for-trading investments	26,253	50,352
Financial assets at amortised cost:		
Accounts receivables	198,064	258,111
Loan receivables	167,739	173,406
Amount due from a joint venture	8,996	12,271
Amounts due from related companies	14,645	15,337
Other receivables and prepayments	35,888	26,614
Bank balances (trust and segregated accounts)	29,485	15,359
Bank balances (general accounts) and cash and cash equivalents	75,765	131,791
Available-for-sale investment	–	33,000
	530,582	665,889
	566,335	716,241
Financial liabilities		
Financial liabilities at amortised cost:		
Accounts payables	26,432	34,793
Other payables and accruals	43,055	43,910
Amount due to a joint venture	6,387	6,330
Amounts due to related companies	61,653	48,357
Borrowings	23,710	21,893
	161,237	155,283

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

The functional currency of the Company and respective group entities is RMB. Foreign currency risk arises from future commercial transactions and recognised assets or liabilities, such as bank balances and cash and cash equivalents, accounts receivables and payables, loan receivables and borrowings held by its subsidiaries, which are denominated in HK$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Hong Kong dollar	11,767	53,094	663,332	873,299

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Foreign currency risk (Continued)

The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in HK$ against RMB. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2017: 5%) change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender. A positive number below indicates an increase in post-tax loss and other equity where RMB strengthen 5% (2017: 5%) against the relevant currency. For a 5% (2017: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss and other equity and the balances below would be negative.

	Hong Kong dollar impact	
	2018 HK$'000	2017 HK$'000
Loss for the year	24,434	30,758

Interest rate risk

Except for bank balances, the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank balance are not expected to change significantly.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 29. At 31 December 2018, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax loss for the year would have been approxiamtely HK$227,000 (2017: approxiamtely HK$224,000) higher/lower as a result of higher/lower interest expenses on fixed rate borrowings.

Price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is increased to 5% in 2018 as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, post-tax loss for the year ended 31 December 2018 would decrease/increase by approxiamtely HK$1,116,000 (2017: approxiamtely HK$8,308,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from bank balances, amount due from a joint venture, amounts due from related parties, accounts receivables, loan receivables and other receivables. The Group has no significant concentrations of credit risk. The carrying amounts of bank balances, amount due from a joint venture, amounts due from related parties, accounts receivables, loan receivables and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for accounts receivables and loan receivables from initial recognition. To measure the expected credit losses, accounts receivables and loan receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the settlements.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk factors (Continued)

Credit risk (Continued)

Other financial assets at amortised cost include amount due from a joint venture, amounts due from related parties and other receivables. Impairment on these other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The change of the impairment methodology has immaterial impacts on the existing amount of loss allowances as at 1 January 2018 and hence the Group has not made adjustments.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (based on interest rate at the end of the reporting period) and principal cash flows.

	Weighted average interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2018 HK$'000
2018							
Non-derivative financial liabilities							
Accounts payable	–	19,396	2,680	1,270	3,086	26,432	26,432
Other payables	–	43,055	–	–	–	43,055	43,055
Amounts due to related companies	–	61,653	–	–	–	61,653	61,653
Amount due to a joint venture	–	6,387	–	–	–	6,387	6,387
Borrowings	8%	23,710	–	–	–	23,710	23,710
		154,201	2,680	1,270	3,086	161,237	161,237

	Weighted average interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 6 months HK$'000	Over 6 months to 1 year HK$'000	Over 1 year to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2017 HK$'000
2017							
Non-derivative financial liabilities							
Accounts payable	–	25,028	5,173	1,768	2,824	34,793	34,793
Other payables	–	43,910	–	–	–	43,910	43,910
Amounts due to related companies	–	48,357	–	–	–	48,357	48,357
Amount due to a joint venture	–	6,330	–	–	–	6,330	6,330
Borrowings	8%	21,893	–	–	–	21,893	21,893
		145,518	5,173	1,768	2,824	155,283	155,283

33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 December 2018				
Instrument in equity instrument at fair value through other comprehensive income	–	–	9,500	9,500
Held-for-trading investments	26,253	–	–	26,253
	26,253	–	9,500	35,753
At 31 December 2017				
Held for trading investments	50,352	–	–	50,352
	50,352	–	–	50,352

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price is the current bid price. These instruments are included in level 1 which comprise primarily equity investments classified as held-for-trading investments. The Group's held-for-trading investments are level 1 instruments and their fair values are determined by the quoted prices in the market.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group did not have such instrument as at 31 December 2018.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group's investment in equity instrument at fair value through other comprehensive income is level 3 instrument. The fair value is estimated using discounted cash flow valuation method.

