Great Wall Belt & Road
長城一帶一路

Great Wall Belt & Road Holdings Limited
長城一帶一路控股有限公司

(Formerly known as e-Kong Group Limited)
(Incorporated in Bermuda with limited liability)
(Stock Code: 524)

ANNUAL REPORT 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Zhao Ruiyong *(Chairman)*
Li Bing *(Chief Executive Officer)*
Cheung Ka Heng Frankie *(Vice-Chairman)*
Chan Chi Yuen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fung Wai Shing
Zhao Guangming
Huang Tao

COMPANY SECRETARY

Law Hoi Ching

AUDITOR

Mazars CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Conyers Dill & Pearman
King & Wood Mallesons (as to Hong Kong laws)

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1402, 14/F
Henley Building
No.5 Queen's Road Central
Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 524

WEBSITE

www.gwbrhk.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

FINANCIAL HIGHLIGHTS

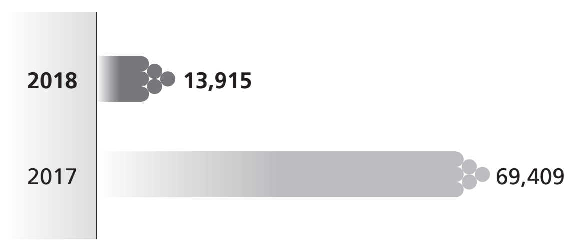
	2018 HK$'000	2017 HK$'000
Revenue	**67,920**	71,675
Loss for the Year	**(16,148)**	(17,271)
Net Assets	**228,745**	208,331
Bank Balances and cash	**13,915**	69,409

Revenue
(HK$'000)

Loss for the Year
(HK$'000)

Net Assets
(HK$'000)

Bank Balances and Cash
(HK$'000)



Great Wall Belt & Road Holdings Limited currently has a portfolio of business interests in the telecommunication, information technology, financial solution, software development and distribution sectors in Hong Kong, Singapore and the People's Republic of China (the "PRC") and is actively pursuing other opportunities that are complementary to its existing operations or have high growth potential, with ability to generate healthy cashflows and capabilities to maximise the Group's long-term value. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 524).

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Great Wall Belt & Road Holdings Limited (formerly known as e-Kong Group Limited) (the "Company" together with its subsidiaries, the "Group"), I am pleased to present the Group's annual report for the year ended 31 December 2018.

During the year under review, the Group has been constantly reviewing its business portfolio and striving to strike a balance in deploying the Group's resources between maintaining its telecommunication and information technology business (the "Telecom Business") in Asia and seeking for new businesses and investments, aimed at diversifying the Group's business in order to enhance shareholders' value and maintain long-term sustainable growth.

As the Telecom Business has been facing intensified competitive pressure in the market, this business division has witnessed a decreasing trend over the years. In consideration of that, the Group has been streamlining the business portfolio of the Telecom Business since 2017 and continues striving to expand its wholesale voice telecommunications and/or channel-driven service distribution business segment(s) so as to maintain a comparable level of business activities of the Telecom Business as in past years. At the same time, the Group is pursuing different opportunities in the enterprise IT solution space that may expand the business portfolio of the Group.

The financial payment processing solution, software development services and distribution business (the "IT and Distribution Business") in China performed below expectation in 2018. In view of the increasingly challenging and uncertain business environment in the IT and Distribution Business, during the year under review, the Group has entered into a non-legally binding memorandum of understanding on 28 December 2018, proposing to dispose of this business. This possible divesting of the IT and Distribution Business will help strengthen our financial and liquidity positions.

Furthermore, in February 2018, the Group has established a company named "Wusu Silk Road Small Towns Cultural Tourism Company Limited*（烏蘇絲路小鎮文旅有限公司）" ("Wusu Company") with Great Wall Film & Culture Company Group Limited*（長城影視文化企業集團有限公司）to engage in the development and operation of the characteristic town, real estate and cultural tourism in Wusu city, Xinjiang Autonomous Region, the PRC. Moreover, in April 2018, the Group has established a company named "Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited*（宜賓仙源湖小鎮文旅有限公司）" ("Yibin Company") with Zhejiang Wenlan Investment Limited*（浙江文瀾投資有限公司）to engage in the development and operation of the characteristic town, real estate and cultural tourism in Yibin city, Sichuan province, the PRC. Both Wusu Company and Yibin Company are accounted for as associates of the Group.

Going forward, the Group will strive to diversify its business portfolio by engaging in new business opportunities arising from the Belt and Road Initiative as well as other potential investment opportunities. The Board is optimistic that in a long view, business diversification will enhance shareholders' value and contribute sustainable growth.

On behalf of the Board, I would like to express our appreciation to all the fellow directors, employees and business partners for their great support, hard work, dedication and commitment to the Group.

* *for identification purpose only*

Zhao Ruiyong
Chairman

29 March 2019

BUSINESS REVIEW

OVERALL REVIEW

Over the past decade, the Group has been focusing on its telecommunication and information technology business (the "Telecom Business"). On the other hand, the Group has also been actively pursuing other opportunities to maximise the Group's long-term value.

During the year under review, due to the competitive market in the financial payment processing solution and software development services, and distribution business (the "IT and Distribution Business"), the Group's revenue decreased by 5.3% to approximately HK$67.9 million compared to approximately HK$71.7 million for the prior year, and the overall gross margin of the Group (as a percentage of its revenue) dropped to 45.3% compared to 54.7% for the prior year. Loss from operations for the year was approximately HK$46.8 million, representing a decrease of 20.8%, compared to loss of approximately HK$59.1 million for the previous year. Loss attributable to equity holders of the Company of approximately HK$11.7 million was recorded for the year as compared with loss of approximately HK$15.7 million for the prior year. Such loss was mainly due to the impairment loss on other receivables of a subsidiary of the Company, which is one-off in nature, for the year ended 31 December 2018 due to the difficulty in recovering payments from the receivables.

TELECOM BUSINESS (TELECOMMUNICATION AND INFORMATION TECHNOLOGY BUSINESS)

Total revenue recorded by the Telecom Business, which comprises the voice telecommunication and information technology businesses in Singapore and Hong Kong and remains as the Group's major revenue contributor in 2018, is approximately HK$46.1 million, representing a 1.3% decrease compared to approximately HK$46.7 million for the prior year. In view of the intensified competitive pressure in the market, the Telecom Business has been challenging and the revenue generated from this business division has witnessed a decreasing trend over the years. As such, the Group has been exploring different avenues to streamline the current service offerings and cost structure of the Telecom Business so as to improve the operational efficiency, while the Group continues striving to expand its wholesale voice telecommunications and channel-driven service distribution business segments so as to maintain a comparable level of business activities of the Telecom Business as in past years. At the same time, the Group is pursuing different opportunities in the enterprise IT solution space that may expand the business portfolio of the Group.

IT AND DISTRIBUTION BUSINESS (FINANCIAL PAYMENT PROCESSING SOLUTION AND SOFTWARE DEVELOPMENT SERVICES, AND DISTRIBUTION BUSINESS)

In June 2016, Stage Charm Limited ("Stage Charm", a wholly owned subsidiary of the Company) acquired (the "Previous Acquisition") from an independent third party the entire issued shares of an investment holding company which holds 90% equity interests of Hangzhou Susong Technology Company Limited*（杭州蘇頌科技有限公司）("Hangzhou Susong"). Hangzhou Susong is engaged in the IT and Distribution Business. As at the date of this report, there is an outstanding consideration payable under the Previous Acquisition of approximately HK$37.2 million, which to be settled by Stage Charm on or before 30 June 2019 (the "Outstanding Consideration").

Total revenue from the IT and Distribution Business is approximately HK$21.8 million in 2018, which contributed 32.1% of the Group's revenue for the year and recorded a decrease of 4.0% compared to approximately HK$22.7 million in 2017. Due to the increasingly stricter regulations on financial payment processing solution services which resulted in an adverse impact on Hangzhou Susong when retaining existing customers and exploring business opportunities with new customers in relation to the overall IT and Distribution Business, the performance of the IT and Distribution Business has been falling short of our expectation as originally contemplated at the time of acquisition of such business in 2016. In view of the increasingly challenging and uncertain business environment in the IT and Distribution Business, the Group has considered reviewing the prospects of this business segment and exploring various alternatives in relation to the IT and Distribution Business. The Group has appointed independent professional valuers to perform an appraisal of its value in use as at 31 December 2018. In light of the challenging business environment in the IT and Distribution Business, the Group applied a lower growth rate in the cash flow projections in the calculation of the value in use of the financial payment processing solution and software development services business cash-generating unit ("CGU") and distribution business CGU. As a result, the Group recorded a one-off impairment loss on goodwill of approximately HK$5.1 million in 2018 (2017: approximately HK$21.0 million). In addition, Hangzhou Susong advanced approximately RMB38.1 million (equivalent to approximately HK$45.7 million) in total to a company in 2017 and 2018. In early 2019, the Group was aware that this company entered the process of bankruptcy/ liquidation or other financial reorganisation and the recoverability of the amounts due becomes remote. Therefore, an amount of loss allowance of approximately RMB38.1 million (equivalent to approximately HK$45.7 million) was provided during the year.

The operating results of the IT and Distribution Business would have been profit at approximately HK$2.5 million (2017: profit at approximately HK$3.6 million), if the impairment of goodwill of approximately HK$5.1 million (2017: approximately HK$21.0 million) and loss allowance on other receivables of approximately HK$45.7 million (2017: Nil) had been excluded.

As disclosed in the Company's announcement dated 20 August 2018, the non-legally binding memorandum of understanding entered into by the Company in relation to potential disposal of entire equity interest in Stage Charm has lapsed and terminated on 18 August 2018. However, the Group continued to look for other potential buyers for the equity interest of Stage Charm. As disclosed in the Company's announcement dated 28 December 2018, the Company has entered into a new non-legally binding memorandum of understanding with another independent third party in relation to potential disposal of entire equity interest in Stage Charm. Up to the date of this report, the details of the potential disposal are still under negotiation.

The Group considers that, in addition to alleviating its financial burden in respect of the unsettled Outstanding Consideration and the supporting of working capital used in the IT and Distribution Business, the potential disposal is an opportunity to divest the IT and Distribution Business and enable the Group's capital resources to be utilised in an efficient manner to support the Group's business plan and/or to explore potential new investment and business opportunities that may arise in the future.

PROPERTY DEVELOPMENT AND TOURISM BUSINESS

In February 2018, the Group established a company named "Wusu Silk Road Small Towns Cultural Tourism Company Limited*（烏蘇絲路小鎮文旅有限公司）" ("Wusu Company") with Great Wall Film & Culture Company Group Limited*（長城影視文化企業集團有限 公司）("Great Wall Group") to engage in the development and operation of the characteristic town, real estate and cultural tourism in Wusu city, Xinjiang Autonomous Region, the People's Republic of China (the "PRC"). Moreover, in April 2018, the Group has established a company named "Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited*（宜賓仙源湖小鎮文旅有限公司）" ("Yibin Company") with Zhejiang Wenlan Investment Limited*（浙江文瀾投資有限公司 to engage in the development and operation of the characteristic town, real estate and cultural tourism in Yibin city, Sichuan province, the PRC. Both of Wusu Company and Yibin Company are accounted for as associates of the Group.

In view of the fact that these projects are in its preliminary construction stage, it is expected that these projects will not contribute revenue shortly. However, we believe that developing the characteristic town projects is a way of diversifying the business portfolio of the Group and improving the performance of the Group by generating investment returns.

OUTLOOK

Looking ahead, the Group will carry on its journey in finding a delicate balance in deploying its resources between maintaining the sustainability of the Telecom Business in the competitive market, and diversifying its business portfolio by engaging in new business opportunities arising from the Belt and Road Initiative as well as other potential investment opportunities. Possible divesting of the IT and Distribution Business will release the resources of the Group to be allocated in a more efficient way in other investment opportunities.

Through actively pursuing other investment opportunities to improve business performance, increase operational efficiency and realise business synergy, sustainable and steady business growth can be achieved and a more promising return can be offered to the Group and its shareholders as a whole.

* *For identification purpose only*

FINANCIAL REVIEW

TURNOVER AND RESULTS

The revenue of the Group for the year amounted to approximately HK$67.9 million, representing a decrease of 5.3% compared to the prior year, mainly due to the decrease in revenue from the IT and Distribution Business.

The overall gross margin of the Group for the year was 45.3%, compared to 54.7% for the prior year. The gross profit for the year decreased by 21.4% to approximately HK$30.8 million, compared to approximately HK$39.2 million for the previous year. The decrease in gross profit mainly due to the lower gross margin in the wholesale voice telecommunications business expanded in 2018.

Total operating expenses of the Group for the year amounted to approximately HK$81.9 million, compared to approximately HK$107.9 million in the previous year. The decrease was mainly due to the streamline of business portfolio of the Telecom Business, the disposal of the equity interest in Cybersite Services Pte Ltd. ("Cybersite") and the deemed disposal of Relevant Marketing Group Limited and its subsidiaries.

The Group recognised a one-off loss allowance on other receivables of approximately HK$45.7 million in 2018 (2017: Nil).

The Group disposed of its entire equity interest in Cybersite on 22 March 2018. A one-off gain of approximately HK$12.0 million was recorded by the Group in regards to the transaction.

The Group recorded unrealised net gain on fair value changes and net gain on disposal and fair value changes of approximately HK$54.4 million and approximately HK$17.8 million respectively (2017: approximately HK$76.7 million of net gain on fair value changes and approximately HK$9.0 million of net loss on disposal and fair value changes) in respect of financial assets at FVPL in 2018.

The Group has appointed independent professional valuer to perform an appraisal of the values in use of Hangzhou Susong as at 31 December 2018. As a result of downward adjustment on the expected growth rate, the Group recorded an impairment loss of approximately HK$5.1 million (2017: approximately HK$21.0 million).

The operating loss of the Group amounted to approximately HK$46.8 million, as compared to a loss of approximately HK$59.1 million for the previous year.

Loss attributable to the equity holders of the Company amounted to approximately HK$11.7 million, as compared to a loss of approximately HK$15.7 million for the previous year.

CIRCUMSTANCES LEADING TO THE IMPAIRMENT LOSS OF HANGZHOU SUSONG

Hangzhou Susong witnessed a year-on-year decrease in total revenue in RMB by 2% in 2018. The decrease was chiefly attributable to the decrease in the revenue from financial payment processing solution and software development services (the "IT Business") which is facing stricter regulations and more competitive market. Despite the mild growth in distribution business, Hangzhou Susong did not meet the expected revenue in the previous forecast due to keen competitions in both markets.

In light of the challenging business environment in the IT and Distribution Business, the Group applied a lower growth rate in the cash flow projections for the valuation for the goodwill of the business of Hangzhou Susong, thereby resulting in the 2018 Impairment.

The table below sets out the valuation method, major assumptions and details of the value of inputs used in the valuation for determining the 2017 Impairment and 2018 Impairment:

	Valuation in relation to the 2017 Impairment	**Valuation in relation to the 2018 Impairment**
Valuation date	31 December 2017	31 December 2018
Valuation methodology	Discounted cash flow, income approach	Discounted cash flow, income approach
Major assumptions	Revenue growth	Revenue growth
	• Compound Annual Growth Rate (“CAGR”) of 14% from 2018 to 2022	• CAGR of 5% from 2019 to 2023
	• Average growth rate of 16% from 2018 to 2022	• Average growth rate of 5% from 2019 to 2023
	• CAGR of 3% for IT Business from 2018 to 2022	• CAGR of –4% for IT Business from 2019 to 2023
	• Average growth rate of 12% for IT Business from 2018 to 2022	• Average growth rate of –2% for IT Business from 2019 to 2023
	• CAGR of 21% for distribution business from 2018 to 2022	• CAGR of 10% for distribution business from 2019 to 2023
	• Average growth rate of 22% for distribution business from 2018 to 2022	• Average growth rate of 14% for distribution business from 2019 to 2023
	Gross margins	Gross margins
	Range from 68% to 82% during the forecast period between 2018 and 2022	Range from 82% to 90% during the forecast period between 2019 and 2023
	Corporate tax rate 25%	Corporate tax rate 25%
	Terminal growth 3%	Terminal growth 2%
Discount rate (pre-tax)	28% 27% for IT Business 29% for distribution business	31% 33% for IT Business 30% for distribution business

REASONS FOR THE CHANGE IN ASSUMPTIONS USED IN THE VALUATION FOR THE 2018 IMPAIRMENT AS COMPARED WITH THE ASSUMPTIONS USED IN THE VALUATION FOR THE 2017 IMPAIRMENT

(i). Financial forecast

Hangzhou Susong has two revenue sources, namely, IT Business and distribution business. The income from distribution business in RMB recorded a growth of 7% in 2018. However, Hangzhou Susong witnessed a year-on-year decrease in total revenue in RMB by 2% in 2018. The decrease was chiefly attributable to the decrease in the revenue from IT Business which is facing stricter regulations and more competitive market. Despite the mild growth in distribution business, Hangzhou Susong did not meet the expected revenue in the previous forecast due to keen competitions in both markets, as explained by the management of Hangzhou Susong. The management of Hangzhou Susong considers that the competitions will continue to be fierce. Therefore, the management decides to lower the financial forecast for the valuation for the 2018 Impairment.

(ii). Terminal growth

Accordingly, as the industry becomes matures and coupled with the slowdown of the Chinese economy, the terminal growth rate has been lowered to 2%.

(iii). Discount rate

The discount rate applied was based on the same methodology in the previous year. The difference of discount rate between 2017 and 2018 is mainly because of the change in market parameter (i.e. the applied debt-to-equity ratio) and specific risk premium. The applied debt-to-equity ratio makes reference to comparable companies' trading data, while the specific risk premium was adjusted to reflect the uncertainty of business environment and market competitions.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCING

As at 31 December 2018, the net assets of the Group amounted to approximately HK$228.7 million compared to approximately HK$208.3 million as at 31 December 2017.

During 2018, the number of issued shares had increased from 875,280,000 to 1,050,280,000. All shares issued during the year rank pari passu with the existing shares in all respects. On 6 March 2018, the Company allotted and issued an aggregate of 175,000,000 ordinary shares of HK$0.01 each for cash to not less than six independent investors at a placing price of approximately HK$0.30 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 17 May 2017 (the "Placing"). The net placing price was approximately HK$0.29 per share. The net proceeds were approximately HK$50.7 million.

As disclosed in the announcement of the Company dated 30 January 2018 (the "Placing Announcement"), the net proceeds from the Placing are intended to be used for replenishing the working capital of the Group as a result of (1) the capital contribution of RMB50 million made by the Group in relation to the formation of Wusu Company which was approved by the independent shareholders of the Company at the special general meeting of the Company held on 28 December 2017 (details of which are set out in the circular of the Company dated 8 December 2017 and the announcement of the Company dated 28 December 2017); and (2) approximately HK$41.6 million to be paid by the Group to Mr. Yeung Chun Wai Anthony ("Mr. Yeung") pursuant to the settlement agreement dated 10 January 2018 entered into between e-Kong Pillars Holdings Limited (a wholly-owned subsidiary of the Company) and Mr. Yeung on the settlement of the disposal of the shares of SingAsia Holdings Limited ("SingAsia Shares Settlement").

During 2018, approximately HK$29.2 million of net proceeds was used for SingAsia Shares Settlement and approximately HK$21.5 million was used for replenishing the working capital of the Group in accordance with the proposed usages set out in the Placing Announcement to strengthen the financial position of the Group's operation and provide additional funding to further develop the Group's business.

Capital expenditures for the year amounted to approximately HK$62.7 million, compared to approximately HK$0.5 million in the previous year. The increase mainly due to capital contribution in property development and tourism business.

Bank balances and cash (excluding pledged bank deposits) amounted to approximately HK$13.9 million as at 31 December 2018 (2017: approximately HK$69.4 million). On the same date, total pledged bank deposits amounted to approximately HK$0.9 million (2017: approximately HK$1.3 million). Bank guarantees of approximately HK$0.9 million (2017: approximately HK$1.3 million) were issued to suppliers for operation requirements.

As at 31 December 2018, the Group had no bank or other borrowings (2017: Nil). As at 31 December 2018, the Group had total obligations under finance leases amounting to approximately HK$50,000 (2017: approximately HK$130,000).

As at 31 December 2018, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets was 0.1% (2017: 0.1%).

FOREIGN EXCHANGE EXPOSURE

The Group has certain assets, liabilities, and transactions which are denominated in Singapore dollars and Renminbi. The Group continues to closely monitor the exchange rates of each of Singapore dollar, Hong Kong dollar and Renminbi and will, whenever appropriate, take appropriate action to mitigate such exchange risks. As at 31 December 2018, no related currency hedges had been undertaken by the Group.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2018, the Company is involved in a dispute on certain of the proceeds from the disposal of a subsidiary in year 2015. The Group's management believes that the claim is without merit and the possibility of a significant loss arising from the dispute is remote and therefore no provision of the claims was considered necessary.

In April 2018, the Group entered into an agreement with a third party to develop and operate a characteristic cultural town in Yibin City of Sichuan Province in the PRC. In April 2018, Yibin Company was incorporated in the PRC with registered capital of Yibin Company of RMB200,000,000, for which Group has committed to contribute RMB70,000,000 before 3 April 2028, representing equity interest in 35% of Yibin Company. As at the end of the reporting period and up to the date of this report, no contribution has been made by the Group.