34. COMMITMENTS

(a) Operating lease commitments

As lessee

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

	2018 HK$'000	2017 HK$'000
Within one year	6,041	12,800
In the second to fifth year inclusive	3,671	9,484
	9,712	22,284

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to three years.

(b) Other commitments

(i) Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising on their magazines which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	2,340	2,340
In the second to fifth year inclusive	–	2,340
	2,340	4,680

(ii) During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into agreements with two independent third parties pursuant to which the Group has agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating an e-commerce platform. The relating commitments contracted but not yet incurred as at 31 December 2018 was HK$6,000,000.

35. SHARE OPTION SCHEMES

Equity-settled share option scheme

The Company operates a share option scheme (the "Old Share Option Scheme") adopted on 26 August 2002 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group and to enable the Group to recruit high calibre employees and attract resources that are valuable to the Group. Eligible participants of the Old Share Option Scheme include any employee (including executive directors), officer (including non-executive directors and independent non-executive directors), consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to the Group, or any trustee of a discretionary trust to which one or more beneficiaries belong to any of the above-mentioned categories of persons. The Old Share Option Scheme became effective on 26 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The old share option scheme had no outstanding option as at 31 December 2018.

On 11 May 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), of which all the terms and conditions are same as the Old Share Option Scheme. This Share Option Scheme will remain in force for 10 years from the date of adoption, unless otherwise cancelled or amended.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At 31 December 2018, the number of shares issuable under share options granted under the Share Option Scheme was 637,200,000, which represented approximately 10.00% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$10 in total by the grantee. An option may be exercised under the Share Option Scheme at any time from the vested date to the fifth anniversary from the grant date of the option.

The exercise price of the share options is determinable by the directors, but must not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of an ordinary share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following tables disclose details of the Company's share options held by employees and consultants of the Group and movement in such holdings during the year:

Old Share Option Scheme

				Number of share options				
Grantees	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 01.01.2017	Forfeited during the year	Outstanding at 31.12.2017	Forfeited during the year	Outstanding at 31.12.2018
Employees in aggregate	16.12.2009	0.267	16.12.2012 to 15.12.2017	1,851,000	(1,851,000)	–	–	–
				1,851,000	(1,851,000)	–	–	–

35. SHARE OPTION SCHEMES (CONTINUED)

Equity-settled share option scheme (Continued)

Notes:

(1) The share options granted on 16 December 2009 were fully vested on 16 December 2012.

(2) Share options forfeited upon staff resignation.

(3) No option was exercised during the year ended 31 December 2017.

(4) As at 31 December 2017 and 2018, there was no outstanding option under the Old Share Option Scheme.

Share Option Scheme

				Number of share options				
Grantees	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 01.01.2017	Granted during the year	Outstanding at 31.12.2017	Granted during the year	Outstanding at 31.12.2018
Consultants in aggregate	27.07.2017	0.033	27.07.2017 to 26.07.2022	–	637,200,000	637,200,000	–	637,200,000
				–	637,200,000	637,200,000	–	637,200,000

Notes:

(1) The share options granted on 27 July 2017 were fully vested immediately on 27 July 2017.

(2) No option was exercised during the years ended 31 December 2017 and 2018.

(3) As at 31 December 2018, the number of shares issuable under the share options granted under the Share Option Scheme was 637,200,000 (2017: 637,200,000).

The Company's share options granted to the consultants were measured by reference to the fair value of options granted to directors/employees of the Group since the fair value of the services provided by the consultants to the Group cannot be measured reliably. The estimated fair values of the options granted on the grant date were HK$0.0048. The fair values were calculated using the Binomial Option Pricing model. The inputs into the model were as follows:

Share price	HK$0.033
Exercise price	HK$0.033
Expected volatility	101%
Risk-free rate	1.659%
Expected dividend yield	0%

Expected volatility at the grant date was determined by using the historical volatility of the Company's share price over the previous 5 years.

The Company recognised share-based payment expense of HK$Nil in relation to the share options granted during the year ended 31 December 2018 (2017: HK$3,058,000).

36. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in independently administrated funds. The Group has complied with the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income.

The employees of the subsidiaries in the PRC are members of the pension schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligations of the relevant PRC subsidiaries with respect of the pension scheme are the required contributions under the pension scheme.