Other than the above, there were no material contingent liabilities or capital commitments.

SIGNIFICANT INVESTMENTS HELD AND PERFORMANCE

As at 31 December 2018, the Group held for trading investments in securities in Hong Kong (collectively, the "Investments") with a market value of approximately HK$129.8 million (31 December 2017: approximately HK$102.0 million), representing an investment portfolio of five (31 December 2017: two) listed equities in Hong Kong. The Group's financial assets at fair value through profit or loss with realised gain for those disposed of during the 2018 and increase in fair value for those held at the end of 2018 are approximately HK$17.8 million and approximately HK$54.4 million respectively, compared with realised loss of approximately HK$9.0 million and increase of approximately HK$76.7 million for 2017. The significant increase in fair value for those held at the end of 2018 is mainly contributed by the stock price increase of SingAsia Holdings Limited during 2018. The details of the Investments as at 31 December 2018 are as follows:

	Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Realised gain on disposal for the year HK$'000	Unrealised gain/(loss) on fair value change for the year HK$'000	Fair value as at 1 January 2018 and additional investment cost during the year HK$'000	Fair value as at 31 December 2018 HK$'000	% of net assets	Principal activities
1	New Provenance Everlasting Holdings Ltd.	02326	1,000,000	0.01%	–	(126)	156	30	0.01%	Sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and utilities, sale of electrical and electronic consumer products, provision of logistics services.
2	SingAsia Holdings Ltd.	08293	20,220,000	1.6%	17,800	55,160	72,226	127,386	55.69%	Provide manpower outsourcing services, manpower recruitment services and manpower training services based in Singapore.
3	China Saite Group Company Limited	00153	5,040,000	0.2%	–	(580)	2,445	1,865	0.82%	Construction of steel structure and prefabricated construction projects
4	Haitian Energy International Limited	01659	2,576,000	0.03%	–	(23)	363	340	0.15%	Hydropower generation and provision of power operation services
5	Sino Harbour Holdings Group Limited	01663	1,000,000	0.04%	–	–	185	185	0.08%	Property development and general trading
					17,800	54,431	75,375	129,806		

During the year, the Group had not received dividend from the securities held (2017: Nil).

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and are susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board maintains a diversified investment portfolio across various segments of the market and also closely monitors the performance of its investment portfolio.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

ZHAO Ruiyong, aged 64, was appointed as an executive director and the chairman of the board of directors of the Company on 1 November 2017. He is also the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Zhao is a Chinese national first-class writer. He has deep understanding and extensive resources in the film and television industry and other cultural industries, and has rich experience in corporate strategy and development, investment and acquisition. He was the chairman of the board of directors of Great Wall Movie and Television Co., Ltd.*（長城影視股份有限公司） (the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002071)) from May 2014 to November 2015, and the chairman of the board of directors of Hangzhou Tian-Mu-Shan Pharmaceutical Co., Ltd.*（杭州天目山藥業股份有限公司） (the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600671)) from November 2015 to May 2018. He was also previously the station director of Zhuji Television Station*（諸暨電視臺）, the director and the chief editor of "East Sea*"（《東海》）magazine, the director and the chief editor of "Children's Stories*"（《少年兒童故事報》）newspaper, and the director of Zhejiang Film and Television Production Institute*（浙江影視創作所）. Since September 2014, he has been the chairman of the board of directors of Great Wall International ACG Co., Ltd.*（長城國際動漫遊戲股份有限公司） (the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000835)). He is also currently the chairman of the board of directors of Zhejiang Qingpingguo Network Technology Co. Ltd.*（浙江青蘋果網絡科技有限公司）, the executive director and the general manager of Hangzhou Great Wall Animation Game Co. Ltd.*（杭州長城動漫遊戲有限公司）, the director of China Television Artists Association*（中國電視家協會）, a member of China Writers Association*（中國作家協會）, the vice president of Zhejiang Television Artists Association*（浙江省電視家協會）, and a member of the presidium of Zhejiang Writers Association*（浙江省作家協會）.

LI Bing, aged 31, was appointed as an executive director of the Company on 1 September 2017 and the chief executive officer of the Company on 1 November 2017. She is also a member of the nomination committee of the Company and a director of several subsidiaries of the Company. Ms. Li graduated from Chengdu University of Technology*（成都理工大學）with a Bachelor of Arts degree. She has extensive experience in the areas of private equity, mergers and acquisitions and reorganisations. She has participated in several large-scale acquisitions and investment projects in the cultural tourism and China Big Health industries, and involved in the establishment and management of several industrial investment funds. Since 2016, she has been involved in the integration of the industrial ecological chain of the film and television, animation, games, China Big Health, advertising and tourism industries. Since December 2018, she has been the director of Great Wall International ACG Co., Ltd.*（長城國際動漫遊戲股份有限公司） (the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000835)). She is also currently the sole director of Great Wall Belt & Road (HK) Limited, the vice president of Great Wall Film & Culture Company Group Limited*（長城影視文化企業集團有限公司）, the executive director and the general manager of Hangzhou Bingo Investment Management Co. Ltd.*（杭州賓果投資管理有限公司）, the executive director and the manager of Xishuang Banna Great Wall Tourism & Cultural Creativity Park Limited*（西雙版納長城旅遊文創園有限公司, and the representative of the managing partner of Zhuji Great Wall Yingda Silk Road Equity Investment LLP*（諸暨長城英大絲綢之路股權投資合夥企業（有限合夥））, Zhuji Changrong Equity Investment LLP*（諸暨長融股權投資合夥企業（有限合夥））and Zhuji Changqi Equity Investment LLP*（諸暨長祺股權投資合夥企業（有限合夥））.

CHEUNG Ka Heng Frankie, aged 46, was appointed as an executive director of the Company on 1 September 2017 and the vice-chairman of the board of directors of the Company on 1 November 2017. He is also a member of the remuneration committee of the Company and a director of several subsidiaries of the Company. Mr. Cheung holds a Master of Business Administration degree and has completed the "Global Executive Program" in Guanghua School of Management, Peking University. From June 2002 to December 2015, He was an executive director of Sau San Tong Holdings Limited (the issued shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited (Stock Code: 8200)) which engages in the retail and the beauty and slimming industries. From October 2009 to November 2010, he was an executive director of Chevalier Pacific Holdings Limited (now known as Dingyi Group Investment Limited) (the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 508)) and was mainly responsible for mergers and acquisitions. He was also previously a director of a credit data provider which engages in the compilation and assortment of credit data and acts as the external independent databank operational unit for its banking institutions clients in Hong Kong. Mr. Cheung has accumulated over 15 years of experience in corporate finance and wealth management. With his credit facilities background and the experience accumulated throughout the years, he has architected a vast channel for deal flow in the Greater China region. In the past, he had completed various fund-raising transactions for various enterprises across the Greater China region, including project planning, debt financing and securities margin financing, and had successfully spearheaded the initial establishment of corporate units of corporate finance and wealth management in Shanghai and Taiwan. He also possesses extensive experience in overseas investment and financing. In recent years, he had assisted a British private equity fund in establishing operating divisions and developing investment and financing business in Hong Kong and the Middle East and Central Asia markets. Besides, Mr. Cheung is an Honorary Committee Member of China Enterprise Reputation and Credibility Association (Overseas).

CHAN Chi Yuen, aged 52, was appointed as an executive director of the Company on 8 June 2015. Mr. Chan holds a bachelor's degree with honours in Business Administration and a Master of Science degree with distinction in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practising certified public accountant and has extensive experience in financial management, corporate development, corporate finance and corporate governance. He has been an executive director of Noble Century Investment Holdings Limited (Stock Code: 2322) since June 2011 and Royal Century Resources Holdings Limited (Stock Code: 8125) since October 2015, and an independent non-executive director of Asia Energy Logistics Group Limited (Stock Code: 351) since September 2004, China Baoli Technologies Holdings Limited (Stock Code: 164) since April 2006, Media Asia Group Holdings Limited (Stock Code: 8075) since September 2009, New Times Energy Corporation Limited (Stock Code: 166) since May 2012 and Leyou Technologies Holdings Limited (Stock Code: 1089) since July 2015. Mr. Chan was previously an executive director of South East Group Limited (now known as China Minsheng DIT Group Limited) (Stock Code:726) from December 2013 to July 2015 and Co-Prosperity Holdings Limited (now known as Asia Television Holdings Limited) (Stock Code: 707) from December 2014 to October 2015, and an independent non-executive director of Jun Yang Financial Holdings Limited (now known as Power Financial Group Limited) (Stock Code: 397) from January 2005 to October 2017, U-RIGHT International Holdings Limited (now known as Fullsun International Holdings Group Co., Limited) (Stock Code: 627) from November 2010 to December 2017 and Affluent Partners Holdings Limited (Stock Code: 1466) from December 2016 to September 2018. The issued shares of all the aforesaid companies are listed on The Stock Exchange of Hong Kong Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

FUNG Wai Shing, aged 49, was appointed as an independent non-executive director of the Company on 16 August 2017. He is also the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company. Mr. Fung graduated from University of London and The Hong Kong Polytechnic University with a bachelor's degree in banking and finance and MBA in finance respectively. He is an associate member of each of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants with over 20 years' experience in finance, auditing and accounting fields. He is currently the company secretary, the chief finance officer and an executive director of China Qinfa Group Limited (Stock Code: 866). He was previously the qualified accountant and the company secretary of Ko Yo Chemical (Group) Limited (previous Stock Code: 8042, current Stock Code: 827) from February 2002 to December 2005, and an independent non-executive director of TLT Lottotainment Group Limited (now known as Evershine Group Holdings Limited) (Stock Code: 8022) from August 2008 to July 2012. The issued shares of all the aforesaid companies are listed on The Stock Exchange of Hong Kong Limited.

ZHAO Guangming, aged 62, was appointed as an independent non-executive director of the Company on 16 August 2017. He is also a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Zhao completed the researcher course in management engineering in Zhejiang University in 1997. He holds the qualification of Senior Professional Manager of Engineering Construction of China*（中國工程建設高級職業經理人）from China Association of Construction Enterprise Management*（中國施工企業管理協會）, the qualification of senior economist from Zhejiang Office of Personnel*（浙江省人事廳）and the qualification of First Class Constructor*（一級建造師）from The Ministry of Construction and Development of The People's Republic of China*（中華人民共和國建設部）. He was the general manager of Zhejiang Zhuji Fifth Construction Works Company*（浙江省諸暨市第五建築工程公司）from 1987 to 2000, then served as the chairman of the board of directors of Zhejiang Jiyang Construction Group Company Limited*（浙江暨陽建設集團有限公司）from 2000 to 2015. Since 2015, he has been the chairman of the board of directors of Zhejiang Gong Xiang Agricultural Development Company Limited*（浙江共向農業開發有限公司）. Mr. Zhao was also previously the council member of Zhejiang Construction Industry Association*（浙江省建築業協會）, the vice president of Zhuji Construction Industry Association*（諸暨市建築業協會）and the senior researcher of the Real Estate Research Centre of Zhejiang University*（浙江大學房地產研究中心）.

HUANG Tao, aged 40, was appointed as an independent non-executive director of the Company on 1 November 2017. He is also the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Mr. Huang graduated from Peking University with a master's degree in finance. He has over 15 years of experience in venture capital investment and corporate finance, and has extensive resources in venture capital area and capital market. He is currently the managing partner of Shenzhen Junyi Capital Management LLP*（深圳市駿毅資本管理企業（有限合夥））, and has leaded and completed over 10 merger and acquisition projects of listed companies since 2014. He was an investment director of a well-known venture capital company in China from 2007 to 2014, and directed and participated in the management of the investment funds in areas of Internet, environmental protection, agriculture and so on. He also served for a private investment organisation in China from 2002 to 2007.

* *for identification purpose only*

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board (the "Board") of directors (the "Directors") of the Company is committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders and enhance long-term shareholder value. Except for the non-compliance and deviations described below, the Directors are not aware of any information which would reasonably indicate that the Company is not, or was not at any time during the year ended 31 December 2018, acting in compliance with the code provisions (the "Code Provisions") of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to Rule 3.28 of the Listing Rules, the Company must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), capable of discharging the functions of company secretary. Further, pursuant to Code Provision F.1.1 of the Corporate Governance Code, the company secretary of the Company (the "Company Secretary") should be an employee of the Company and have day-to-day knowledge of the Company's affairs. With effect from 13 March 2018, Ms. Chan Yim resigned as the Company Secretary. As a result, immediately after the resignation of Ms. Chan Yim, the Company fell below the requirements of Rule 3.28 of the Listing Rules and Code Provision F.1.1 of the Corporate Governance Code. However, the Company made its best endeavours to identify suitable candidate to be the Company Secretary in order to comply with the Listing Rules and the Corporate Governance Code. On 7 May 2018, Mr. Law Hoi Ching was appointed as the Company Secretary. Following the appointment, the Company has fully complied with the requirements of Rule 3.28 of the Listing Rules and Code Provision F.1.1 of the Corporate Governance Code.

Pursuant to Code Provision E.1.2 of the Corporate Governance Code, the chairman of the Board (the "Chairman") should attend the annual general meetings of the Company and should also invite the chairman of each of the audit, remuneration, nomination and any other committees of the Company to attend. Mr. Zhao Ruiyong, the chairman of the Board and the chairman of the nomination committee of the Company (the "Nomination Committee"), did not attend the annual general meeting of the Company held on 28 June 2018 ("2018 AGM") as he was not in Hong Kong. Mr. Cheung Ka Heng Frankie, the vice-chairman of Board (the "Vice-Chairman"), as well as Mr. Fung Chan Man Alex and Mr. Fung Wai Shing, the then members of the Nomination Committee, attended 2018 AGM and were available to answer questions at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' transactions in securities of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they have fully complied with the required standards set out in the Model Code throughout the year ended 31 December 2018.

BOARD OF DIRECTORS

BOARD COMPOSITION

As at the date of this annual report, the Board comprises four executive Directors, namely Mr. Zhao Ruiyong (Chairman), Ms. Li Bing (Chief Executive Officer), Mr. Cheung Ka Heng Frankie (Vice-Chairman) and Mr. Chan Chi Yuen, and three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Zhao Guangming and Mr. Huang Tao. Biographical details of the Directors as of the date of this annual report are set out in the section headed "Board of Directors" on pages 12 to 14 of this annual report.

Ms. Li Bing, an executive Director and the chief executive officer of the Company (the "Chief Executive Officer"), is currently the vice president of Great Wall Film & Culture Company Group Limited*（長城影視文化企業集團有限公司）("Great Wall Group"). Great Wall Group is a substantial shareholder of the Company, 66.67% of which is held by Mr. Zhao Ruiyong, the Chairman and an executive Director. Except for the above, there is no relationship (including financial, business, family or other material/relevant relationships) among the Directors.

In accordance with the bye-laws of the Company (the "Bye-laws"), not less than one-third of the Directors for the time being will retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years at each annual general meeting. Any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") to set out the approach to achieve diversity for the Board since 2013. Pursuant to the Board Diversity Policy, the Company recognises the benefits of a Board that possesses a balance of skills, expertise, experience and diversity of perspectives appropriate to the requirements of the businesses of the Group; the Company embraces the practice of seeking to ensure diversity of Board members, which can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; Board appointments will continue to be on a merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board; the Nomination Committee continues to be responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; the Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness; and the Board will disclose the Board Diversity Policy (or a summary thereof) in the corporate governance report set out in the annual reports of the Company.

BOARD MEETINGS

The Board meets regularly and on those occasions when Board decisions are required for major issues. All Directors are provided with adequate and timely information prior to Board meetings to ensure that the Directors can make informed decisions when fulfilling their responsibilities. (All meeting minutes and written resolutions of the Board and its committees are kept by the Company Secretary, and such records are available for inspection at any reasonable time on reasonable notice by any Director.)

During the year ended 31 December 2018, the Board held 23 meetings. The attendance of each Director at Board meetings and general meetings of the Company held during the year ended 31 December 2018 is set out below.

	Attendance/number of meetings held	
Name of director	**Board meeting#**	**General meeting**
Zhao Ruiyong	12/23	0/2
Li Bing	15/23	0/2
Cheung Ka Heng Frankie	23/23	2/2
Chan Chi Yuen	19/23	1/2
Fung Wai Shing	21/23	1/2
Zhao Guangming	21/23	0/2
Huang Tao	20/23	0/2
Fung Chan Man Alex (resigned with effect from 31 December 2018)	23/23	1/2
Wong Xiang Hong (resigned with effect from 25 July 2018)	18/18	1/2
Yeung Chun Sing Standly (resigned with effect from 31 May 2018)	11/14	1/1

Including written resolutions, physical meetings and meetings held by telephone conference

On those occasions where it was not practical to convene physical meetings, in lieu thereof, written resolutions of the Board together with full copies of related documents were circulated to all Directors for consideration and approval. During the year under review, all such written resolutions were approved by all Directors.

BOARD AND MANAGEMENT

The Board is collectively responsible for all businesses and affairs of the Company. The Board has delegated authority to various committees to deal with specific matters under defined terms of reference. Details of the Board committees are set out in the section headed "Board Committees" on pages 18 to 20 of this annual report. The Board has also delegated the day-to-day management of the Company's businesses to executive Directors and senior management members while reserving certain key matters, mainly laying down strategies, reviewing policies, monitoring operational and financial performance and ensuring effective governance and sound internal control and risk management systems.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Newly appointed Directors are provided with induction training immediately after appointment to ensure that they have appropriate understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations under the Listing Rules, the Corporate Governance Code and other applicable regulatory requirements.

There are also arrangements in place in respect of providing continuing professional development to Directors in order to facilitate the performance of their duties. The Company Secretary distributes various reading materials to Directors from time to time to update them on amendments to the relevant laws, rules and regulations to develop and refresh their knowledge and skills. The Directors are also encouraged to participate in external trainings at the Company's expense. All Directors are required to provide the Company annually with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors during the year ended 31 December 2018 is summarised as below.

Name of director	Regulatory updates or corporate governance related materials	Other trainings relevant to directors' profession or other relevant topics
Zhao Ruiyong	✓	✓
Li Bing	✓	✓
Cheung Ka Heng Frankie	✓	✓
Chan Chi Yuen	✓	✓
Fung Wai Shing	✓	✓
Zhao Guangming	✓	✓
Huang Tao	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE

There is a clear segregation between the roles of chairman and chief executive of the Company. The duties of chairman and chief executive are carried out respectively by Mr. Zhao Ruiyong as the Chairman, Mr. Cheung Ka Heng Frankie as the Vice-Chairman and Ms. Li Bing as the Chief Executive Officer. The Chairman and the Vice-Chairman are responsible for providing leadership to the Board and monitoring Board effectiveness and shareholder communications. The Chief Executive Officer is responsible for the overall management of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their skills, expertise and number in the Board ensure that strong independent views and judgment are brought in the Board's deliberations and that such views and judgment carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Company and its shareholders.

Each independent non-executive Director has entered into an appointment letter with the Company for a specific term of 2 years subject to the retirement and re-election provisions of the Bye-laws. Either party may terminate such appointment with not less than three months' written notice.

BOARD COMMITTEES

The Board has established three committees, including the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the Nomination Committee, and has delegated various responsibilities to those committees. The committees perform their distinct roles in accordance with their respective terms of reference which are available on the Stock Exchange's (www.hkex.com.hk) and the Company's websites (www.gwbrhk.com).

All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

AUDIT COMMITTEE

The Audit Committee was established on 29 September 1999 and comprised of all independent non-executive Directors during the year ended 31 December 2018. As at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Zhao Guangming and Mr. Huang Tao. Mr. Fung Wai Shing, who has the appropriate financial-related professional qualification and experience, is the chairman of the Audit Committee.

The principal role of the Audit Committee is to review the effectiveness of the financial reporting practices, the quality and integrity of the financial reports, the internal control and risk management systems and the audit functions of the Company; and to review the nature and scope of the external audit and internal audit of the Company, the results of their examinations as well as their evaluations on the internal control and risk management systems. The Audit Committee is also responsible for nominating external auditors and approving their audit fees and is granted the authority to investigate any activities within its terms of reference. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor of the Company.

During the year ended 31 December 2018, the Audit Committee held 2 meetings with the presence of the external auditor of the Company and discharged its responsibilities to review the interim and annual results, in particular, assessing any changes in accounting policies and practices, major judgmental areas and compliance with applicable legal and accounting requirements and standards; and to review the internal control and risk management systems and the effectiveness of the internal audit function of the Group.

The attendance of each member of the Audit Committee at the committee meetings held during the year ended 31 December 2018 is set out below.

Name of director	Attendance/number of Audit Committee meetings held
Fung Wai Shing	2/2
Zhao Guangming	2/2
Huang Tao	2/2
Fung Chan Man Alex (resigned with effect from 31 December 2018)	2/2

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 December 2001 and comprised of a majority of independent non-executive Directors during the year ended 31 December 2018. As at the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Zhao Guangming and Mr. Huang Tao, and two executive Directors, namely Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie. Mr. Huang Tao is the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for determining a mechanism for setting the Group's remuneration structure with reference to fair and objective standards, determining and reviewing the remuneration of Directors and addressing and dealing with such other matters relating to remuneration as directed by the Board from time to time.

During the year ended 31 December 2018, the Remuneration Committee held 1 meeting to determine, with delegated responsibility, the remuneration packages of individual executive Directors for the year ending 31 December 2019.

The attendance of each member of the Remuneration Committee at the committee meeting held during the year ended 31 December 2018 is set out below.

Name of director	Attendance/number of Remuneration Committee meetings held
Huang Tao (appointed as the committee chairman with effect from 31 December 2018)	n/a
Zhao Ruiyong	0/1
Cheung Ka Heng Frankie	1/1
Fung Wai Shing	1/1
Zhao Guangming	0/1
Fung Chan Man Alex (resigned with effect from 31 December 2018)	1/1

NOMINATION COMMITTEE

The Nomination Committee was established on 9 December 2011 and comprised of a majority of independent non-executive Directors during the year ended 31 December 2018. As at the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Zhao Guangming and Mr. Huang Tao, and two executive Directors, namely Mr. Zhao Ruiyong and Ms. Li Bing. Mr. Zhao Ruiyong, the chairman of the Board, is also the chairman of the Nomination Committee.

The Nomination Committee is responsible for identifying, recruiting and evaluating new nominees to the Board; reviewing the structure, size and composition of the Board, including the skills, knowledge, experience of Directors and the time devoted by Directors in fulfilling their responsibilities; assessing the independence of independent non-executive Directors; together with addressing and dealing with such other matters relating to nominations as directed by the Board from time to time.

The Nomination Committee leads the process and makes recommendations for appointments to the Board. In evaluating and selecting candidates for directorship, the Nomination Committee considers the candidates' character and integrity, skill and expertise, professional and educational background and potential time commitment as well as other statutory or regulatory requirements.

During the year ended 31 December 2018, the Nomination Committee held 1 meeting to review the structure, size and composition of the Board. Information relating to the policy on Board diversity is set out in the section headed "Board Diversity Policy" on page 16 of this annual report.

The attendance of each member of the Nomination Committee at the committee meeting held during the year ended 31 December 2018 is set out below.

Name of director	**Attendance/number of Nomination Committee meetings held**
Zhao Ruiyong	0/1
Li Bing	0/1
Fung Wai Shing	1/1
Zhao Guangming	0/1
Huang Tao (appointed as a committee member with effect from 31 December 2018)	n/a
Fung Chan Man Alex (resigned with effect from 31 December 2018)	1/1

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing corporate governance duties including to (a) develop and review the Company's policies and practices on corporate governance; (b) review and monitor the training and continuous professional development of Directors and senior management; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct applicable to employees and Directors; and (e) review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report under Appendix 14 to the Listing Rules.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration of the Group (being the executive directors of the Company) for the year ended 31 December 2018 falls within the following bands:

	Number of individuals
HK$ Nil to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	1

AUDITOR'S REMUNERATION

For the year ended 31 December 2018, the remuneration payable to the auditors of the Company amounted to approximately HK$1,798,000, of which approximately HK$1,417,000 related to audit services, approximately HK$381,000 related to non-audit services (which included approximately HK$140,000 related to agreed upon procedures in connection with 2018 interim report, approximately HK$200,000 related to risk management and internal control systems advisory services, and approximately HK$41,000 related to tax compliance and advisory services).

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with the statutory requirements and applicable accounting standards.

The statement by the auditors of the Company about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 38 to 42 of this annual report.

COMPANY SECRETARY

During the year ended 31 December 2018, Ms. Chan Yim was the Company Secretary and an employee of the Company on and before 13 March 2018. Immediately after the resignation of Ms. Chan Yim, the Company fell below the requirements of Rule 3.28 of the Listing Rules and Code Provision F.1.1 of the Corporate Governance Code. With effect from 7 May 2018, Mr. Law Hoi Ching was appointed as the Company Secretary. Following the appointment, the Company has fully complied with the requirements of Rule 3.28 of the Listing Rules and Code Provision F.1.1 of the Corporate Governance Code.

Mr. Law Hoi Ching is an employee of the Company and has day-to-day knowledge of the Company's affairs. Mr. Law has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2018.

SHAREHOLDERS' RIGHTS

CONVENING A SPECIAL GENERAL MEETING BY SHAREHOLDERS

Pursuant to Bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists, deposited at the Company's principal place of business in Hong Kong, Suite 1402, 14/F, Henley Building, No.5 Queen's Road Central, Central, Hong Kong, and marked for the attention of the Board or the Company Secretary, and may consist of several documents in like form each signed by one or more requisitionists.

The requisition will be verified by the Company's branch share registrar and transfer office in Hong Kong and upon its confirmation that the written requisition is proper and in order, the Board shall convene and hold such a special general meeting within 2 months after the deposit of such requisition. If within 21 days from the date of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves do so in accordance with Section 74 of the Companies Act 1981 of Bermuda, but any meeting so convened shall not be held after the expiration of three months from the said date.

SENDING ENQUIRIES TO THE BOARD

Shareholders and other stakeholders of the Company may send their enquiries and concerns in writing to the Board by addressing them to the Board or the Company Secretary at the Company's principal place of business in Hong Kong, Suite 1402, 14/F, Henley Building, No.5 Queen's Road Central, Central, Hong Kong, and the Company Secretary shall forward such written enquiries and concerns received to the Board for further handling.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda, it shall be the duty of the Company, on the requisition in writing of such number *Note 1* of shareholders, at the expense of the requisitionists unless the Company otherwise resolves,

(a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) to circulate to shareholders of the Company entitled to receive notice of any general meeting any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The Company will not give notice of any such resolution or to circulate any such statement unless:

(a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the Company's principal place of business in Hong Kong, Suite 1402, 14/F, Henley Building, No.5 Queen's Road Central, Central, Hong Kong, and marked for the attention of the Board or the Company Secretary, and (i) in the case of a requisition requiring notice of a resolution, not less than six weeks *Note 2* before the meeting; and (ii) in the case of any other requisition, not less than one week before the meeting; and

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

The requisition will be verified by the Company's branch share registrar and transfer office in Hong Kong.

Note 1 *The number of shareholders necessary for a requisition shall be (a) either any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (b) not less than one hundred shareholders.*

Note 2 *If, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.*

CONSTITUTIONAL DOCUMENTS

CHANGE OF COMPANY NAME

The English name of the Company has been changed from "e-Kong Group Limited" to "Great Wall Belt & Road Holdings Limited" and the Chinese name "長城一帶一路控股有限公司" has been adopted as the secondary name of the Company (the "Change of Company Name").

The Change of Company Name was approved by the shareholders of the Company at the special general meeting of the Company held on 6 April 2018. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 23 April 2018. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 25 May 2018 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Save for the above, there is no significant change in the constitutional documents of the Company during the year ended 31 December 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for maintaining the Group's internal control systems and risk management and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance against material misstatements or losses, to manage the risks of system failures, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records, adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting functions and compliance with applicable laws, rules and regulations, as well as risk management functions. The Company has also appointed an independent internal auditor to review the effectiveness of risk management and internal control system of the Group for the year. Main features of the risk management and internal control systems are described in the sections below:

RISK MANAGEMENT SYSTEM

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2018, other than non-compliance with the Listing Rules disclosed in above "Introduction" sub-section of this Corporate Governance Report, no significant risk was identified.

INTERNAL CONTROL SYSTEM

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2018, other than non-compliance with the Listing Rules disclosed in above "Introduction" sub-section of this Corporate Governance Report, no significant control deficiency was identified.

INTERNAL AUDIT

During the year ended 31 December 2018, the Group did not have an internal audit function but had appointed external consultant to review the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

A review of the risk management and internal control systems is conducted at least annually and the results are reported to the Board via the Audit Committee afterwards.

The Board considers that it is a continuous process for the Group to review and improve its risk management and internal control systems in order to ensure that they can meet with the dynamic and ever-changing business environment and regulatory framework. A review of the effectiveness of the Group's risk management and internal control systems is conducted annually by the Audit Committee. Several areas have been considered during the reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems. As part of an on-going process for identifying, evaluating and managing material risks faced by the Group, the Company conducts regular reviews of material business processes and procedures in the Group's operations. The Board considers that the Group's risk management and internal control systems are reasonably implemented. Nevertheless, the Group will continue the process of reviewing the effectiveness of the risk management and internal control systems, focusing on specific business processes.

* *for identification purpose only*

DIRECTORS' REPORT

The board (the "Board") of directors (the "Directors") of the Company is pleased to present this annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the provision of telecommunication and related services, as well as financial payment processing solution and software development services and distribution business. A list of the Company's principal subsidiaries as of 31 December 2018 and their particulars are set out in note 16 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Company for the year ended 31 December 2018 is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Business Review", "Financial Review" and "Corporate Governance Report" on page 3, page 4, pages 5 to 6, pages 7 to 11 and pages 15 to 24 respectively of this annual report, as well as in the Company's Environmental, Social and Governance Report 2018 which will be published on the respective websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") within three months after the publication of this annual report. An analysis of the Group's performance for the year ended 31 December 2018 by segment is set out in note 34 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 129 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the aggregate turnover attributable to the five largest customers of the Group accounted for approximately 45.9% of the Group's total turnover, with the largest customer accounting for approximately 23.1% of the Group's total turnover.

For the year ended 31 December 2018, the aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 66.9% of the Group's total purchases, with the largest supplier accounting for approximately 41.4% of the Group's total purchases.

During the year ended 31 December 2018, none of the Directors or any of their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's total issued share capital) had any interests in any of the Group's five largest customers or suppliers mentioned above.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 December 2018 are set out in note 10 to the consolidated financial statements in this annual report.

RESULTS

The Group's results for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss on pages 43 to 44 of this annual report.

DIVIDEND AND DIVIDEND POLICY

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

The Company has a dividend policy which sets out the principles and guidelines in relation to the declaration, payment and distribution of the Company's net profits as dividends to its shareholders. Pursuant to the Company's dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors: (a) the Group's actual and expected financial results, (b) the Group's working capital requirements, capital expenditure requirements and future expansion plans, (c) the Group's liquidity position, (d) contractual restrictions on payment of dividends by the Group to its shareholders, (e) the general economic conditions and other external factors that may have an impact on the future business and financial performance of the Group, and (f) any other factors that the Board may consider relevant; the payment of the dividend by the Company is also subject to any restrictions under the bye-laws of the Company, the Companies Act 1981 of Bermuda and other applicable laws and regulations; and the Board shall review the dividend policy as appropriate from time to time.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2018 are set out in note 37(a) and on page 49 to the consolidated financial statements respectively.

As at 31 December 2018 and 2017, there were no reserves available for distribution to shareholders of the Company.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the placing agreement in relation to the placing of the Company disclosed in note 24 to the consolidated financial statements and the share option scheme of the Company disclosed in the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Company during the year ended 31 December 2018 or subsisted as at 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

The Company terminated its old share option scheme adopted on 20 May 2015 (the "Old Share Option Scheme") and adopted a new share option scheme (the "New Share Option Scheme") at the annual general meeting of the Company held on 28 June 2018. Details of the terms of the New Share Option Scheme are set out in note 25 to the consolidated financial statements.

Since the adoption date of the New Share Option Scheme and up to 31 December 2018, no share option had been granted or agreed to be granted under the New Share Option Scheme; and as at the termination date of the Old Share Option Scheme, no share option had been granted or agreed to be granted under the Old Share Option Scheme.

DIRECTORS

The Directors who were in office during the year ended 31 December 2018 and up to the date of this annual report are:

EXECUTIVE DIRECTORS:

Zhao Ruiyong *(Chairman)*
Li Bing *(Chief Executive Officer)*
Cheung Ka Heng Frankie *(Vice-Chairman)*
Chan Chi Yuen
Wong Xiang Hong (resigned with effect from 25 July 2018)
Yeung Chun Sing Standly (resigned with effect from 31 May 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Fung Wai Shing
Zhao Guangming
Huang Tao
Fung Chan Man Alex (resigned with effect from 31 December 2018)

Biographical details of the Directors as of the date of this annual report are set out in the section headed "Board of Directors" on pages 12 to 14 of this annual report.

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

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' remuneration are set out in note 6 to the consolidated financial statements.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" below, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had, directly or indirectly, a material interest subsisted at any time during or at the end of the year ended 31 December 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or as were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of director	Capacity	Number of Shares# interested	Approximate percentage of shareholding
Zhao Ruiyong	Interest of a controlled corporation	222,820,000 *(Note 1)*	21.22%

"Shares" means ordinary shares of HK$0.01 each in the share capital of the Company.

Note 1: The 222,820,000 Shares are beneficially owned by Great Wall Belt & Road (HK) Limited ("Great Wall HK"), which is wholly-owned by Great Wall Film & Culture Company Group Limited（長城影視文化企業集團有限公司）("Great Wall Group"). Great Wall Group is in turn owned as to 66.67% and 33.33% by Mr. Zhao Ruiyong and Mr. Zhao Feifan respectively. Therefore, each of Great Wall Group, Mr. Zhao Ruiyong and Mr. Zhao Feifan is deemed to be interested in the 222,820,000 Shares held by Great Wall HK pursuant to Part XV of the SFO. The 222,820,000 Shares were charged to Kingston Finance Limited and therefore Kingston Finance Limited had a security interest in the 222,820,000 Shares. Kingston Finance Limited is indirectly wholly-owned by Mrs. Chu Yuet Wah.*

All interests disclosed above represent long positions in the shares of the Company and there were no underlying shares or debentures of the Company held by the Directors or the chief executives of the Company as at 31 December 2018.

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS

Name of director	Name of associated corporation	Capacity	Amount of Registered Capital# interested	Approximate percentage of shareholding
Zhao Ruiyong	Wusu Silk Road Small Towns Cultural Tourism Company Limited*（烏蘇絲路小鎮文旅有限公司）("Wusu Company") *(Note 2)*	Interest of a controlled corporation	RMB150,000,000	75.00%

"Registered Capital" means the registered capital of Wusu Company in RMB, and Wusu Company has no shares, underlying shares or debentures.

Note 2: Wusu Company is owned as to 25% and 75% by the Company and Great Wall Group respectively. Great Wall Group is in turn owned as to 66.67% by Mr. Zhao Ruiyong. Therefore, Wusu Company is an associated corporation of the Company and Mr. Zhao Ruiyong is deemed to be interested in the registered capital of RMB150,000,000 held by Great Wall Group pursuant to Part XV of the SFO.

All interests disclosed above represent long positions.

Save as disclosed above, as at 31 December 2018, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or as were recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during or at the end of the year ended 31 December 2018.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, the interests and short positions of the persons, other than the Directors or the chief executives of the Company, in the shares and underlying shares of the Company which were required to be disclosed to the Company under provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares# interested	Approximate percentage of shareholding
Great Wall HK	Beneficial owner	222,820,000 *(Note 1 above)*	21.22%
Great Wall Group	Interest of a controlled corporation	222,820,000 *(Note 1 above)*	21.22%
Zhao Feifan	Interest of a controlled corporation	222,820,000 *(Note 1 above)*	21.22%
Pang Ming	Beneficial owner	63,680,000	6.06%
Tsao Fai Freddy	Beneficial owner	56,820,000	5.41%
Wong Hok Man	Beneficial owner	53,330,000	5.08%

\# *"Shares" means ordinary shares of HK$0.01 each in the share capital of the Company.*

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 December 2018, no other person, other than the Directors and the chief executives of the Company, had any interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO or otherwise notified to the Company.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 41 (2017: 55) employees in China, Hong Kong and Singapore and its total staff costs for the year ended 31 December 2018 were approximately HK$23.0 million (2017: approximately HK$41.1 million).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees. A new share option scheme as set out in the above section headed "Share Option Scheme" was adopted by the Company on 28 June 2018 as an incentive to Directors and employees. Directors' remuneration is decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. The Group also provides relevant trainings to its employees in accordance with the skill requirements of different positions.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in note 2 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the bye-laws of the Company, each Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain in or about the execution and discharge of his or her duties or in relation thereto. The Company has maintained appropriate directors and officers liability insurance that provides such indemnities to all Directors and other officers of the Company.

MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2018.

CONNECTED TRANSACTIONS

FORMATION OF WUSU COMPANY

On 8 September 2017, B&R Investment Holding Limited ("B&R Investment"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Great Wall Group, which held approximately 21.22% of the total issued share capital of the Company through its subsidiary, in respect of forming a company to cooperate in the development of characteristic cultural town in Wusu City of the Xinjiang Autonomous Region of the PRC (the "Legal Formation").

On 1 February 2018, the company, Wusu Silk Road small Town Cultural Tourism Company Limited*（烏蘇絲路小鎮文旅有限公司）(the "Wusu Company"), was established. On 7 February 2018, B&R Investment had completed the capital contribution of RMB50,000,000 in cash to the Wusu Company and B&R Investment held 25% of the equity interests in the Wusu Company. Upon completion of the capital contribution to the Wusu Company, the Wusu Company would be accounted for as an associate of the Group.

Details of the Legal Formation are published in the circular of the Company dated 18 December 2017, and the Company's announcements dated 28 December 2017 and 7 February 2018.

PROVISION OF FINANCIAL ASSISTANCE TO ZHEJIANG HONG LAN

During the period from July 2016 to December 2018, Hangzhou Susong Technology Company Limited*（杭州蘇頌科技有限公司）("Hangzhou Susong"), a non-wholly-owned subsidiary of the Company, had made a number of tranches of advancements to Zhejiang Hong Lan Investment Company Limited*（浙江宏瀾投資有限公司）("Zhejiang Hong Lan"), details of which are as follows:

Month/year	**Amount of advancement made by Hangzhou Susong** (RMB)
July 2016	5,035,016
January 2017	9,500,000
February 2017	500,000
October 2017	1,481,145
December 2017	1,000,000
March 2018	12,367,577
April 2018	70,000
July 2018	1,200,000
August 2018	330,000
September 2018	129,920
October 2018	961,808
November 2018	1,328,800
December 2018	4,195,200
Outstanding amount of advancement owed by Zhejiang Hong Lan to Hangzhou Susong (collectively, the "Hong Lan Advancements")	**38,099,466** (equivalent to approximately HK$43,433,391) *(note)*

Note:

For the purpose of this "Connected Transactions" section, the exchange rate of RMB1 to HK$1.14 was adopted.

The Hong Lan Advancements did not carry any interests. Hangzhou Susong did not obtain any security in respect of any of the Hong Lan Advancements.

Mr. Song Xiaodong（宋曉東）("Mr. Song") had provided an indemnity in favour of Hangzhou Susong, pursuant to which Mr. Song agreed to undertake the repayment obligation for an amount of approximately RMB20,583,000 of the outstanding amount of the Hong Lan Advancements as at 31 December 2018 in the event that Zhejiang Hong Lan fails to fulfil such repayment obligation.

Implications of Hong Lan Advancements under the Listing Rules

As the applicable percentage ratios for the Hong Lan Advancements, on an aggregate basis, are more than 5% but less than 25%, the Hong Lan Advancements constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

The Hong Lan Advancements also constituted advances to an entity under Rule 13.13 of the Listing Rules.

Mr. Du Huajun（杜華君）("Mr. Du") is a director and the general manager of Hangzhou Susong, and therefore a connected person of the Company. Mr. Du is the chairman of the board of directors and the general manager of Zhejiang Hong Lan and owns 51% of the equity interest of Zhejiang Hong Lan, and the remaining 49% equity interest of Zhejiang Hong Lan is owned by a supervisor of Hangzhou Susong. Therefore, Zhejiang Hong Lan is an associate of Mr. Du and a connected person of the Company. The Hong Lan Advancements constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Hong Lan Advancements, on an aggregate basis, are more than 5%, the Hong Lan Advancements were subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE TO HANGZHOU KANGYUAN

During the period from May 2018 to December 2018, Hangzhou Susong, a non-wholly-owned subsidiary of the Company, had made two tranches of advancements to Hangzhou Kangyuan Information Technology Company Limited*（杭州康圓信息科技有限公司）("Hangzhou Kangyuan"), details of which are as follows:

Month/year	**Amount of advancement made by Hangzhou Susong** (RMB)
May 2018	130,000
December 2018	200,000
Outstanding amount of advancement owed by Hangzhou Kangyuan to Hangzhou Susong (collectively, the "Kangyuan Advancements")	**330,000** (equivalent to approximately HK$376,200)

Mr. Song had provided an indemnity in favour of Hangzhou Susong, pursuant to which Mr. Song agreed to undertake the repayment obligation of the Kangyuan Advancements in the event that Hangzhou Kangyuan fails to repay the Kangyuan Advancements.

The Kangyuan Advancements did not carry any interests. Hangzhou Susong did not obtain any security in respect of the Kangyuan Advancements.

Implications of Kangyuan Advancements under the Listing Rules

As the applicable percentage ratios for the Kangyuan Advancements, when aggregated with Hong Lan Advancements, are more than 5% but less than 25%, the Kangyuan Advancements constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

The Kangyuan Advancements, when aggregated with Hong Lan Advancements, also constituted advances to an entity under Rule 13.13 of the Listing Rules.