The total expense recognised in profit or loss of approximately HK$6,164,000 (2017: approximately HK$7,711,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

37. RELATED PARTY TRANSACTIONS

Apart from balances with related parties and related terms disclosed in consolidated statement of financial position and note 21, the Group had following related party transactions:

	2018 HK$'000	2017 HK$'000
Office rental expenses paid to a related party ("Lessor") (Note)	4,422	4,327
Magazine registration number charges received from a joint venture	1,418	1,309

Note: Certain subsidiaries of the Company entered into lease agreements ("Leases") with Lessor. Mr. Zhang Zhifang (a director of the company and director of certain subsidiaries which entered into Leases), Mr. Wang Boming and Mr. Dai Xiaojing (both are directors of certain subsidiaries which entered into Leases) ("Three Persons"), who through their shareholdings and directorship in the holding companies of Lessor, collectively may control the holding companies and has controlling interest in Lessor. Under the circumstances, Lessor might constitute an associate of the Three Persons and the transactions were continuing connected transactions under the Listing Rules for the years ended 31 December 2018 and 2017.

Key management compensation

During the years ended 31 December 2018 and 2017 only directors considered as key management of the Group, the directors' emoluments were disclosed in note 11.

The remuneration of key management personnel is determined by Board of Directors, having regard to the performance, responsibilities and experience of the individuals and market trends.

38. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2018 and 2017 are as follows:

Name	Country of incorporation/ registration/ operations	Paid up registered capital	Class of shares held	Proportion of ownership interest and voting power held by the Company Directly %	Indirectly %	Principal activities
Beijing Caixun Century Advertising Co., Ltd	PRC	RMB10,000,000 Limited liability company	Registered	100	–	Advertising agent
Beijing Caixun Culture and Media Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	–	100	Advertising agent and books and magazines distributor
Beijing Jingzheng Ronglian Advertising Company Limited	PRC	RMB2,000,000 Limited liability company	Registered	–	100	Advertising agent
Beijing Le Hua Jiu Fang Advertising Co., Ltd ("Beijing Le Hua Jiu Fang")	PRC	RMB5,050,504 Limited liability company	Registered	–	71.28	Advertising agent
Beijing SEEC Book and Press Distribution Co., Ltd.	PRC	RMB5,000,000 Limited liability company	Registered	–	100	Books and magazines distributor
China Asset Credit Limited	Hong Kong	HK$1 Limited company	Ordinary	–	70	Money lending services
China Prospect Securities Limited	Hong Kong	HK$265,000,000 Limited company	Ordinary	–	100	Provision of securities broking services
Grace Tech Development Limited	Hong Kong	HK$10,000 Limited company	Ordinary	–	100	Provision of e-commerce platform services
Honor Fame Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	100	–	Investment holding
Laberie Holdings Limited	British Virgin Islands/ Hong Kong	US$10 Limited company	Ordinary	100	–	Investment holding
Shenzhen Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Registered	–	100	Advertising agent
Shanghai Caixun Advertising Co., Ltd.	PRC	RMB1,000,000 Limited liability company	Registered	100	–	Advertising agent
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary	100	–	Investment holding
Well Dynamic Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	–	100	Investment holding
Wingate Holdings Limited	Samoa/Hong Kong	US$10,000 Limited company	Ordinary	–	70	Investment holding

38. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the year.

(a) General information of subsidiaries

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2018	31.12.2017	31.12.2018 HK$'000	31.12.2017 HK$'000	31.12.2018 HK$'000	31.12.2017 HK$'000
Beijing Le Hua Jiu Fang	PRC	28.72%	28.72%	(1,023)	(325)	(7,287)	(6,586)
China Asset Credit Limited	Hong Kong	30%	30%	1,099	97	16,197	15,097
Individually immaterial subsidiary, with non-controlling interests				(1)	(1)	(8)	(6)
				75	(229)	8,902	8,505

Summarised financial information in respect of Beijing Le Hua Jiu Fang that has material non-controlling interests is set out below. The summarised financial information below requests amount before intragroup eliminations.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

Beijing Le Hua Jiu Fang

	2018 HK$'000	2017 HK$'000
Current assets	187	4,459
Non-current assets	43	71
Current liabilities	(25,602)	(27,461)
Equity attributable to owners of the Company	(25,372)	(22,931)

Beijing Le Hua Jiu Fang

	2018 HK$'000	2017 HK$'000
Revenue	345	3,457
Expenses	(3,908)	(4,586)
Loss for the year	(3,563)	(1,129)
Net cash outflow from operating activities	(1,805)	(2,318)
Net cash inflow from investing activities	–	–
Net cash inflow from financing activities	77	1,776
Net cash outflow	(1,728)	(542)

38. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

China Assets Credit Limited

	2018 HK$'000	2017 HK$'000
Current assets	157,547	155,792
Non-current assets	–	–
Current liabilities	(163,156)	(155,469)
Equity attributable to owners of the Company	(5,609)	323

China Assets Credit Limited

	2018 HK$'000	2017 HK$'000
Revenue	12,322	8,882
Expenses	(15,989)	(8,781)
Profit for the year	(3,667)	101
Net cash outflow from operating activities	1,351	1,499
Net cash outflow from investing activities	–	(48,540)
Net cash outflow from financing activities	6,086	51,652
Net cash inflow	7,437	4,611

39. ACQUISITION OF SUBSIDIARIES

Acquisition during the year ended 31 December 2017

On 25 May 2017, a wholly-owned subsidiary of the Company, Honor Fame Group Limited, entered into an agreement with an independent third party for the acquisition of the entire issued share capital of Pinnacle China Group Limited ("Pinnacle"), together with its subsidiary (collectively referred as ("Pinnacle Group") at the consideration of HK$24,000,000. Pinnacle is an investment holding company incorporated in the British Virgin Islands with limited liability. The wholly-owned subsidiary of Pinnacle principally engaged in the provision of services in relation to an e-commerce platform and sales of related goods. The consideration was satisfied by cash.

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition during the year ended 31 December 2017 (Continued)

The fair values of the identifiable assets and liabilities of the Pinnacle Group as at the date of the acquisition were as follows:

	HK$'000
Other intangible assets	15,888
Other payables and accruals	(2,427)
Deferred tax liabilities	(2,259)
Total identifiable net assets at fair value	11,202
Goodwill	12,798
Consideration settled in cash	24,000

Net cash outflow on acquisition of Pinnacle:

	HK$'000
Cash consideration paid	24,000
Less: cash and cash equivalent balance acquired	–
	24,000

Included in the loss for the year is loss of approximately HK$936,000 attributable to the additional business generated by Pinnacle Group. Revenue for the year includes HK$4,543,000 generated from Pinnacle Group.

Had the acquisition been completed on 1 January 2017, the Group revenue for the year would have been HK$319,132,000, and loss for the year would have been HK$252,166,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

40. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current assets		
Property, plant and equipment	73	251
Investments in subsidiaries	84,211	84,210
Investment in a joint venture	22,863	22,863
	107,147	107,324
Current assets		
Other receivables and deposits	124	124
Amounts due from subsidiaries	610,568	810,505
Bank balances and cash	1,430	1,838
	612,122	812,467
Current liabilities		
Amounts due to subsidiaries	228,962	246,490
Other payables and accruals	3,516	3,532
	232,478	250,022
Net current assets	379,644	562,445
Net assets	486,791	669,769
Capital and reserves		
Share capital	637,354	637,354
Reserves (Note)	(150,563)	32,415
Total equity	486,791	669,769

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 29 March 2019 and was signed on its behalf by:

Li Xi
Director

Li Leong
Director

40. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: Movement in reserves

	Share option reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2017	10,278	429,374	(252,060)	187,592
Loss and total comprehensive expenses for the year	–	–	(158,235)	(158,235)
Recognition of equity settled share-based payment	3,058	–	–	3,058
Lapsed of share options	(10,278)	–	10,278	–
At 31 December 2017	3,058	429,374	(400,017)	32,415
Loss and total comprehensive expense for the year	–	–	(182,978)	(182,978)
At 31 December 2018	3,058	429,374	(582,995)	(150,563)

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
REVENUE	443,582	286,683	267,594	319,132	180,413
LOSS FROM OPERATIONS	(116,278)	(201,714)	(9,809)	(253,543)	(124,462)
FINANCE COSTS	(2,464)	(595)	(1,589)	(1,799)	(1,817)
LOSS BEFORE TAXATION	(118,742)	(202,309)	(11,398)	(255,342)	(126,279)
TAXATION	(4,844)	(194)	(4,948)	3,406	1,277
LOSS FOR THE YEAR	(123,586)	(202,503)	(16,346)	(251,936)	(125,002)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(121,246)	(200,113)	(15,200)	(251,707)	(125,077)
NON-CONTROLLING INTERESTS	(2,340)	(2,390)	(1,146)	(229)	75
	(123,586)	(202,503)	(16,346)	(251,936)	(125,002)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
TOTAL ASSETS	622,873	1,247,434	1,209,745	954,408	759,367
TOTAL LIABILITIES	(250,929)	(301,954)	(274,283)	(263,301)	(250,881)
	371,944	945,480	935,462	691,107	508,486