As stated above, Mr. Du is a connected person of the Company. Mr. Du is the general manager of Hangzhou Kangyuan and owns 49% of the equity interest of Hangzhou Kangyuan, and the remaining 51% equity interest of Hangzhou Kangyuan is owned by a supervisor of Hangzhou Susong. Therefore, Hangzhou Kangyuan is an associate of Mr. Du and a connected person of the Company. The Kangyuan Advancements constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Kangyuan Advancements, when aggregated with Hong Lan Advancements, are more than 5%, the Kangyuan Advancements were subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE TO MR. SONG

During the period from March 2018 to December 2018, Hangzhou Susong, a non-wholly-owned subsidiary of the Company, had made a number of tranches of advancements to Mr. Song in the aggregate amount of RMB10,167,746 (equivalent to approximately HK$11,591,230).

In view of the aforesaid outstanding amount of advancements owed by Mr. Song to Hangzhou Susong, on 31 December 2018, Hangzhou Susong and Mr. Song had entered into the Loan Agreement to confirm the aforesaid amount owed by Mr. Song to Hangzhou Susong. The major terms of the Loan Agreement are summarized below:

Date:	31 December 2018	
Party:	(a)	Hangzhou Susong, as the lender
	(b)	Mr. Song, as the borrower
Principal:	RMB10,167,746	
Term:	12 months	
Interest:	4.35% per annum	

In the event of default, Mr. Song agrees to transfer his 6% equity interest in Hangzhou Susong to the Company or its other subsidiary designated by the Company.

Implications of the Loan Agreement under the Listing Rules
Mr. Song is a director of Hangzhou Susong and therefore a connected person of the Company. The Loan Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Although the applicable percentage ratios in respect of the aforesaid advancements made by Hangzhou Susong to Mr. Song during the period from March 2018 to December 2018 are less than 5%, such advancements did not carry interest and therefore were not conducted on normal commercial terms. Therefore, the aforesaid advancements were subject to the reporting and announcement requirements and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF SALES SERVICES TO HANGZHOU KANGMIAO

First Product Sales Services Agreement
On 18 April 2017, Hangzhou Susong entered into the product sales services agreement (the "First Product Sales Services Agreement") with Hangzhou Kangmiao Health Management Company Limited（杭州康淼健康管理有限公司）("Hangzhou Kangmiao"), pursuant to which Hangzhou Susong agreed to provide promotional resources for the products of Hangzhou Kangmiao and create promotional materials for Hangzhou Kangmiao.

The term of the First Product Sales Services Agreement shall be one year commencing from 1 May 2017 to 31 May 2018. Hangzhou Kangmiao shall pay Hangzhou Susong the amounts of commission based on the amount of the products promoted by Hangzhou Susong, Under the First Product Sales Services Agreement, an aggregate transaction amount of RMB3,484,509 was recorded for the year ended 31 December 2017.

Implications of the First Product Sales Services Agreement under the Listing Rules
As stated above, Mr. Du is a connected person of the Company. Mr. Du is a director of Hangzhou Kangmiao and owns 50% of the equity interest of Hangzhou Kangmiao. Therefore, Hangzhou Kangmiao is an associate of Mr. Du and a connected person of the Company. The First Product Sales Services Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The aggregate transaction amount under the First Product Sales Services Agreement amounted to RMB3,484,509 (equivalent to approximately HK$3,972,340). As the applicable percentage ratios in respect of the First Product Sales Services Agreement, when aggregated with the Second Product Sales Services Agreement (details of which are set out below), are more than 5%, the First Product Sales Services Agreement was subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Second Product Sales Services Agreement
On 1 February 2018, Hangzhou Susong entered into another product sales services agreement (the "Second Product Sales Services Agreement") with Hangzhou Kangmiao, Hangzhou Susong agreed to provide promotional resources for the products of Hangzhou Kangmiao and create promotional materials for Hangzhou Kangmiao.

The term of the Second Product Sales Services Agreement shall be one year commencing from 1 February 2018 to 1 February 2019. Hangzhou Kangmiao shall pay Hangzhou Susong the amounts of commission based on the amount of the products promoted by Hangzhou Susong. Under the Second Product Sales Services Agreement, an aggregate transaction amount of RMB4,168,434 was recorded for the year ended 31 December 2018.

Implications of the Second Product Sales Services Agreement under the Listing Rules
As stated above, Mr. Du is a connected person of the Company. Mr. Du is a director of Hangzhou Kangmiao and owns 50% of the equity interest of Hangzhou Kangmiao. Therefore, Hangzhou Kangmiao is an associate of Mr. Du and a connected person of the Company. The Second Product Sales Services Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The aggregate transaction amount under the Second Product Sales Services Agreement amounted to RMB4,168,434 (equivalent to approximately HK$4,752,015). As the applicable percentage ratios in respect of the Second Product Sales Services Agreement, when aggregated with the First Product Sales Service Agreement, are more than 5%, the Second Product Sales Services Agreement was subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF SALES SERVICES TO HANGZHOU KANGYUAN

On 29 February 2016, Hangzhou Susong entered into the cooperation agreement with Hangzhou Kangyuan (the "Cooperation Agreement"), pursuant to which Hangzhou Susong agreed to assist Hangzhou Kangyuan to source dealers and distributors for at least two products of Hangzhou Kangyuan and achieve sales.

The term of the Cooperation Agreement shall be 29 February 2016 to 28 February 2019. Hangzhou Kangyuan shall pay a service fee to Hangzhou Susong, which shall be determined based on the amount of the products purchased by the dealers or distributors sourced by Hangzhou Susong. Under the Cooperation Agreement, an aggregate transaction amount of RMB5,052,394 was recorded for the year ended 31 December 2016.

Implications of the Cooperation Agreement under the Listing Rules
As stated above, Hangzhou Kangyuan is an associate of Mr. Du and a connected person of the Company. The Cooperation Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The aggregate service fees paid by Hangzhou Kangyuan to Hangzhou Susong under the Cooperation Agreement amounted to RMB5,052,394 (equivalent to approximately HK$5,759,729) during the period from October 2016 to December 2016. As the applicable percentage ratios in respect of the Cooperation Agreement are more than 5%, the Cooperation Agreement was subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF SYSTEM DESIGN SERVICES TO HANGZHOU YOU TA

On 28 April 2017, Hangzhou Susong entered into the system design services agreement ("You Ta System Design Services Agreement") with Hangzhou You Ta Communication Equipment Company Limited*（杭州優它通信設備有限公司）("Hangzhou You Ta"), pursuant to which Hangzhou Susong agreed to design mobile sales management services system for Hangzhou You Ta during development period from 10 May 2017 to 30 September 2017.

Hangzhou You Ta shall pay Hangzhou Susong a service fee in the amount of RMB1,415,094 (equivalent to approximately HK$1,613,207). Under the You Ta System Design Services Agreement, a total transaction amount of RMB1,415,094 was recorded for the year ended 31 December 2017.

Implications of the You Ta System Design Services Agreement under the Listing Rules
As stated above, Mr. Song is a connected person of the Company. Mr. Song is a director and general manager of Hangzhou You Ta and owns more than 50% of the equity interest of Hangzhou You Ta. Therefore, Hangzhou You Ta is an associate of Mr. Song and a connected person of the Company. The You Ta System Design Services Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Although the applicable percentage ratios in respect of the You Ta System Design Services Agreement are less than 5% and the total consideration is less than HK$3,000,000, the Board is unable to obtain sufficient information to confirm that the aforesaid transaction was conducted on normal commercial terms. Therefore, the You Ta System Design Services Agreement was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROVISION OF SALES SERVICES TO HANGZHOU YOU TA

On 22 November 2017, Hangzhou Susong entered into the product sales services agreement with Hangzhou You Ta ("You Ta Product Sales Services Agreement"), pursuant to which Hangzhou Susong agreed to provide promotional resources for the products of Hangzhou You Ta and create promotional materials for Hangzhou You Ta.

The term of the You Ta Product Sales Services Agreement shall be one year commencing from 23 November 2017 to 23 November 2018. Hangzhou You Ta shall pay Hangzhou Susong the amounts of commission based on the amount of the products promoted by Hangzhou Susong. Under the You Ta Product Sales Services Agreement, an aggregate transaction amount of RMB1,132,453 was recorded for the year ended 31 December 2018.

Implications of the You Ta Product Sales Services Agreement under the Listing Rules

As stated above, Hangzhou You Ta is a connected person of the Company. The You Ta Product Sales Services Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The aggregate transaction amount under the You Ta Product Sales Services Agreement amounted to RMB1,132,453 (equivalent to approximately HK$1,290,996). Although the applicable percentage ratios in respect of the You Ta Product Sales Services Agreement, when aggregated with the You Ta System Design Services Agreement, are less than 5% and the total consideration is less than HK$3,000,000, the Board is unable to obtain sufficient information to confirm that the aforesaid transaction was conducted on normal commercial terms. The You Ta Product Sales Services Agreement was subject to the reporting and announcement requirements and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR THE TRANSACTIONS

Hangzhou Susong has established customer relationships and databases by capitalizing on its experience in cooperation with e-commerce platforms, and has first-hand data on customer consumption patterns and credit reports. With such e-commerce platforms, Hangzhou Susong can provide its customers with product promotion and sales services for effective promotion among their potential customers. Through the First Product Sales Service Agreement, the Second Product Sales Service Agreement, the Cooperation Agreement and the You Ta Product Sales Services Agreement, Hangzhou Susong can utilize its experience in product promotion service and broaden the source of revenue for the Group.

Hangzhou Susong focuses on providing integrated financial payment processing solutions, through which it has accumulated knowledge and experience in comprehensive payment support operations. Hangzhou Susong has the ability to design and develop software based on the customer's own requirements for financial payment and sales management software and other software. It can also provide practical methods for optimizing software and solving common program problems. Through the You Ta System Design Services Agreement, Hangzhou Susong can utilize its experience and ability in system design and broaden the source of revenue for the Group.

Pursuant to Rule 14A.56 of the Listing Rules, the Company shall engage its auditors to report on the following matters in respect of the continuing connected transactions of the Company. The letter from the auditors shall confirm whether anything has come to their attention that causes them to believe that the continuing connected transactions:

1. have not been approved by the Company's board of directors;

2. were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

3. were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

4. have exceeded the cap.

In view of the lack of sufficient information to perform the above-mentioned limited assurance works on the First Product Sales Service Agreement, the Second Product Sales Service Agreement, the Cooperation Agreement and the You Ta Product Sales Services Agreement, the auditors of the Company is unable to provide a letter to the Board as required by Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Company and subsisting during the year ended 31 December 2018 are set out in Note 29 to the consolidated financial statements. Such related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements for the year ended 31 December 2018 have been audited by Mazars CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The Group is committed to achieving high standards of environmental, social and governance performance and meeting all applicable legal requirements in the markets where we operate. This is an important foundation for the Group to engage with our stakeholders and grow our business responsibly and sustainably. In addition, the Group attaches great importance to the employee development, environmental protection and supplier management.

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. Since 2015, the Company has participated in the "Wastewi$e Certificate" of the Hong Kong Green Organisation Certification, which is a recognition scheme established by, among others, the Environmental Protection Department and Environmental Campaign Committee to encourage Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide.

More information about the Group's environmental, social and governance performance is set out in our Environmental, Social and Governance Report 2018 which will be published on the respective websites of the Company and the Stock Exchange within three months after the publication of this annual report.

* *for identification purpose only*

On behalf of the Board

Zhao Ruiyong
Chairman and Executive Director

Hong Kong, 29 March 2019

MAZARS

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To the members of
Great Wall Belt & Road Holdings Limited
(formerly known as e-Kong Group Limited)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Great Wall Belt & Road Holdings Limited *(formerly known as e-Kong Group Limited)* (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 128, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill and intangible assets *Refer to notes 13 and 14 to the consolidated financial statements* As at 31 December 2018, the Group had goodwill with carrying amount of approximately HK$7.3 million and intangible assets including technical know-how, customer relationships and software with carrying amount of approximately HK$10.9 million, HK$27.7 million and HK$9.1 million respectively, relating to the business combination in 2016. For the purpose of assessing impairment, these assets were allocated to cash generating units ("CGUs"), and the recoverable amount of each CGU was determined by management based on value-in-use calculations using cash flow projections. In carrying out the impairment assessments, significant judgement was exercised by management to identify CGUs and to determine the key assumptions underlying the value-in-use calculations, including the average growth rate, long-term growth rate and discount rate. Management has engaged an independent professional valuer to estimate the recoverable amount of the above-mentioned CGUs. Because of the significance of the items and the above-mentioned significant management judgement, the impairment assessment is considered a key audit matter.	Our procedures, among others, in relation to management's assessment of impairment of goodwill and intangible assets included: • evaluating the independent professional valuer's competence, capabilities and objectivity; • assessing the identification of the CGUs based on the Group's accounting policies and our understanding of the Group's business; • assessing the value-in-use calculations assumptions and methodologies used by the independent professional valuer and management; • assessing the reasonableness of the key assumptions (including average growth rate, long-term growth rate and discount rate) against economic and market data based on our knowledge and understanding of the business and market; • reviewing the sensitivity analysis performed by management on the key assumptions and testing independently those assumptions to which the outcome of the impairment assessment is more sensitive; • reviewing the Group's procedures regarding the preparation of the projected discounted cash flows, upon which the value-in-use model is based, to assess whether the projected discounted cash flows is reasonable; and • verifying the mathematical accuracy of the discounted cash flow model used in the value in use calculation.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability assessment of trade receivables and other receivables *Refer to notes 18 and note 30(c) to the consolidated financial statements.* As at 31 December 2018, the Group recognised the carrying amount of trade receivables of HK$9.6 million and other receivables of HK$33.9 million. Loss allowance amounting to HK$4.7 million and HK$45.7 million has been provided on the trade receivables and other receivables respectively. We considered this matter to be a key audit matter because of their significance to the consolidated financial statements and the assessment of loss allowances for trade and other receivables requires the management's use of judgement and estimates.	Our key procedures in relation to management's impairment assessment on trade and other receivables included: • assessing whether there is evidence of management bias on impairment assessment of trade and other receivables by evaluating the consistency of judgement made by the management year on year through discussion with the management to understand their rationale; • testing settlement of trade receivables throughout the year, on a sample basis, to ensure the reliability of past collection history for management's recoverability assessment; • assessing whether items in trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices on a sample basis; • assessing the appropriateness of the methodologies and critical judgements made by management leading to the conclusion of the recoverability assessment; • assessing the reasonableness of recoverability of trade and other receivables with reference to credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis; • evaluating the judgements made by management over the expectation of occurrence of the impairment event against the evidence available; • reviewing the expected credit loss assessment prepared by management and expected credit loss valuation report issued by the independent professional valuer as well as the financial status of the guarantor in the term of the loan agreement; and • evaluating the Independent professional valuer's competence, capabilities and objectivity.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2018 annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

We communicate with the directors and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2019

The engagement director on the audit resulting in this independent auditor's report is:
Chan Chi Wai
Practising Certificate number: P05708

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	3	**67,920**	71,675
Cost of sales		**(37,126)**	(32,464)
Gross profit		**30,794**	39,211
Other revenue and income	4	**4,372**	9,563
		35,166	48,774
Selling and distribution expenses		**(2,255)**	(4,116)
Business promotion and marketing expenses		**(462)**	(2,328)
Operating and administrative expenses		**(60,060)**	(77,062)
Other operating expenses		**(19,143)**	(24,385)
Loss from operations		**(46,754)**	(59,117)
Finance costs	5(a)	**(7)**	(9)
Bad debts written off on trade receivables		**(28)**	–
Loss allowance on			
• Trade receivables	18(a) & 30(c)	**(556)**	(1,746)
• Other receivables	18(b)	**(45,720)**	–
Impairment losses on goodwill	14	**(5,089)**	(21,034)
Impairment losses on property, plant and equipment	10	**(385)**	(1,462)
Impairment losses on investment in a joint venture	12	**(337)**	–
Financial assets at FVPL – net gain (loss) on disposal and fair value changes		**17,800**	(8,995)
Financial assets at FVPL held at the end of the year – net gain on fair value changes		**54,431**	76,656
Write off of property, plant and equipment		**(138)**	–
Gain on disposal of property, plant and equipment		**32**	7
Net gain on disposal of a subsidiary	28	**11,984**	–
Net loss on deemed disposal of subsidiaries		**–**	(3,888)
Loss on disposal of an associate		**–**	(258)
Gain on disposal of assets of a business unit		**–**	3,053
Share of results of associates	11	**(356)**	247
Loss before taxation	5	**(15,123)**	(16,546)
Income tax expenses	7	**(1,025)**	(725)
Loss for the year		**(16,148)**	(17,271)

	Notes	2018 HK$'000	2017 HK$'000
Loss for the year attributable to:			
Equity holders of the Company		**(11,727)**	(15,735)
Non-controlling interests	*16*	**(4,421)**	(1,536)
Loss for the year		**(16,148)**	(17,271)
		HK cents	HK cents
Loss per share	*9*		
Basic and diluted		**(1.2)**	(1.8)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Loss for the year		**(16,148)**	(17,271)
Other comprehensive (loss) income for the year			
Items that will not be subsequently reclassified to profit or loss:			
Designated FVOCI – net movement in investment revaluation reserve		**(55)**	–
Items that are or may be subsequently reclassified to profit or loss:			
Derecognition of exchange reserve upon disposal of a subsidiary	*28*	**(66)**	–
Exchange differences on translation of foreign subsidiaries		**(3,610)**	5,835
Share of other comprehensive loss of associates			
– Exchange differences on translation	*11*	**(5,257)**	–
Share of other comprehensive loss of a joint venture			
– Exchange differences on translation	*12*	**(6)**	25
Total other comprehensive (loss) income for the year		**(8,994)**	5,860
Total comprehensive loss for the year		**(25,142)**	(11,411)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		**(20,535)**	(10,411)
Non-controlling interests	*16*	**(4,607)**	(1,000)
Total comprehensive loss for the year		**(25,142)**	(11,411)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	10	**1,262**	3,996
Interest in associates	11	**57,081**	280
Interest in a joint venture	12	**–**	343
Intangible assets	13	**47,771**	71,199
Goodwill	14	**7,341**	12,430
Designated FVOCI	15	**2,663**	–
Available-for-sale financial assets	15	**–**	7,800
		116,118	96,048
Current assets			
Financial assets at FVPL	17	**131,254**	101,958
Trade and other receivables	18	**43,531**	69,792
Pledged bank deposits	19	**885**	1,316
Bank balances and cash	20	**13,915**	69,409
		189,585	242,475
Current liabilities			
Trade and other payables	21	**65,935**	106,632
Tax payable		**1,307**	8,690
Obligations under finance leases	22	**50**	79
		67,292	115,401
Net current assets		**122,293**	127,074
Total assets less current liabilities		**238,411**	223,122
Non-current liabilities			
Obligations under finance leases	22	**–**	51
Deferred revenue		**–**	958
Deferred tax liabilities	23	**9,666**	13,782
		9,666	14,791
NET ASSETS		**228,745**	208,331

	Notes	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	*24*	**10,503**	8,753
Reserves		**215,225**	191,954
Equity attributable to equity holders of the Company		**225,728**	200,707
Non-controlling interests	*16*	**3,017**	7,624
TOTAL EQUITY		**228,745**	208,331

These consolidated financial statements on pages 43 to 128 were approved and authorised for issue by the Board of Directors on 29 March 2019 and signed on its behalf by

Zhao Ruiyong
Director

Li Bing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Equity attributable to equity holders of the Company										
		Reserves									
	Share capital HK$'000 *(Note 24)*	Share premium HK$'000 *(Note 26(a))*	Exchange reserve HK$'000 *(Note 26(b))*	Capital redemption reserve HK$'000 *(Note 26(d))*	Capital reserve HK$'000 *(Note 26(e))*	Contributed surplus HK$'000 *(Note 26(f))*	Accumulated losses HK$'000	Total reserves HK$'000	Sub-total HK$'000	Non–controlling interests HK$'000	Total equity HK$'000
As at 1 January 2017	8,753	241,329	(643)	25	2,242	83,489	(124,077)	202,365	211,118	(4,865)	206,253
Loss for the year	–	–	–	–	–	–	(15,735)	(15,735)	(15,735)	(1,536)	(17,271)
Other comprehensive income for the year											
Exchange differences on translation of foreign subsidiaries	–	–	5,302	–	–	–	–	5,302	5,302	533	5,835
Share of other comprehensive income of a joint venture – Exchange differences in translation	–	–	22	–	–	–	–	22	22	3	25
Total other comprehensive income for the year	–	–	5,324	–	–	–	–	5,324	5,324	536	5,860
Total comprehensive income (loss) for the year	–	–	5,324	–	–	–	(15,735)	(10,411)	(10,411)	(1,000)	(11,411)
Transactions with equity holders of the Company											
Change in ownership interests:											
Deemed disposal of subsidiaries	–	–	–	–	(2,306)	–	2,306	–	–	13,489	13,489
Total transactions with equity holders of the Company	–	–	–	–	(2,306)	–	2,306	–	–	13,489	13,489
As at 31 December 2017	8,753	241,329	4,681	25	(64)	83,489	(137,506)	191,954	200,707	7,624	208,331

	Equity attributable to equity holders of the Company											
		Reserves										
	Share capital HK$'000 *(Note 24)*	Share premium HK$'000 *(Note 26(a))*	Exchange reserve HK$'000 *(Note 26(b))*	Investment revaluation reserve (non-recycling) HK$'000 *(Note 26(c))*	Capital redemption reserve HK$'000 *(Note 26(d))*	Capital reserve HK$'000 *(Note 26(e))*	Contributed surplus HK$'000 *(Note 26(f))*	Accumulated losses HK$'000	Total reserves HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2018, as previously reported	8,753	241,329	4,681	–	25	(64)	83,489	(137,506)	191,954	200,707	7,624	208,331
Adjustment on adoption of HKFRS 9 *(note 2)*	–	–	–	(5,168)	–	–	–	–	(5,168)	(5,168)	–	(5,168)
As at 1 January 2018 (as adjusted)	8,753	241,329	4,681	(5,168)	25	(64)	83,489	(137,506)	186,786	195,539	7,624	203,163
Loss for the year	–	–	–	–	–	–	–	(11,727)	(11,727)	(11,727)	(4,421)	(16,148)
Other comprehensive loss for the year												
Designated FVOCI – net movement in investment revaluation reserve	–	–	–	(55)	–	–	–	–	(55)	(55)	–	(55)
Derecognition of exchange reserve upon disposal of a subsidiary *(note 28)*	–	–	(66)	–	–	–	–	–	(66)	(66)	–	(66)
Exchange differences on translation of foreign subsidiaries	–	–	(3,425)	–	–	–	–	–	(3,425)	(3,425)	(185)	(3,610)
Share of other comprehensive loss of associates – exchange differences on translation	–	–	(5,257)	–	–	–	–	–	(5,257)	(5,257)	–	(5,257)
Share of other comprehensive loss of a joint venture – exchange differences on translation	–	–	(5)	–	–	–	–	–	(5)	(5)	(1)	(6)
Total other comprehensive loss for the year	–	–	(8,753)	(55)	–	–	–	–	(8,808)	(8,808)	(186)	(8,994)
Total comprehensive loss for the year	–	–	(8,753)	(55)	–	–	–	(11,727)	(20,535)	(20,535)	(4,607)	(25,142)
Transactions with equity holders of the Company												
Contributions and distributions:												
Shares issued upon placing in March 2018, net of expenses *(note 24)*	1,750	48,974	–	–	–	–	–	–	48,974	50,724	–	50,724
Total transactions with equity holders of the Company	1,750	48,974	–	–	–	–	–	–	48,974	50,724	–	50,724
As at 31 December 2018	10,503	290,303	(4,072)	(5,223)	25	(64)	83,489	(149,233)	215,225	225,728	3,017	228,745

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Cash (used in) generated from operations	*27(a)*	**(31,801)**	16,617
Income taxes paid		**(11,273)**	(364)
Interest received		**233**	114
Interest paid		**(7)**	(9)
Net cash (used in) from operating activities		**(42,848)**	16,358
INVESTING ACTIVITIES			
Capital contribution to an associate	*11*	**(62,248)**	–
Purchase of property, plant and equipment	*10*	**(491)**	(509)
Purchase of Designated FVOCI		**(86)**	–
Proceeds from disposal of property, plant and equipment		**32**	3,891
Proceeds from disposal of assets of a business unit		**–**	1,000
Deemed disposal of subsidiaries		**–**	(437)
Release of pledged deposits, net		**414**	200
Loan to a non-controlling interest of a subsidiary	*18(d)*	**(11,591)**	–
Net cash inflow on disposal of a subsidiary	*28*	**10,719**	–
Net cash (used in) from investing activities		**(63,251)**	4,145
FINANCING ACTIVITIES			
Proceeds from shares issued upon placing	*24*	**50,724**	–
Repayment of obligations under finance leases	*27(b)*	**(77)**	(69)
Net cash from (used in) financing activities		**50,647**	(69)
Net (decrease) increase in cash and cash equivalents		**(55,452)**	20,434
Cash and cash equivalents at the beginning of the reporting period		**69,409**	48,460
Effect on exchange rate changes on cash and cash equivalents		**(42)**	515
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	*20*	**13,915**	69,409

1. CORPORATE INFORMATION

Great Wall Belt & Road Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's principal place of business is located at Suite 1402, 14/F, Henley Building, No.5 Queen's Road Central, Central, Hong Kong. The principal activity of the Company is investment holding. Details of the principal subsidiaries of the Company and their principal activities are disclosed in note 16 to the consolidated financial statements.

With effect from 23 April 2018, the name of the Company was changed from e-Kong Group Limited to Great Wall Belt & Road Holdings Limited.

2. PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (the "HKCO") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2017 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as follows.

ADOPTION OF NEW/REVISED HKFRSs

HKAS 28: Measuring an associate or joint venture or its subsidiaries at fair value

The amendments clarify that the election to measure associates or joint ventures at fair value or retain the fair value measurement applied by investment entity associates or joint ventures can be made separately for each associate or joint venture at the relevant date.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

ADOPTION OF NEW/REVISED HKFRSs *(continued)*

HK(IFRIC)-Int 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration.

The adoption of the interpretation does not have any significant impact on the consolidated financial statements.

HKFRS 9: Financial Instruments

The following terms are used in these consolidated financial statements:

- FVPL: fair value through profit or loss.
- FVOCI: fair value through other comprehensive income.
- Designated FVOCI: equity instruments measured at FVOCI.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 January 2018 (i.e. the date of initial application), except as described below:

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

  i. the determination of the business model within which a financial asset is held;

  ii. the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at Designated FVOCI; and

  iii. the de-designation of financial assets or financial liabilities at FVPL.

  The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

(c) For investments in equity instruments that were measured at cost under HKAS 39, the instruments are measured at fair value at the date of initial application.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

ADOPTION OF NEW/REVISED HKFRSs *(continued)*

HKFRS 9: Financial Instruments *(continued)*

Differences between the previous carrying amounts under HKAS 39 and the current carrying amounts upon adoption of HKFRS 9 are recognised directly in components of equity at 1 January 2018 as summarised below:

	Investment revaluation reserve (non-recycling) HK$'000
At 1 January 2018	
Remeasurement at initial application of HKFRS 9	(5,168)

Classification and measurement of financial assets and financial liabilities

The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial liabilities.

The following table reconciles the original measurement categories and carrying amounts under HKAS 39 to the new measurement categories and carrying amounts under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

			Measurement category and carrying amount under HKFRS 9		
Measurement category under HKAS 39	**Carrying amount under HKAS 39**	**Re-measurement on transition to HKFRS 9**	**Amortised cost**	**Designated FVOCI**	**FVPL**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale financial assets					
Unlisted equity securities *(note i)*	7,800	(5,168)	–	2,632	–
Financial assets at FVPL					
Listed equity securities held for trading *(note ii)*	101,958	–	–	–	101,958
Loans and receivables *(note iii)*					
Trade and other receivables	69,792	–	69,792	–	–
Pledged bank deposits	1,316	–	1,316	–	
Bank balances and cash	69,409	–	69,409	–	–
	250,275	(5,168)	140,517	2,632	101,958

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

ADOPTION OF NEW/REVISED HKFRSs *(continued)*

HKFRS 9: Financial Instruments *(continued)*

Notes:

(i) *The unlisted equity securities that were previously classified as available-for-sale financial assets amounted to HK$7,800,000 are now classified as Designated FVOCI since, at the date of initial application, these investments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies and are eligible to be designated as Designated FVOCI.*

Besides, the unlisted investment was previously accounted for at cost under HKAS 39. The difference between the previous carrying amount and the fair value of HK$5,168,000 as at 1 January 2018 was recognised in investment revaluation reserve (non-recycling) at that date.

(ii) *The listed equity securities that were previously classified as financial assets at FVPL amounted to HK$101,958,000 continue to be classified as financial assets at FVPL because they are held for trading.*

(iii) *These items continue to be measured at amortised cost because, at the date of initial application, the Group's business model is to hold these investments to collect the contractual cash flows and the cash flows represent solely payments of principal and interest on the principal amount outstanding.*

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. The standard establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

In addition, the Group has applied HKFRS 15 retrospectively only to contracts that were not completed at 1 January 2018 in accordance with the transitional provision therein.

The adoption of HKFRS 15 has no significant effect on the recognition and measurement of the Company's revenue.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

ADOPTION OF NEW/REVISED HKFRSs *(continued)*

HKFRS 15: Revenue from Contracts with Customers *(continued)*

Presentation of receivables, contract assets and contract liabilities

Within the context of HKFRS 15, a receivable is an entity's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due. If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

A summary of the principal accounting policies adopted by the Group is set out below.

BASIS OF MEASUREMENT

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets at FVPL and Designated FVOCI, which are measured at fair value as explained in the accounting policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Changes in ownership interests

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in "capital reserve" within equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, an associate, a joint venture or others, as appropriate, from the date when control is lost.

SUBSIDIARIES

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, which is presented within these notes, investments in subsidiaries are stated at cost less impairment losses. The carrying amounts of the investments are reduced to their respective recoverable amounts on an individual basis if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 of 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 arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

ASSOCIATES AND JOINT VENTURES *(continued)*

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

GOODWILL

Goodwill arising on an acquisition of a business is measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree (if applicable) and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the remaining lease terms
Machinery and equipment	20% – 33%
Office equipment, furniture and fittings	20% – 33%
Motor vehicles	20% – 33%

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over the 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.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The capitalised expenditure includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as expenses in profit or loss as incurred. When the asset is available for use, the capitalised development costs are amortised and subject to impairment review on the same basis as intangible assets acquired separately.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

INTANGIBLE ASSETS *(continued)*

Research and development costs *(continued)*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is expensed in the statement of profit or loss when incurred.

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, being their fair value at the date of the revaluation less subsequent 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 derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

FINANCIAL INSTRUMENTS

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Classification and measurement – applicable from 1 January 2018

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and measurement – applicable from 1 January 2018 (continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(a) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, pledged bank deposits and bank balances.

Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to retained earnings.

The Group's financial assets at Designated FVOCI include unlisted equity securities.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and measurement – applicable from 1 January 2018 (continued)

Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(a) acquired principally for the purpose of selling it in the near term;

(b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(c) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed equity securities held for trading and unlisted principal non-guarantee fund held for trading.

Classification and measurement – applicable before 1 January 2018

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

The Group classified its financial assets into one of the following categories before 1 January 2018:

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition as at FVPL, and financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) 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 (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and measurement – applicable from 1 January 2018 (Continued)

Financial assets at FVPL (continued)

Financial assets are designated at initial recognition as at FVPL only if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy.

Loans and receivables

Loans and receivables including trade and other receivables, pledged bank deposits, cash held by a securities broker and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment terms or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less any impairment loss. Amortised cost is calculated by taking into account any discounts or premiums on acquisitions, over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial liabilities *(continued)*

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

Applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost, lease receivables, contract assets, loan commitment and financial guarantee contract issued to which the impairment requirements apply in accordance with HKFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(a) past due information

(b) nature of instrument

(c) nature of collateral

(d) industry of debtors

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Applicable from 1 January 2018 (continued)

Measurement of ECL (continued)

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(a) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(b) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Applicable from 1 January 2018 (continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(a) it has a low risk of default;

(b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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

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

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

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

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

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

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets and other items *(continued)*

Applicable before 1 January 2018

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at FVPL, are impaired. The impairment loss of a financial asset carried at amortised cost is measured as 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. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

REVENUE RECOGNITION

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Applicable from 1 January 2018

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

(a) Telecommunication business

(b) Financial payment processing solution and software development services

(c) Distribution business

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION *(continued)*

Applicable from 1 January 2018 (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Identification of performance obligations (Continued)

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, 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 or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue or income is recognised on the following basis:

- Service income from the provision of telecommunication services is recognised as income at point in time or over time when the services are rendered;

- Service income from the provision of financial payment processing solution and software development services is recognised as income over time because (i) the Group develops the products according to the customer's specification and the Group is limited practically or contractually from directing the final products and any assets created or enhanced during the production process for another use; and (ii) the Group has an enforceable right to payment for the performance completed to date if the customer were to cancel the contract for reasons other than the Group's failure to perform as promised;

- Service income from the provision of distribution services is recognised as income at point in time when the services are rendered.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION *(continued)*

Applicable from 1 January 2018 (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition (continued)

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. The principal input applied in the output method for provision of financial payment processing solution and software development services to external customers is based on result achieved.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Applicable before 1 January 2018

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably and on the following bases:

Income in respect of telecommunication services, insurance-related product distribution services and consultancy services, and financial payment processing solution and software development services and distribution services and management services provided to customers is recognised when the services are rendered.

Interest income is accrued on a time proportion basis by reference to the principal outstanding at the effective interest rate applicable.

Net gain or loss from the sale of financial assets at FVPL are recognised on the transaction date when the relevant sale and purchase contract is settled.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCY TRANSLATIONS

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss and statement of profit or loss and other comprehensive income are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS, OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and interests in associates and a joint venture may be impaired or impairment losses previously recognised no longer exist or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

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 capitalised 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.

LEASES

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

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

Rentals payable under operating leases are recognised as an expense in profit or loss on the straight-line basis over the term of the relevant leases.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

EMPLOYEE BENEFITS

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution retirement benefit schemes

The Group, other than overseas subsidiaries (including the People's Republic of China (the "PRC")), operates Mandatory Provident Fund ("MPF") schemes to provide retirement benefits for its full time permanent employees in Hong Kong. The obligations for contributions to retirement benefit schemes are recognised as expenses in profit or loss as incurred. The assets of the schemes are held separately from those of the Group with independent trustees.

Under the MPF schemes, both the Group and each eligible employee are required to contribute 5% of the employee's basic monthly income, as mandatory contributions, up to a maximum of HK$1,500, and they may choose to make additional or voluntary contributions.

Under the MPF schemes, employees are entitled to the Group's mandatory contributions in accordance with the provisions in the Hong Kong Mandatory Provident Fund Schemes Ordinance.

Overseas subsidiaries (including the PRC) also operate pension schemes or similar arrangements for their employees in accordance with the statutory requirements prescribed by the relevant legal authorities.

At the end of the reporting period, the Group had no significant forfeited voluntary contributions which arose as a result of employees leaving the MPF schemes and which are available to reduce the contributions payable by the Group in future years.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

SHARE BASED PAYMENTS

The fair value of share options granted to employees and others as stipulated in the share option scheme as detailed in note 25 to the consolidated financial statements is recognised as an expense with a corresponding increase in a reserve within equity. The fair value is measured at the grant date, taking into account the terms and conditions upon which the options were granted. Where employees have to meet vesting conditions before becoming unconditionally entitled to share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to a reserve within equity. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest with a corresponding adjustment to a reserve within equity.

TAXATION

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

RELATED PARTIES

A related party is a person or entity that is related to the Group as set out below:

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

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

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

- (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in those cases where the revision also affects future periods.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in note 30 to the consolidated financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are set out in note 14 to the consolidated financial statements.

Impairment of property, plant and equipment and intangible assets with finite useful lives

In determining whether these assets are impaired or the event previously causing the impairment no longer exists, the directors have to assess whether an event has occurred that may affect the assets value or such event affecting the assets value has not been in existence. If any such indication exists, the recoverable amounts of these assets would be determined by reference to value in use and fair value less costs of disposal. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant levels of estimates relating to sales volume, selling prices and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

Impairment of investments and receivables

The Group assesses annually if investments in subsidiaries / associates / a joint venture have suffered any impairment in accordance with HKAS 36 and follows the guidance of HKFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Useful lives of intangible assets

The Group assesses whether the intangible assets have finite useful lives at the end of each reporting period. In determining useful lives of intangible assets, the Group considers various factors, such as expected usage of the asset, forecasted customer attrition pattern, expected period of future economic benefit and legal or similar limits on the use of the asset. The estimation of the useful lives of intangible assets is based on the experience of the management with similar intangible assets that generate similar future economic benefits.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

FUTURE CHANGES IN HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

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

[1] *Effective for annual periods beginning on or after 1 January 2019*
[2] *Effective for annual periods beginning on or after 1 January 2020*
[3] *Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020*
[4] *Effective for annual periods beginning on or after 1 January 2021*
[5] *The effective date to be determined*

Except for HKFRS 16 as set out below, the directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Company's consolidated financial statements.

HKFRS 16: Leases

HKFRS 16, which will be effective for annual periods beginning on or after 1 January 2019, significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

The initial application of HKFRS 16 will result in recognition of right-of-use assets and lease liabilities for certain leases of the Company that are currently classified as operating leases under HKAS 17. Subsequently, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively. The total amount charged to profit or loss for each reporting period is not expected to be significantly different from the operating lease expense recognised under HKAS 17.

3. REVENUE

	2018 **HK$'000**	2017 HK$'000
Revenue from contracts with customers within HKFRS 15		
Telecommunication services income	**46,107**	46,668
Financial payment processing solution and software development income	**12,046**	13,325
Distribution business income	**9,767**	9,367
Other	**–**	2,315
	67,920	71,675

In addition to the information shown in segment disclosures in note 34 to the consolidated financial statements, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

Year ended 31 December 2018	**Telecom-munication services** HK$'000	**Financial payment processing solution and software development business** HK$'000	**Distribution business** HK$'000	**Total** HK$'000
Geographical region:				
– Hong Kong	18,431	–	–	18,431
– The PRC	–	12,046	9,767	21,813
– Singapore	27,676	–	–	27,676
	46,107	12,046	9,767	67,920
Timing of revenue recognition:				
– at a point in time	35,436	–	9,767	45,203
– over time	10,671	12,046	–	22,717
	46,107	12,046	9,767	67,920
Type of transaction price:				
– fixed price	46,107	12,046	9,767	67,920

4. OTHER REVENUE AND INCOME

	2018 HK$'000	2017 HK$'000
Exchange gains, net	**66**	10
Interest income from bank	**87**	114
Interest income arising from financial assets at FVPL	**146**	–
Management fee income	**3,009**	4,847
Reimbursement of expenses from customers	**–**	4,106
Others	**1,064**	486
	4,372	9,563

5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2018 HK$'000	2017 HK$'000
(a) Finance costs		
Interest expenses on obligations under finance leases	**7**	9
(b) Other items		
Employee salaries and other benefits (including directors' emoluments)	**21,569**	38,891
Retirement benefit scheme contributions	**1,410**	2,211
Total staff costs	**22,979**	41,102
Auditors' remuneration	**1,417**	1,305
Cost of services provided	**37,126**	32,464
Depreciation of property, plant and equipment	**2,445**	5,404
Amortisation of intangible assets (included in other operating expenses)	**16,063**	18,016
Operating lease charges on premises	**18,657**	23,596

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

(a) INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(i) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the Company's directors disclosed pursuant to the Listing Rules and the disclosure requirements of the HKCO are as follows:

	2018				
	Director fees HK$'000	Salaries and other emoluments HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Zhao Ruiyong	–	240	–	–	240
Li Bing	–	240	–	–	240
Cheung Ka Heng Frankie	–	240	–	12	252
Chan Chi Yuen	–	1,200	–	18	1,218
Wong Xiang Hong *(resigned on 25 July 2018)*	–	340	–	11	351
Yeung Chun Sing Standly *(resigned on 31 May 2018)*	–	310	–	7	317
Independent non-executive directors					
Fung Wai Shing	180	–	–	–	180
Zhao Guangming	120	–	–	–	120
Huang Tao	120	–	–	–	120
Fung Chan Man Alex *(resigned on 31 December 2018)*	150	–	–	–	150
	570	2,570	–	48	3,188

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

(a) INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(continued)*

(i) Directors' remuneration *(continued)*

	2017				
	Director fees HK$'000	Salaries and other emoluments HK$'000	Discretionary Bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Zhao Ruiyong					
(appointed on 1 November 2017)	–	40	–	–	40
Li Bing					
(appointed on 1 September 2017)	–	80	–	–	80
Cheung Ka Heng Frankie					
(appointed on 1 September 2017)	–	80	–	4	84
Yeung Chun Sing Standly	–	744	–	18	762
Chan Chi Yuen	–	1,200	–	18	1,218
Wong Xiang Hong	–	600	–	18	618
Yeung Chun Wai Anthony ("Mr. Yeung")					
(resigned on 23 November 2017)	–	2,584	–	17	2,601
Independent non-executive directors					
Fung Chan Man Alex	150	–	–	–	150
Fung Wai Shing					
(appointed on 16 August 2017)	68	–	–	–	68
Zhao Guangming					
(appointed on 16 August 2017)	45	–	–	–	45
Huang Tao					
(appointed on 1 November 2017)	20	–	–	–	20
Chan Chiu Hung Alex					
(ceased on 17 May 2017)	57	–	–	–	57
Chan Fong Kong Francis					
(ceased on 17 May 2017)	95	–	–	–	95
	435	5,328	–	75	5,838

There were no arrangements under which a director waived or agreed to waive any emoluments for the year (2017: HK$Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2017: HK$Nil).

6. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

(a) INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(continued)*

(ii) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 December 2018 and 2017.

(iii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2018 and 2017.

(b) INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2017: two) is director whose emolument is disclosed above. The aggregate of the emoluments in respect of the remaining four (2017: three) highest paid individuals, who are not directors, are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other emoluments	**7,016**	5,400
Retirement benefit scheme contributions	**241**	161
	7,257	5,561

The emoluments of the four (2017: three) individuals with the highest emoluments are within the following bands:

	2018 Number of individuals	2017 Number of individuals
Below HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**1**	–
	4	3

During the year, no remuneration was paid by the Group to any of the four (2017: three) highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2017: HK$Nil). There were no arrangements under which any of the four (2017: three) highest paid individuals waived or agreed to waive any remuneration during the year (2017: HK$Nil).

7. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purpose in Hong Kong for the year.

Overseas (including the PRC and Singapore) taxation represents income tax provisions in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

	2018 **HK$'000**	2017 HK$'000
Current tax		
Overseas income taxes		
– Current year	**(4,183)**	(4,533)
– Under provision in prior year	**(400)**	–
	(4,583)	(4,533)
Deferred tax		
Origination and reversal of temporary differences		
– Depreciation allowances	**3,558**	3,849
Benefit of tax losses recognised	**–**	(41)
	3,558	3,808
Total tax expenses	**(1,025)**	(725)

Further details of the deferred taxation status are set out in note 23 to the consolidated financial statements.

7. TAXATION *(continued)*

RECONCILIATION OF EFFECTIVE TAX RATE

	2018 %	2017 %
Applicable tax rate	**(43)**	(26)
Non-deductible expenses	**134**	91
Tax exempt revenue	**(15)**	(82)
Unrecognised tax losses	**1**	18
Unrecognised temporary differences	**(75)**	4
Utilisation of previously unrecognised tax losses	**2**	(1)
Underprovision in previous years	**3**	–
Effective tax rate for the year	**7**	4

The applicable rate is the weighted average of the tax rates prevailing in the territories in which the Group operates. The tax rates adopted in various territories range from 16.5% to 25% (2017: from 16.5% to 25%).

8. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31 December 2018 and 2017.

9. LOSS PER SHARE

The calculation of the loss per share for the year is based on the consolidated loss attributable to equity holders of the Company of approximately HK$11,727,000 (2017: loss of approximately HK$15,735,000) and the weighted average number of 1,019,595,068 (2017: 875,280,000) shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted loss per share is the same as basic loss per share for the years presented.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Office equipment, furniture and fittings HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2017					
At the beginning of the reporting period	4,455	213	3,556	6,134	14,358
Additions	88	–	421	–	509
Disposals of assets	–	–	(38)	(5,700)	(5,738)
Disposal of assets of a business unit	–	(17,586)	(1,316)	–	(18,902)
Deemed disposal of subsidiaries	(306)	(3,904)	(1,342)	–	(5,552)
Write-back of accumulated depreciation on disposals	306	21,404	2,595	1,817	26,122
Depreciation	(3,034)	(127)	(1,295)	(948)	(5,404)
Impairment losses	–	–	(1,462)	–	(1,462)
Exchange adjustments	–	–	65	–	65
At the end of the reporting period	1,509	–	1,184	1,303	3,996
Reconciliation of carrying amount – year ended 31 December 2018					
At the beginning of the reporting period	1,509	–	1,184	1,303	3,996
Additions	–	–	491	–	491
Depreciation	(1,454)	–	(517)	(474)	(2,445)
Disposals of a subsidiary *(note 28)*	–	–	(264)	–	(264)
Write off of assets	–	–	(138)	–	(138)
Impairment losses	–	–	(385)	–	(385)
Exchange adjustments	–	–	7	–	7
At the end of the reporting period	**55**	**–**	**378**	**829**	**1,262**
At 1 January 2018					
Cost	7,575	6,748	25,871	3,768	43,962
Accumulated depreciation and impairment losses	(6,066)	(6,748)	(24,687)	(2,465)	(39,966)
Net carrying amount	1,509	–	1,184	1,303	3,996
At 31 December 2018					
Cost	88	6,610	21,484	2,368	30,550
Accumulated depreciation and impairment losses	(33)	(6,610)	(21,106)	(1,539)	(29,288)
Net carrying amount	**55**	**–**	**378**	**829**	**1,262**

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Because of the telecommunication business in Singapore incurred losses in consecutive years, the office equipment, furniture and fittings associated with this business unit were tested for impairment. As the residue values of these office equipment, furniture and fittings were estimated to be nil, the carrying values of those assets were fully impaired. An impairment loss of approximately HK$385,000 (2017: HK$1,462,000) was recognised in profit or loss during the year.

11. INTEREST IN ASSOCIATES

	2018 HK$'000	2017 HK$'000
Share of net assets	**57,081**	280

Details of associates at the end of the reporting period are as follows:

Name of associate	Principal place of business	Place of incorporation	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2018	2017	
Wusu Silk Road Small Towns Cultural Tourism Company Limited （烏蘇絲路小鎮文旅有限公司） ("Wusu Company") *(note i)*	The PRC	The PRC	**25%**	n/a	Development and operation of the characteristic town, real estate and cultural tourism
Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited （宜賓仙源湖小鎮文旅有限公司） ("Yibin Company") *(note ii)*	The PRC	The PRC	**35%**	n/a	Development and operation of the characteristic town, real estate and cultural tourism
AsiaCloud (HK) Limited	Hong Kong	Hong Kong	**20%**	20%	Provision of telecommunication services
Relevant Marketing Group Limited ("RMGL")	Hong Kong	The British Virgin Islands	**37.59%**	37.59%	Provision of insurance-related product distribution services and consultancy services

All of the above associates are accounted for using the equity method in the consolidated financial statements. Except for Yibin Company as disclosed in note (ii) below, there are no capital commitment and contingent liabilities in relation to the associates.

11. INTEREST IN ASSOCIATES *(continued)*

Notes:

(i) *Wusu Company*

In September 2017, the Group entered into an agreement with the Company's substantial shareholder, which held approximately 25% of total issued share capital of the Company through its subsidiary, to develop and operate a characteristic cultural town in Wusu City of the Xinjiang Autonomous Region of the PRC.

In February 2018, Wusu Company was incorporated in the PRC with registered capital of RMB200,000,000, for which the Group contributed RMB50,000,000 (equivalent to approximately HK$62,248,000), representing 25% of equity interests in Wusu Company. Upon the completion of the capital contribution, Wusu Company becomes an associate of the Group and is accounted for using equity method of accounting.

The principal activities of Wusu Company are development and operation of the characteristic town, real estate and cultural tourism in Wusu. As at 31 December 2018, Wusu Company has entered into a construction contract with a third party constructor to carry out the construction work of the characteristic cultural town.

(ii) *Yibin Company*

In April 2018, the Group entered into an agreement with a third party to develop and operate a characteristic cultural town in Yibin City of Sichuan Province in the PRC.

In April 2018, Yibin Company was incorporated in the PRC with registered capital of RMB200,000,000, for which Group has committed to contribute RMB70,000,000 before 3 April 2028, representing 35% equity interest of Yibin Company. As at the end of the reporting period and up to the date of this report, no contribution has been made by the Group. Upon its incorporation, Yibin Company becomes an associate of the Group and is accounted for using equity method of accounting.

The principal activities of Yibin Company would be development and operation of the characteristic town, real estate and cultural tourism in Yibin City. As at 31 December 2018, Yibin Company remained inactive since its incorporation.

11. INTEREST IN ASSOCIATES *(continued)*

FAIR VALUE OF INVESTMENTS

All of the above associates are private companies and there is no quoted market price available for the investments.

FINANCIAL INFORMATION OF INDIVIDUALLY MATERIAL ASSOCIATES

Summarised financial information of each of the material associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	Wusu Company
At 31 December	**2018** **HK$'000**
Gross amount	
Non-current assets	**57,089**
Current assets	**48**
Current liabilities	**(175)**
Equity	**56,962**
Unpaid capital contribution from a major shareholder	**171,000**
	227,962
Group's ownership interests	**25%**
Group's share of equity and carrying amount of interests	**56,991**
Period from the date of incorporation to 31 December	
Gross amount	
Revenue	**–**
Loss for the period	**(40)**
Other comprehensive loss for the period attributable to the Group	**(5,248)**
Total comprehensive loss for the period	**(5,288)**
Group's share of:	
Loss from operations for the period	**(10)**
Other comprehensive loss for the period	**(5,248)**
Total comprehensive loss for the period	**(5,258)**
Dividend received from the associate	**–**

11. INTEREST IN ASSOCIATES *(continued)*

FINANCIAL INFORMATION OF INDIVIDUALLY IMMATERIAL ASSOCIATES

The table below shows, in aggregate, the carrying amount and the Group's share of results of associates, which are not material and accounted for using the equity method.

At 31 December	2018 HK$'000	2017 HK$'000
Gross amount		
Current assets	**170**	1,652
Non-current assets	**209**	2,915
Current liabilities	**(122)**	(3,167)
Equity	**257**	1,400
Group's share of equity and carrying amount of interests	**90**	280
Year ended 31 December		
Group's share of:		
(Loss) Profit for the year	**(346)**	247
Other comprehensive loss for the year	**(9)**	–
Total comprehensive (loss) income for the year	**(355)**	247

UNRECOGNISED SHARE OF LOSSES OF ASSOCIATES

The Group's share of losses of RMGL exceeds its investment cost in RMGL. As at 31 December 2018 and 2017, share of net liabilities of RMGL was limited to zero. The unrecognised share of losses of associates for the current year and cumulatively up to the end of the reporting period amounted to HK$308,000 (2017: unrecognised share of profit of HK$2,037,000) and HK$8,606,000 (2017: HK$8,298,000) respectively.

12. INTEREST IN A JOINT VENTURE

	2018 HK$'000	2017 HK$'000
Share of net assets	–	343

As at 31 December 2017, the Group held 50% issued share capital of 杭州芙蘇科技有限公司 (Hangzhou Fusu Technology Company Limited*) ("Hangzhou Fusu") with 50% of total voting rights, while a valid shareholders' meeting resolution requires more than half of the total votes. Therefore, the Group has joint control over Hangzhou Fusu and accounted for the investment as a joint venture.

The place of incorporation and the principal place of business of Hangzhou Fusu is the PRC. The principal activity of Hangzhou Fusu is conducting the business of research and development of technology information.

Hangzhou Fusu was struck off on 29 August 2018. An impairment loss of HK$337,000 was recognised during the year (2017: HK$Nil).

* *For identification purpose only*

FINANCIAL INFORMATION OF INDIVIDUALLY IMMATERIAL JOINT VENTURE

The table below shows the carrying amount and the Group's share of results of a joint venture that is not individually material and accounted for using the equity method.

	2018 HK$'000	2017 HK$'000
As at 31 December		
Group's share of equity and carrying amount of interests	–	343
Year ended 31 December		
Group's share of:		
Loss for the year	–	–
Other comprehensive (loss) income for the year	(6)	25
Total comprehensive (loss) income for the year	(6)	25

13. INTANGIBLE ASSETS

	Development costs HK$'000	Customer contracts HK$'000	Software HK$'000	Customer relationships HK$'000	Technical know-how HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2017						
At the beginning of the reporting period	–	6,348	11,695	48,867	15,450	82,360
Amortisation	–	(1,919)	(1,529)	(11,952)	(2,616)	(18,016)
Exchange adjustments	–	519	957	4,104	1,275	6,855
At the end of the reporting period	–	4,948	11,123	41,019	14,109	71,199
Reconciliation of carrying amount – year ended 31 December 2018						
At the beginning of the reporting period	–	4,948	11,123	41,019	14,109	71,199
Amortisation	–	(335)	(1,494)	(11,678)	(2,556)	(16,063)
Disposal of a subsidiary *(note 28)*	–	(4,729)	–	–	–	(4,729)
Exchange adjustments	–	116	(519)	(1,607)	(626)	(2,636)
At the end of the reporting period	**–**	**–**	**9,110**	**27,734**	**10,927**	**47,771**
At 1 January 2018						
Cost	3,597	15,836	13,372	58,598	17,957	109,360
Accumulated amortisation and impairment losses	(3,597)	(10,888)	(2,249)	(17,579)	(3,848)	(38,161)
Net carrying amount	–	4,948	11,123	41,019	14,109	71,199
At 31 December 2018						
Cost	3,597	–	12,658	55,469	16,998	88,722
Accumulated amortisation and impairment losses	(3,597)	–	(3,548)	(27,735)	(6,071)	(40,951)
Net carrying amount	**–**	**–**	**9,110**	**27,734**	**10,927**	**47,771**

Technical know-how represents the know-how of operating a financial payment processing solution business, including but not limited to technical skills on mature e-commerce payment platform developed for the financial payment processing solution services. Technical know-how has a finite useful life and is amortised on a straight-line basis over its estimated economic useful life of 7 years. The remaining useful life is 4.5 years as at 31 December 2018.

13. INTANGIBLE ASSETS *(continued)*

Customer relationships represent the existing business relationships with the users of an e-commerce platform maintained by the Group. The customer relationships have a finite useful life and are amortised on a straight-line basis over the estimated economic useful lives of 5 years. The remaining useful life is 2.5 years as at 31 December 2018.

Software represents an e-commerce platform exclusively used for the purpose of provision of financial payment processing solution and software development services. The software has a finite useful life and is amortised on a straight-line basis over 9 years. The remaining useful life is 6.5 years as at 31 December 2018.

Intangible assets related to development costs in respect of domain name registration, web / data hosting and other services. Development costs have a finite useful life and are amortised on a straight-line basis over their estimated economic useful life of 8 years. The development cost was fully amortised at the end of the reporting period.

At the end of the reporting period, the intangible assets were tested for impairment. Certain intangible assets are part of cash-generating units ("CGUs"), which are subject to impairment tests as disclosed in note 14 to the consolidated financial statements.

14. GOODWILL

	2018 **HK$'000**	2017 HK$'000
Reconciliation of carrying amount – year ended 31 December		
At the beginning of the reporting period	**12,430**	33,464
Impairment losses	**(5,089)**	(21,034)
At the end of the reporting period	**7,341**	12,430
At 31 December		
Costs	**33,464**	33,464
Accumulated impairment losses	**(26,123)**	(21,034)
Net carrying amount	**7,341**	12,430

14. GOODWILL *(continued)*

Goodwill acquired through the business combination in 2016 is allocated to the Group's cash-generating units ("CGUs") under the business segment of financial payment processing solution and software development services business and distribution business for impairment testing as follows:

	2018			2017		
	Financial payment processing solution and software development services business HK$'000	**Distribution business HK$'000**	**Total HK$'000**	Financial payment processing solution and software development services business HK$'000	Distribution business HK$'000	Total HK$'000
Cost	**7,945**	**25,519**	**33,464**	7,945	25,519	33,464
Accumulated impairment losses	**(5,089)**	**(21,034)**	**(26,123)**	–	(21,034)	(21,034)
Net carrying amount	**2,856**	**4,485**	**7,341**	7,945	4,485	12,430

The carrying amount of goodwill and intangible assets was allocated to the Group's CGUs identified according to the nature of business as follows for impairment test:

	2018		2017	
	Goodwill HK$'000	**Intangible assets with finite useful life HK$'000**	Goodwill HK$'000	Intangible assets with finite useful life HK$'000
Financial payment processing solution and software development services business	**2,856**	**15,958**	7,945	20,642
Distribution business	**4,485**	**31,813**	4,485	45,609
	7,341	**47,771**	12,430	66,251

The Group has appointed an independent professional valuer, Flagship Appraisals and Consulting Limited, to perform an appraisal of the values of the financial payment processing solution and software development services business and distribution business at the end of the reporting period.

The Group's share of the recoverable amounts of these CGUs as at 31 December 2018 of approximately HK$52,151,000 (2017: approximately HK$84,270,000) have been determined based on value in use calculations. The calculation uses cash flow projections based on financial budgets approved by the Board of Directors covering a 5-year period. Cash flows beyond the 5-year period has been extrapolated using a 2% long-term growth rate per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

14. GOODWILL *(continued)*

Key assumptions used for the calculation of the value in use of these CGUs are as follows:

	Financial payment processing solution and software development services business		Distribution business	
	2018	2017	**2018**	2017
	%	%	**%**	%
Average growth rate for the 5-year budget period (per annum)	**(2)**	12	**14**	22
Long-term growth rate (per annum)	**2**	3	**2**	3
Pre-tax discount rate (per annum)	**33**	27	**30**	29

Management determined the budgeted average growth rate based on past performance and its expectation of market development. The discount rate used reflects specific risks relating to the CGUs of financial payment processing solution and software development services business and distribution business.

Apart from the considerations described above in determining the recoverable amount of the CGUs, the Group's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

The Group's share of the carrying amounts of the CGUs, before impairment loss recognised during the year, and the Group's share of the recoverable amounts of the CGU as at 31 December 2018 are as follows:

	2018			2017		
Carrying amount	**Financial payment processing solution and software development services business HK$'000**	**Distribution business HK$'000**	**Total HK$'000**	Financial payment processing solution and software development services business HK$'000	Distribution business HK$'000	Total HK$'000
Carrying amount of CGU	**16,033**	**23,548**	**39,581**	34,717	67,359	102,076
Recoverable amount	**10,944**	**41,207**	**52,151**	37,945	46,325	84,270
Impairment loss recognised for the year	**5,089**	**N/A**		N/A	21,034	

An impairment loss of HK$5,089,000 against the goodwill related to financial payment processing solution and software development services business (2017: HK$21,034,000 against the goodwill related to distribution business) was recognised during the year.

14. GOODWILL *(continued)*

SENSITIVITY OF KEY ASSUMPTIONS

The management identified that average growth rate is the key assumption in the assessment of the recoverable amounts of the CGUs and considered that a reasonably possible change in the key assumption on an individual CGU basis would not cause significant additional impairment loss.

15. DESIGNATED FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
Designated FVOCI		
Unlisted equity securities, at fair value	**2,663**	–
Available-for-sale financial assets		
Unlisted equity investment, at cost	**–**	7,800
	2,663	7,800

Designated FVOCI (2017: Available-for-sale financial assets) with carrying amount of HK$2,577,000 (2017: HK$7,800,000) represents 0.2% equity interest in Thunder Power Holdings Limited, a company incorporated in the British Virgin Islands, which is engaged in the development of battery-powered electric vehicles in Italy, the PRC and Hong Kong. Designated FVOCI with carrying amount of HK$86,000 (2017: n/a) represents 15% equity interest in Zero1 Pte Limited, a company incorporated in Singapore, which is engaged in the provision of telecommunication services.

AVAILABLE-FOR-SALE FINANCIAL ASSETS, AT COST

As at 31 December 2017, the unlisted investments represented long-term investments in unlisted securities issued by a private entity. They were measured at cost less impairment at the end of each reporting period. These unlisted investments were reclassified to Designated FVOCI as at 1 January 2018 as disclosed in note 2 to the consolidated financial statements.

DESIGNATED FVOCI

As at 1 January 2018, the Group irrevocably designated the unlisted equities securities in available-for-sale financial assets as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long term for strategic purposes. At the date of initial application of HKFRS 9, i.e. 1 January 2018, the investment in equity securities were measured to its fair value. The difference of HK$5,168,000 between the carrying amount and the fair value, at 1 January 2018 was recognised in the opening investment revaluation reserve (non-recycling).

No investments in Designated FVOCI have been disposed of during the year. There were no transfers of any cumulative gain or loss arising from Designated FVOCI within equity during the year.

16. SUBSIDIARIES

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital	Effective ownership interest held by the Company		Principal activities
			Directly	*Indirectly*	
ZONE Telecom Pte Ltd *(i)*	Singapore	Singapore dollars ("S$") 100,000	–	100%	Provision of telecommunication services
ZONE Resources Limited	The British Virgin Islands / Hong Kong	US$10,000	–	100%	Asset holding
ZONE Enterprises Limited	Hong Kong	HK$1	–	100%	Provision of consultancy services
ZONE Limited	Hong Kong	HK$2	–	100%	Provision of telecommunication services
ZONE Asia Holdings Limited	the British Virgin Islands / Hong Kong	US$1	–	100%	Investment holding
Stage Charm Limited ("Stage Charm")	the British Virgin Islands / Hong Kong	US$1	100%	–	Investment holding
speedinsure Global Limited	the British Virgin Islands / Hong Kong	US$10,102	–	100%	Investment holding
e-Kong Pillars Holdings Limited	the British Virgin Islands / Hong Kong	US$1	100%	–	Investment holding
China Portal Limited	the British Virgin Islands / Hong Kong	US$1	–	100%	Provision of consultancy services
B&R Management Limited	Hong Kong	HK$1,000	100%	–	Provision of consultancy services
B&R Investment Holdings Limited	Hong Kong	HK$1,000	100%	–	Investment holding

16. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital	Effective ownership interest held by the Company		Principal activities
			Directly	*Indirectly*	
深圳盈港科技有限公司 *(i) & (ii)*	The PRC	Renminbi ("RMB") 1,000,000 Registered capital	–	100%	Provision of technical consultancy services
杭州蘇頌科技有限公司 (Hangzhou Susong Technology Company Limited*) ("Hangzhou Susong") *(i) & (iii)*	The PRC	RMB2,000,000 Registered capital	–	90%	Provision of financial payment processing solution and software development services, and distribution business through e-commerce platform

(i) *Statutory audited financial statements not audited by Mazars CPA Limited.*

(ii) *A wholly foreign-owned enterprise established in the PRC.*

(iii) *A limited liability enterprise established in the PRC.*

* *For identification purpose only*

The above summary includes those subsidiaries which, in the opinion of the Company's directors, principally affect the results or form a substantial portion of the net assets of the Group. The classes of shares held are ordinary shares unless otherwise stated. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. None of the subsidiaries had any debt securities in issue at any time during the years ended 31 December 2018 and 2017.

16. SUBSIDIARIES *(continued)*

FINANCIAL INFORMATION OF SUBSIDIARIES WITH INDIVIDUALLY MATERIAL NCI

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material non-controlling interests ("NCI"). The summarised financial information represents amounts before inter-company eliminations.

	2018 Hangzhou Susong	2017 Hangzhou Susong	2017 RMI Group
As at 31 December			
Proportion of NCI's ownership interests	**10.0%**	10.0%	n/a
	HK$'000	HK$'000	HK$'000
Non-current assets	**47,772**	66,596	–
Current assets	**23,423**	45,320	–
Current liabilities	**(41,026)**	(35,680)	–
Net assets	**30,169**	76,236	–
Carrying amount of NCI	**3,017**	7,624	–
Year ended 31 December			
Revenue	**21,813**	22,692	6,068
Expenses	**(66,020)**	(20,018)	(9,876)
(Loss) Profit for the year	**(44,207)**	2,674	(3,808)
Other comprehensive (loss) income for the year	**(1,860)**	5,352	–
Total comprehensive (loss) income for the year	**(46,067)**	8,026	(3,808)
Attributable to NCI:			
(Loss) Profit for the year	**(4,421)**	267	(1,900)
Other comprehensive (loss) income for the year	**(186)**	536	–
	(4,607)	803	(1,900)
Cyber Insurance Brokers Limited, non-wholly-own subsidiary of RMI Group*	**–**	–	97
Total comprehensive (loss) income for the year	**(4,607)**	803	(1,803)
Dividend to NCI	**–**	–	–
Net cash (outflow) inflow in			
– operating activities	**(16,081)**	(615)	(383)
– investing activites	**(11,591)**	–	–
– financing activies	**28,738**	–	–
Net Increase (decrease) in cash and cash equivalents	**1,066**	(615)	(383)

* *RMGL and its subsidiaries*

17. FINANCIAL ASSETS AT FVPL

	Notes	2018 HK$'000	2017 HK$'000
Held for trading			
Equity investments listed in Hong Kong	*(a)*	**129,806**	101,958
Unlisted investment fund	*(b)*	**1,448**	–
		131,254	101,958

At the end of the reporting period, the carrying amounts of financial assets designated as FVPL represent the maximum exposure to credit risk of those financial assets, if applicable.

Notes:

(a) *The fair values of the listed investments are determined on the basis of quoted market price at the end of the reporting period.*

The equity investments listed in Hong Kong of HK$53,550,000 (2017: HK$101,802,000) are held by Mr. Yeung on behalf of the Group at the end of the reporting period, details of which are set out in note 21(c) to the consolidated financial statements.

(b) *The Group subscribed unlisted investment funds from an independent financial institution. The portfolios of the funds mainly comprise bank debentures, interbank borrowings and other investments in the PRC with high credit rating. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment. The fair value of these unlisted investment funds was estimated by the directors by discounted cash flow with reference to the market condition and market interest rate at the end of the reporting period.*

18. TRADE AND OTHER RECEIVABLES

	Notes	2018 HK$'000	2017 HK$'000
Trade receivables			
From third parties		**13,990**	31,954
From an associate	*(c)*	**313**	545
		14,303	32,499
Loss allowance	*30(c)*	**(4,697)**	(4,163)
	(a)	**9,606**	28,336
Other receivables			
Deposits		**2,111**	8,062
Prepayments		**1,083**	2,570
Other debtors	*(b)*	**16,255**	28,724
Due from securities broker		**215**	–
Due from an associate	*(c)*	**1,000**	2,100
Loan receivable from a non-controlling interest of a subsidiary	*(d)*	**11,591**	–
Consideration receivable from disposal of a subsidiary	28	**1,670**	–
		33,925	41,456
		43,531	69,792

Notes:

(a) Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 30(c) to the consolidated financial statements.

A loss allowance on trade receivables of approximately HK$556,000 (2017: approximately HK$1,746,000) was recognised during the year.

(b) Included in other debtors at 31 December 2017 were advancements of approximately RMB17,516,000 (equivalent to HK$21,095,000) to a company which is owned by the managing director of a PRC subsidiary of the Group (the "Company A") and which was proposed to provide human resources management and administration services to the Group. A director of the PRC subsidiary who is also a non-controlling interest of the PRC subsidiary has provided an undertaking to indemnify the Group against any losses from non-recovery of the advance of RMB17,516,000 (equivalent to HK$21,095,000).

In 2018, the PRC subsidiary further strengthened the cooperation with the Company A. Due to short-term liquidity problem, the PRC subsidiary of the Group further advanced in aggregate of approximately RMB20,583,000 (equivalent to HK$24,625,000) to the Company A as a kind of financial support during the year ended 31 December 2018. As at 31 December 2018, the director of the PRC subsidiary has provided an undertaking to indemnify the Group against any losses from non-recovery of the advances of RMB20,583,000 (equivalent to HK$24,625,000).

18. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(b) (continued)

In January 2019, the management of the Group was aware of that Company A was under the process of de-registration. In March 2019, the management further noted that a liquidation committee of Company A has been set up. The management is currently seeking legal advice and considering any legal proceeding, including a request for the execution of the indemnity in order to recover of the balances. In view of that it may take a period of time to proceed the liquidation process and take legal action and deterioration in the financial position of the Company A, the management considers it is probable that Company A will enter bankruptcy/liquidation or other financial reorganisation and the recoverability of the amounts due becomes remote. Therefore, full amount of loss allowance of approximately RMB38,099,000 (equivalent to HK$45,720,000) was provided during the year ended 31 December 2018.

Included in other debtors as at 31 December 2018 was a receivable of HK$5,348,000 (2017: HK$2,340,000) in relation to a management fee income due from a public company, in which the Company's former director, Mr. Yeung has beneficial interest.

(c) Trade receivables and amount due from an associate are unsecured, interest-free and repayable on demand.

(d) Loan receivable from a non-controlling interest of a subsidiary is unsecured, interest bearing at the fixed rate of 4.35% per annum and repayable in December 2019.

19. PLEDGED BANK DEPOSITS

At the end of the reporting period, the Group had pledged bank deposits amounting to approximately HK$885,000 (2017: approximately HK$1,316,000). At the end of the reporting period, bank guarantees of approximately HK$815,000 (2017: approximately HK$1,316,000) were issued to suppliers for operational requirements. The directors do not consider it is probable that a claim will be made against the Group under these guarantees. The amounts utilised by the Group at the end of the reporting period under these guarantees were approximately HK$667,000 (2017: approximately HK$495,000), representing the outstanding amounts payable to these suppliers.

20. BANK BALANCES AND CASH

	2018 **HK$'000**	2017 HK$'000
Cash at bank and in hand	**13,915**	69,409

Cash at bank earns interest at floating rates based on daily bank deposit rates.

21. TRADE AND OTHER PAYABLES

	Notes	**2018 HK$'000**	2017 HK$'000
Trade payables to third parties	*(a)*	**5,893**	5,206
Other payables			
Accrued charges and other creditors		**9,684**	18,998
Deferred revenue		**–**	3,392
Consideration payable	*(b)*	**37,172**	37,172
Due to a former director	*(c)*	**12,393**	41,552
Due to associates	*(d)*	**793**	312
		60,042	101,426
		65,935	106,632

(a) Ageing analysis of trade payables by invoice date is summarised as follows:

	2018 HK$'000	2017 HK$'000
Less than 1 month	**3,892**	3,413
1 to 3 months	**789**	804
More than 3 months but less than 12 months	**127**	989
More than 12 months	**1,085**	–
	5,893	5,206

(b) The cash consideration payable for the business combination in 2016 is unsecured, interest-free and payable in June 2019 (2017: payable in June 2018).

(c) The amount due to former director, Mr. Yeung, represented the remaining balance of consideration received from the disposal of 5,700,000 ordinary shares of SingAsia Holdings Limited (Stockcode: 8293) (the "SingAsia Shares") on 9 June 2017, which was finally not approved at the special general meeting of the Company held on 29 December 2017 ("SingAsia Disposal"). As at 31 December 2017, the total amount of approximately HK$41,552,000 received from Mr. Yeung was accounted for as "other payables" and the 5,700,000 SingAsia Shares held by Mr. Yeung on behalf of the Group carried at a fair value approximately of HK$101,802,000 are classified as "financial assets at FVPL".

In March 2018, the 5,700,000 SingAsia Shares were sub-divided into 28,500,000 shares after sub-division of the issued share capital of SingAsia Holdings Limited ("Sub-divided SingAsia Shares"), of which 20,000,000 Sub-divided SingAsia Shares were returned to the Group by Mr. Yeung in exchange of consideration of approximately HK$29,159,000 previously received by the Group.

As at 31 December 2018, 8,500,000 Sub-divided SingAsia Shares were held by Mr. Yeung and the related balance of consideration received of approximately HK$12,393,000 was accounted for as "due to a former director". As disclosed in the Company's announcement on 12 March 2019, the Group had, through its solicitors, issued a writ of summons to commence legal proceedings against Mr. Yeung to request for the transfer of the remaining SingAsia Shares and damages for breach of contract.

(d) The amounts due to associates are unsecured, interest-free and repayable on demand.

22. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its office equipment under finance leases. The lease terms are ranged from 2 to 3 years (2017: ranged from 2 to 3 years). Interest rates underlying the obligations under finance leases are fixed at 3% per annum (2017: 3% per annum).

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Amount payable				
– Within one year	**54**	86	**50**	79
– One to two years	**–**	56	**–**	51
	54	142	**50**	130
Future finance charges	**(4)**	(12)		
Present value of lease obligations	**50**	130		
Less: Amount due for settlement within 12 months			**(50)**	(79)
Amount due for settlement after 12 months			**–**	51

The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Finance lease obligations are denominated in Singapore dollars ("S$").

23. DEFERRED TAXATION

RECOGNISED DEFERRED TAX ASSETS (LIABILITIES)

The movements of recognised net deferred tax assets and liabilities for the year were as follows:

	2018 HK$'000	2017 HK$'000
At the beginning of the reporting period	**(13,782)**	(16,227)
Credit to profit or loss *(note 7)*	**3,558**	3,808
Exchange adjustments	**558**	(1,363)
At the end of the reporting period	**(9,666)**	(13,782)

23. DEFERRED TAXATION *(continued)*

RECOGNISED DEFERRED TAX ASSETS (LIABILITIES) *(continued)*

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Depreciation allowances	**–**	–	**(10,224)**	(12,460)
Tax losses	**–**	41	**–**	–
Exchange adjustments	**–**	–	**558**	(1,363)
Deferred tax assets (liabilities)	**–**	41	**(9,666)**	(13,823)
Offsetting	**–**	(41)	**–**	41
Net deferred tax assets (liabilities)	**–**	–	**(9,666)**	(13,782)

Unrecognised deferred tax assets arising from

	2018 HK$'000	2017 HK$'000
Before multiplied with the applicable tax rates:		
Deductible temporary differences	**4,924**	10,328
Tax losses	**166,068**	156,801
At the end of the reporting period	**170,992**	167,129

Neither the tax losses nor the deductible temporary differences expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The accumulated profits of certain foreign subsidiaries would be subject to withholding taxation if they are distributed. The estimated withholding tax effect on the distribution of accumulated profits of these foreign subsidiaries was RMB2,305,000 (equivalent to approximately HK$2,628,000) (2017: RMB2,697,000 (equivalent to approximately HK$3,248,000)). In the opinion of the directors, these accumulated profits at the present time are required for financing the continuing operation of these foreign subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provision for additional deferred taxation has been made.

24. SHARE CAPITAL

	2018		2017	
	Number of shares	Amount HK$'000	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning and **the end of the reporting period**	**12,000,000,000**	**120,000**	12,000,000,000	120,000
Issued and fully paid:				
At the beginning of the reporting period	**875,280,000**	**8,753**	875,280,000	8,753
Shares issued upon placing in March 2018	**175,000,000**	**1,750**	–	–
At the end of the reporting period	**1,050,280,000**	**10,503**	875,280,000	8,753

On 6 March 2018, the Company allotted and issued an aggregate of 175,000,000 ordinary shares of HK$0.01 each at a placing price of HK$0.30 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 17 May 2017. The net proceeds of approximately HK$50,724,000 (including share premium of approximately HK$48,974,000, net of transaction cost) were used to strengthen the financial position of the Group's business operation and provide additional funding to further develop the Group's businesses. The closing market price of the Company's shares as at the issue date was HK$0.325. All shares issued under the placing rank pari passu with existing shares in all respects.

25. SHARE OPTIONS

On 28 June 2018, the Company adopted a new share option scheme (the "New Share Option Scheme"), which superseded the share option scheme adopted on 20 May 2015 (the "Old Share Option Scheme"). Under the New Share Option Scheme, the directors of the Company may at their decision grant share options to (i) any director, employee, consultants, adviser, substantial shareholder and business partner of any company in the Group or any affiliate and / or (ii) any company wholly-owned by one or more persons belonging to any of the above class of participants. No share options have been granted by the Company under the New Share Option Scheme and the Old Share Option Scheme since adoption.

No share options were granted / forfeited / exercised during the year and there were no share options outstanding / exercisable at the end of the reporting period.

25. SHARE OPTIONS *(continued)*

SUMMARY OF PRINCIPAL TERMS

A summary of the principal terms of the New Share Option Scheme and procedures is as follows:

(i) Purpose

The New Share Option Scheme is designated to recognise, motivate and provide incentives to those who make contributions to the Group. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, or business partners of the Group and to promote the success of the business of the Group.

(ii) Maximum number of shares

The total number of shares in respect of which share options may be granted (together with share options exercised and then outstanding) under the New Share Option Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the New Share Option Scheme unless shareholder approval has been obtained. The 10% limit may be refreshed at any time by obtaining approval of the shareholders in general meeting provided that the New Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limited. As at 31 December 2018 and 2017, there were no outstanding share options under the share option scheme adopted by the Company.

The maximum number of shares issued and which may fall to be issued upon the exercise of the share options granted under the New Share Option Scheme (including both exercised and outstanding share options) to each eligible participant shall not exceed 1% of the shares in issue for the time being in any 12 months period up to and including the date of grant.

As at 31 December 2018, the total number of shares available for issue under the New Share Option Scheme was 105,028,000 shares, which represented 10% of the Company's issued share capital as at the date of approval of the New Share Option Scheme (2017: 52,100,000 shares representing 10% of the total number of issued shares as at the date at which the resolution regarding the refreshment of the scheme mandate limit under Old Share Option Scheme passed at the annual general meeting held on 20 May 2015, being 521,000,000 shares).

(iii) Exercise period and payment on acceptance of share options

A share option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, subject to a maximum period of 10 years from the date of grant.

A share option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of a share option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 in consideration of the grant thereof is received by the Company on a business day not later than 14 days from the offer date.

(iv) Basis of determining the subscription price

Subject to the terms of the New Share Option Scheme and the provisions of the Listing Rules, the subscription price in respect of any share option shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets over the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(v) Remaining life of the scheme

The New Share Option Scheme is valid and effective, at the discretion of the board of directors, subject to a maximum period of 10 years from the date of its adoption, that is, up to 27 June 2028.

26. RESERVES

The following provides a description of the nature and purpose of each reserve within equity:

(a) SHARE PREMIUM

The application of share premium is governed by the Companies Act 1981 of Bermuda (as amended).

(b) EXCHANGE RESERVE

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

(c) INVESTMENT REVALUATION RESERVE (NON-RECYCLING)

Investment revaluation reserve comprises the accumulated gains and losses arising from the fair value change of Designated FVOCI and is dealt with in accordance with the accounting policies adopted.

(d) CAPITAL REDEMPTION RESERVE

Capital redemption reserve has been set up and is dealt with on repurchases and cancellations of the Company's own shares. The application of the capital redemption reserve is governed by Section 42A of the Companies Act 1981 of Bermuda (as amended).

(e) CAPITAL RESERVE

Capital reserve represents the difference between the fair value of consideration paid or received and the change in the carrying value of non-controlling interests of a subsidiary in circumstances where changes in the Group's ownership interests in the subsidiary do not result in a loss of control.

(f) CONTRIBUTED SURPLUS

Contributed surplus represents the amounts transferred from the share premium account as a result of a capital reorganisation undertaken by the Company in November 2002. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

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

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

As at 31 December 2018 and 2017, there were no reserves available for distribution to the equity holders of the Company.

27. OTHER CASH FLOW INFORMATION

(a) Cash (used in) generated from operations

	2018 HK$'000	2017 HK$'000
Loss before taxation	(15,123)	(16,546)
Interest income	(233)	(114)
Interest expenses	7	9
Bad debts written off	28	–
Loss allowance on trade and other receivables	46,276	1,746
Depreciation of property, plant and equipment	2,445	5,404
Amortisation of intangible assets	16,063	18,016
Impairment losses on goodwill	5,089	21,034
Impairment losses on property, plant and equipment	385	1,462
Impairment losses on investment in a joint venture	337	–
Financial assets at FVPL – net (gain) loss on disposal and fair value changes	(17,800)	8,995
Financial assets at FVPL held at the end of the year – net gain on fair value change	(54,431)	(76,656)
Write off of property, plant and equipment	138	–
Gain on disposal of property, plant and equipment	(32)	(7)
Net gain on disposal of a subsidiary	(11,984)	–
Net loss on deemed disposal of subsidiaries	–	3,888
Loss on disposal of an associate	–	258
Gain on disposal of assets of a business unit	–	(3,053)
Share of results of associates	356	(247)
Exchange differences	(62)	(534)
Changes in working capital:		
Financial assets at FVPL	42,935	28,902
Trade and other receivables	(9,559)	(16,852)
Trade and other payables	(36,636)	40,912
Cash (used in) generated from operations	**(31,801)**	16,617

(b) Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Obligations under finance leases	
	2018 HK$'000	2017 HK$'000
At the beginning of the reporting period	130	182
Exchange adjustments	(3)	17
Net cash outflow from financing activities		
Repayment of obligations under finance leases	(77)	(69)
At the end of the reporting period	**50**	130

28. DISPOSAL OF A SUBSIDIARY

On 22 March 2018, the Group disposed of 100% of its equity interest in Cybersite Services Pte Ltd. ("Cybersite") to a third party, at a consideration of approximately S$2,203,000 (equivalent to approximately HK$13,195,000). The details are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment *(note 10)*	264
Intangible assets *(note 13)*	4,729
Other receivables	288
Bank balances and cash	806
Other payables	(3,794)
Deferred revenue	(1,016)
Net assets upon disposal	1,277
Release of exchange reserve	(66)
Gain on disposal	11,984
Consideration	13,195

Analysis of net inflow of cash and cash equivalents in respect of disposal of the subsidiary is as follows:

	HK$'000
Cash consideration (paid portion)	11,525
Cash and cash equivalents disposed of	(806)
Net inflow of cash and cash equivalents	10,719

As at 31 December 2018, the unpaid portion of cash consideration for the disposal of Cybersite amounted to approximately S$279,000 (equivalent to approximately HK$1,670,000), which is included in "Consideration receivable from disposal of a subsidiary" *(note 18)* under the trade and other receivables and is unsecured, interest-free and received in March 2019.

29. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

	2018 HK$'000	2017 HK$'000
Nature of transactions		
Management fee income from a related company*	–	4,229
Sundry income from associates	273	264
Management fee expenses to an associate	2,482	238
IT Supporting fee expense to an associate	79	–
Purchases of financial assets at FVPL from Mr. Yeung	–	9,060
Disposals of financial assets at FVPL to Mr. Yeung	–	13,653

* *Company in which the then director, Mr. Yeung has beneficial interest.*

(b) Remuneration for key management personnel (including directors) of the Group:

	2018 HK$'000	2017 HK$'000
Salaries, bonus, allowances and other short-term benefits	6,315	11,163
Contributions to defined contribution plans	208	236
	6,523	11,399

(c) The connected transactions and the continuing connected transactions under the Listing Rules and the relevant disclosures have been made in the Director's Report of this annual report.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise Designated FVOCI, financial assets at FVPL, pledged bank deposits, bank balances and cash. The main purpose of these financial instruments is to raise or maintain financial resources for the Group's operations. The Group has various other financial instruments such as part of trade and other receivables and part of trade and other payables and obligations under finance leases which arise directly from its business activities.

	Financial assets at amortised cost HK$'000	Financial assets at FVPL HK$'000	Designated FVOCI HK$'000	Total HK$'000
As at 31 December 2018				
Assets as per consolidated statement of financial position				
Designated FVOCI	–	–	2,663	2,663
Financial assets at FVPL	–	131,254	–	131,254
Trade and other receivables	40,337	–	–	40,337
Pledged bank deposits	885	–	–	885
Bank balances and cash	13,915	–	–	13,915
	55,137	131,254	2,663	189,054

	Financial liabilities at amortised cost HK$'000
Liabilities as per consolidated statement of financial position	
Trade and other payables	65,935
Obligations under finance leases	50
	65,985

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

	Financial assets at amortised cost HK$'000	Financial assets at FVPL HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
As at 31 December 2017				
Assets as per consolidated statement of financial position				
Available-for-sale financial assets	–	–	7,800	7,800
Financial assets at FVPL	–	101,958	–	101,958
Trade and other receivables	59,160	–	–	59,160
Pledged bank deposits	1,316	–	–	1,316
Bank balances and cash	69,409	–	–	69,409
	129,885	101,958	7,800	239,643

	Financial liabilities at amortised cost HK$'000
Liabilities as per consolidated statement of financial position	
Trade and other payables	103,150
Obligations under finance leases	130
	103,280

The main risks arising from the Group's financial instruments are market risk (including equity price risk and foreign currency risk), credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The key policies on monitoring and controlling these risks are set out below.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) EQUITY PRICE RISK

The Group is exposed to price risks arising from equity investments held under financial assets at FVPL amounted to HK$129,806,000 (2017: HK$101,958,000), which are held for trading purposes.

The Group is also exposed to price risk arising from Designated FVOCI amounted to HK$2,663,000 (2017: HK$Nil), which are held for strategic rather than trading purposes.

The sensitivity analysis has been determined based on the exposure to equity price risk of equity investments under financial assets at FVPL. At the end of the reporting period, if the equity price had been 15% (2017: 35%) higher or lower while all other variables were held constant, the Group's net loss would decrease or increase by approximately HK$19,471,000 (2017: approximately HK$35,685,000) due to change in the fair value of financial assets at FVPL.

The sensitivity analysis has also been determined based on the exposure to equity price risk of equity investments under Designated FVOCI. At the end of the reporting period, if the equity price to the valuation model had been 10% higher or lower while all other variables were held constant, the Group's net loss would have been unaffected since these equity investments are classified as Designated FVOCI. Investment revaluation reserve would increase or decrease by HK$266,000 as a result of changes in fair value of Designated FVOCI. The investment of Designate FVOCI was classified as available-for-sale financial assets as at 31 December 2017, which was stated at cost.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2017.

(b) FOREIGN CURRENCY RISK

Since the Group's major operating subsidiaries are located in Hong Kong, the PRC and Singapore, these subsidiaries' operating transactions, assets and liabilities are denominated in HK$, RMB and S$ respectively. The Group continues to closely monitor the S$-HK$ and RMB-HK$ exchange rates and will, whenever appropriate, take appropriate action to mitigate such exchange risks.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) CREDIT RISK

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Trade receivables

Management of the Group has a credit limit policy in place and exposures to credit risks are monitored on an ongoing basis. In order to minimise credit risk, management of the Group has established credit limits, credit approvals and other monitoring procedures to ensure appropriate actions are taken to recover overdue debts.

The Group's credit terms on sales mainly ranged from 30 to 90 days. Included in trade and other receivables are trade receivables (net of loss allowance) with the following ageing analysis by invoice date:

	2018 **HK$'000**	2017 HK$'000
Less than 1 month	**5,995**	20,491
1 to 3 months	**328**	890
More than 3 months but less than 12 months	**2,976**	352
More than 12 months	**307**	6,603
	9,606	28,336

At the end of the reporting period, the Group had a concentration risk as 27% (2017: 18%) and 69% (2017: 71%) of the total trade receivables were made up by the Group's largest customers and the five largest customers' outstanding balances respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past 2 years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) CREDIT RISK *(continued)*

Trade receivables *(continued)*

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix as at 31 December 2018 is summarised below.

As at 31 December 2018

	Tele-communication				Financial payment processing solution and software development services and distribution business			
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Credit-impaired	Expected loss rate %	Gross carrying amount HK$'000 *(Note*)*	Loss allowance HK$'000	Credit-impaired
Not past due	0	4,881	–	No	0	1,026	–	No
Less than 3 months past due	6	577	(35)	No	0	–	–	No
More than 3 months but less than 12 months past due	36	261	(95)	No	0	2,675	–	No
More than 12 months past due	94	4,883	(4,567)	No	0	–	–	No
		10,602	(4,697)			3,701	–	

*Note *: The board of directors appointed an independent valuer, Peak Vision Appraisals Limited, to evaluate the ECL of the financial payment processing solution and software development services and distribution business as at 31 December 2018. Based on the credit loss assessment, the amount of the ECL is expected to be minimal.*

The ageing of trade receivables of the Group as at 31 December 2017 which were past due but not impaired was as follows:

	2017 HK$'000
Less than 3 months past due	1,148
More than 3 months but less than 12 months past due	265
More than 12 months past due	6,603
Amounts past due	8,016

The trade receivables balances as at 31 December 2017 were debtors with a carrying amount of HK$8,016,000, which were past due as at 31 December 2017 but not impaired as there had not been any significant changes in credit quality and the directors believed that the amounts would be fully receivable.

Receivables that were neither past due nor impaired as at 31 December 2017 related to a wide range of customers for whom there was no history of default.

The Group does not hold any collateral over trade receivables as at 31 December 2018 and 2017.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) CREDIT RISK *(continued)*

Trade receivables *(continued)*

At the end of the reporting period, the Group recognised loss allowance of HK$4,697,000 (2017: HK$4,163,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below. The comparative amounts represent the loss allowance for impairment losses recognised under HKAS 39.

	2018 **HK$'000**	2017 HK$'000
At the beginning of the reporting period	**4,163**	2,369
Increase in allowance	**556**	1,746
Exchange adjustments	**(22)**	48
At the end of the reporting period	**4,697**	4,163

Other receivables

The Group considers that the amount due from other debtors, securities broker, an associate, loan receivable from a non-controlling interest of a subsidiary and consideration receivable from disposal of a subsidiary have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on amounts due from other debtors, securities broker, an associate, loan receivable from a non-controlling interest of a subsidiary and consideration receivable from disposal of a subsidiary is measured on 12-month ECL.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience over the past 2 years and the financial position of the counterparties by reference to, among others, their management or audited accounts and available public information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the year.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) CREDIT RISK *(continued)*

Other receivables *(continued)*

As at 31 December 2018, the Group recognised loss allowance of HK$45,720,000 (2017: HK$Nil) on the balances. The movement in the loss allowance for the balances during the year is summarised below. The comparative amounts represent the loss allowance for impairment losses recognised under HKAS 39.

	2018 HK$'000	2017 HK$'000
At the beginning of the reporting period	**–**	–
Increase in allowance *(note 18(b))*	**45,720**	–
Exchange adjustments	**(2,287)**	–
At the end of the reporting period	**43,433**	–

The movement of the loss allowance, by measurement basis of ECL, is as follows:

For the year ended 31 December 2018

		Lifetime ECL		
	12-month ECL HK$'000	**Not credit-impaired HK$'000**	**Credit-impaired (but not purchased or originated) HK$'000**	**Total HK$'000**
At the beginning of the reporting period	**–**	**–**	**–**	**–**
Increase in allowance	**–**	**–**	**45,720**	**45,720**
Exchange adjustments	**–**	**–**	**(2,287)**	**(2,287)**
At the end of the reporting period	**–**	**–**	**43,433**	**43,433**

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) LIQUIDITY RISK

Individual operating units within the Group are responsible for their own cash management. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying value HK$'000
As at 31 December 2018						
Trade and other payables	**21,047**	**5,363**	**39,525**	**–**	**65,935**	**65,935**
Obligations under finance leases	**–**	**33**	**21**	**–**	**54**	**50**
Bank guarantee commitments	**667**	**–**	**–**	**–**	**667**	**–**
	21,714	**5,396**	**39,546**	**–**	**66,656**	**65,985**
As at 31 December 2017						
Trade and other payables	56,314	7,143	39,693	–	103,150	103,150
Obligations under finance leases	–	22	70	50	142	130
Bank guarantee commitments	806	–	–	–	806	806
	57,120	7,165	39,763	50	104,098	104,086

31. FAIR VALUE MEASUREMENTS

The following presents the Group's financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

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

- Level 3 (lowest level): unobservable inputs for the asset or liability.

31. FAIR VALUE MEASUREMENTS *(continued)*

(a) ASSETS MEASURED AT FAIR VALUE

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2018				
Designated FVOCI				
Unlisted equity securities	**–**	**–**	**2,663**	**2,663**
Financial assets at FVPL				
Equity investments listed in Hong Kong	**129,806**	**–**	**–**	**129,806**
Unlisted principal non-guaranteed fund	**–**	**–**	**1,448**	**1,448**
As at 31 December 2017				
Financial assets at FVPL				
Equity investments listed in Hong Kong	101,958	–	–	101,958

During the years ended 31 December 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Movements in Level 3 fair value measurements

	Designated FVOCI		Financial assets at FVPL			
	Unlisted equity securities		Unlisted principal non-guaranteed fund		Total	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
At the beginning of the reporting period	**–**	–	**–**	–	**–**	–
Transfer from available-for-sale financial assets to Designated FVOCI at initial application of HKFRS 9	**2,632**	–	**–**	–	**2,632**	–
Purchases	**86**	–	**16,564**	–	**16,650**	–
Redemption	**–**	–	**(15,262)**	–	**(15,262)**	–
Total gains (losses)						
– in profit or loss	**–**	–	**146**	–	**146**	–
– in other comprehensive income	**(55)**	–	**–**	–	**(55)**	–
At the end of the reporting period	**2,663**	–	**1,448**	–	**4,111**	–
Change in unrealised gains or losses for the year included in						
– profit or loss for assets held at the end of the reporting period	**–**	–	**146**	–	**146**	–
– Other comprehensive income	**(55)**	–	**–**	–	**(55)**	–

31. FAIR VALUE MEASUREMENTS *(continued)*

(a) ASSETS MEASURED AT FAIR VALUE *(continued)*

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 31 December 2018 HK$'000	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Assets					
Financial assets at FVPL					
– unlisted principal non-guaranteed fund	**1,448**	Discounted cash flow	Interest rate	3.3%	Increasing/decreasing interest rate by 100 basis points would increase/decrease fair value by approximately HK$14,000.
Designated FVOCI					
– unlisted equity securities	**2,663**	Net asset values as reported by management of investee companies	n/a	n/a	n/a

Valuation processes of the Group

The fair values of assets and liabilities traded in active markets (such as equity investments at FVPL) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price quoted by source of market prices e.g. stock exchanges.

The fair values of assets and liabilities that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows and net asset value, are used to determine fair value for other assets and liabilities.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(b) FINANCIAL ASSETS AND LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The carrying amount of the Company's other receivables and other payables that are carried at cost or amortised cost are not materially different from their fair value as at the end of the reporting period.

32. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2018 and 2017.

The Group monitors capital on the basis of its net debt-to-equity ratio, which is net debt divided by total equity. The net debt-to-equity ratio at the end of the reporting period was as follows:

	2018 **HK$'000**	2017 HK$'000
Trade and other payables	**(65,935)**	(106,632)
Obligations under finance leases	**(50)**	(130)
Tax payable	**(1,307)**	(8,690)
Less: Trade and other receivables	**43,531**	69,792
Bank balances and cash	**13,915**	69,409
Pledged bank deposits	**885**	1,316
Financial assets at FVPL	**131,254**	101,958
Net surplus	**122,293**	127,023
Total equity	**228,745**	208,331
Net debt-to-equity ratio	**n/a**	n/a

33. COMMITMENTS AND CONTINGENCIES

COMMITMENTS UNDER OPERATING LEASES

At the end of the reporting period, the total future minimum lease payments in respect of premises under non-cancellable operating leases were payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**4,105**	18,426
In the second to fifth year inclusive	**3,071**	6,274
	7,176	24,700

Operating lease payments mainly represent rentals payable for certain office premises and directors' quarters. Leases are negotiated for and rentals are fixed for an average of 2 to 5 years (2017: an average of 2 to 5 years).

CAPITAL EXPENDITURE COMMITMENTS

Other than those disclosed in note 11(ii) to the consolidated financial statements, the Group had no other significant capital commitments at the end of the reporting period (2017:Nil).

33. COMMITMENTS AND CONTINGENCIES *(continued)*

LITIGATION

The Company is involved in a dispute on certain of the proceeds from the disposal of a subsidiary in 2015. The Group's management believes that the claim is without merit and the possibility of a significant loss arising from the dispute is remote and therefore no provision of the claims was considered necessary.

34. SEGMENT INFORMATION

The Group's management, who are the chief operating decision makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services, financial payment processing solution and software development services and distribution business through e-commerce platform and property development and tourism.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly financial assets at FVPL and bank balances and cash. All liabilities are allocated to reportable segments other than corporate liabilities.

Analyses of the Group's segmental information by business and geographical segments during the year are set out below.

(a) BY BUSINESS SEGMENTS

Segment results for the year ended 31 December 2018

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Property development and tourism HK$'000	Total HK$'000
Revenue				
External sales	**46,107**	**21,813**	**–**	**67,920**
Results				
Segment results	**(5,962)**	**(48,269)**	**135**	**(54,096)**
Finance costs	**(7)**	**–**	**–**	**(7)**
Net gain on disposal of a subsidiary	**11,984**	**–**	**–**	**11,984**
Share of results of associates	**(280)**	**–**	**(76)**	**(356)**
	5,735	**(48,269)**	**59**	**(42,475)**
Unallocated other operating income and expenses				**27,352**
Loss before taxation				**(15,123)**

34. SEGMENT INFORMATION *(continued)*

(a) BY BUSINESS SEGMENTS *(continued)*

Segment assets and liabilities as at 31 December 2018

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Property development and tourism HK$'000	Total HK$'000
Assets				
Assets before following items:	15,415	23,423	106	38,944
Goodwill	–	7,341	–	7,341
Intangible assets	–	47,771	–	47,771
Interests in associates	–	–	57,081	57,081
Segment assets	15,415	78,535	57,187	151,137
Unallocated assets				154,566
				305,703
Liabilities				
Segment liabilities	(10,710)	(12,289)	(177)	(23,176)
Unallocated liabilities				(53,782)
				(76,958)

34. SEGMENT INFORMATION *(continued)*

(a) BY BUSINESS SEGMENTS *(continued)*

Other segment information for the year ended 31 December 2018

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Property development and tourism HK$'000	Unallocated HK$'000	Total HK$'000
Capital expenditures	435	–	62,248	56	62,739
Interest income	4	149	2	78	233
Amortisation and depreciation	(438)	(15,729)	–	(2,341)	(18,508)
Impairment losses on property, plants and equipment	(385)	–	–	–	(385)
Impairment losses on goodwill	–	(5,089)	–	–	(5,089)
Impairment losses on investment in a joint venture	–	(337)	–	–	(337)
Bad debts written off on trade receivables	(28)	–	–	–	(28)
Loss allowance on					
– Trade receivables	(556)	–	–	–	(556)
– Other receivables	–	(45,720)	–	–	(45,720)
Financial assets at FVPL – net gain on disposal and fair value changes	–	–	–	17,800	17,800
Financial assets at FVPL held at the end of the year – net gain on fair value changes	–	–	–	54,431	54,431
Write off of property, plant and equipment	–	–	–	(138)	(138)
Gain on disposal of property, plant and equipment	12	–	–	20	32
Operating lease charges on premises	984	73	–	17,600	18,657

34. SEGMENT INFORMATION *(continued)*

(a) BY BUSINESS SEGMENTS *(continued)*

Segment results for the year ended 31 December 2017

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Other operations HK$'000	Eliminations HK$'000	Total HK$'000
Revenue					
External sales	46,668	22,692	2,315	–	71,675
Inter-segment sales	515	–	–	(515)	–
	47,183	22,692	2,315	(515)	71,675
Results					
Segment results	(10,781)	(17,469)	(2,775)	–	(31,025)
Finance costs	(9)	–	–	–	(9)
Loss on disposal of an associate	–	–	(258)	–	(258)
Share of results of associates	105	–	142	–	247
	(10,685)	(17,469)	(2,891)	–	(31,045)
Unallocated other operating income and expenses					14,499
Loss before taxation					(16,546)

Inter-segment sales are charged at prevailing market prices.

34. SEGMENT INFORMATION *(continued)*

(a) BY BUSINESS SEGMENTS *(continued)*

Segment assets and liabilities as at 31 December 2017

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Other operations HK$'000	Total HK$'000
Assets				
Assets before following items:	12,778	45,322	–	58,100
Goodwill	–	12,430	–	12,430
Intangible assets	4,948	66,251	–	71,199
Interests in associates	280	–	–	280
Interests in a joint venture	–	343	–	343
Segment assets	18,006	124,346	–	142,352
Unallocated assets				196,171
				338,523
Liabilities				
Segment liabilities	(12,927)	(35,680)	–	(48,607)
Unallocated liabilities				(81,585)
				(130,192)

34. SEGMENT INFORMATION *(continued)*

(a) BY BUSINESS SEGMENTS *(continued)*

Other segment information for the year ended 31 December 2017

	Tele-communication services HK$'000	Financial payment processing solution and software development services and distribution business HK$'000	Other operations HK$'000	Unallocated HK$'000	Total HK$'000
Other information					
Capital expenditures	368	3	–	138	509
Interest income	4	–	–	110	114
Amortisation and depreciation	(2,779)	(16,099)	(89)	(4,453)	(23,420)
Impairment losses on property, plants and equipment	(1,462)	–	–	–	(1,462)
Impairment losses on goodwill	–	(21,034)	–	–	(21,034)
Financial assets at FVPL – net loss on disposal and fair value changes	–	–	–	(8,995)	(8,995)
Financial assets at FVPL held at the end of the year – net gain on fair value changes	–	–	–	76,656	76,656
Gain on disposal of property, plant and equipment	7	–	–	–	7
Gain on disposal of assets of a business unit	3,053	–	–	–	3,053
Operating lease charges on premises	1,953	–	257	21,386	23,596
Non-cash items other than amortisation, depreciation and impairment	(1,849)	–	–	(3,888)	(5,737)

34. SEGMENT INFORMATION *(continued)*

(b) BY GEOGRAPHICAL INFORMATION

The Group's operations are principally located in Hong Kong, Singapore and the PRC. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the transactions are located:

	2018 HK$'000	2017 HK$'000
Hong Kong	**18,431**	15,040
The PRC	**21,813**	22,692
Singapore	**27,676**	33,943
	67,920	71,675

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	2018 HK$'000	2017 HK$'000
Hong Kong	**1,262**	3,948
The PRC	**112,193**	79,041
Singapore	**–**	5,259
	113,455	88,248

(c) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from an external customer contributing 10% or more of the revenue from the telecommunication services segment is amounted approximately HK$15,677,000 (2017: HK$Nil).

35. PLEDGE OF ASSETS

Except for pledged bank deposits, the Group had no significant pledge of assets as at 31 December 2018.

36. EVENTS AFTER THE REPORTING PERIOD

As at the date of authorisation of these consolidated financial statements, in addition to disclosure elsewhere in these consolidated financial statements, there is no significant subsequent event of the Group after the reporting period.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirements of the HKCO, the statement of financial position of the Company and the movements in its reserves are set out below:

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**376**	2,337
Interests in subsidiaries		**214,523**	120,539
		214,899	122,876
Current assets			
Other receivables		**8,028**	11,880
Pledged bank deposits		**79**	79
Bank balances and cash		**590**	59,840
		8,697	71,799
Current liability			
Due to subsidiaries		**144,603**	131,286
Other payables		**3,697**	2,706
		148,300	133,992
Net current liabilities		**(139,603)**	(62,193)
NET ASSETS		**75,296**	60,683
Capital and reserves			
Share capital	*24*	**10,503**	8,753
Reserves	*37(a)*	**64,793**	51,930
TOTAL EQUITY		**75,296**	60,683

This statement of financial position was approved and authorised for issue by the Board of Directors on 29 March 2019 and signed on its behalf by

Zhao Ruiyong	**Li Bing**
Director	*Director*

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

(a) MOVEMENTS OF THE RESERVES

	Share premium HK$'000 *(Note 26(a))*	**Capital redemption reserve** HK$'000 *(Note 26(d))*	**Contributed surplus** HK$'000 *(Note 26(f))*	**Accumulated losses** HK$'000	**Total** HK$'000
As at 1 January 2017	241,329	25	83,489	(229,681)	95,162
Loss for the year and total comprehensive loss for the year	–	–	–	(43,232)	(43,232)
As at 31 December 2017	241,329	25	83,489	(272,913)	51,930
As at 1 January 2018	**241,329**	**25**	**83,489**	**(272,913)**	**51,930**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**(36,111)**	**(36,111)**
Transactions with equity holders of the Company					
Contributions and distributions:					
Shares issued upon placing in March 2018, net of expenses *(note 24)*	**48,974**	**–**	**–**	**–**	**48,974**
As at 31 December 2018	**290,303**	**25**	**83,489**	**(309,024)**	**64,793**

SUMMARY OF RESULTS, ASSETS AND LIABILITIES OF THE GROUP

	Results of the Group for the five years ended 31 December				
	Continued and discontinued operations				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**67,920**	71,675	78,917	70,115	75,471
(Loss) Profit before taxation	**(15,123)**	(16,546)	(79,559)	1,110	(73,958)
Taxation (charges) credits	**(1,025)**	(725)	(1,455)	93	298
(Loss) Profit for the year	**(16,148)**	(17,271)	(81,014)	1,203	(73,660)
	HK cents	HK cents	HK cents	HK cents	HK cents
(Loss) Earnings per share					
Basic and diluted	**(1.2)**	(1.8)	(10.6)	0.6	(13.6)

	Assets and liabilities of the Group as at 31 December				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**116,118**	96,048	138,852	21,477	17,398
Current assets	**189,585**	242,475	170,455	231,452	182,531
Total assets	**305,703**	338,523	309,307	252,929	199,929
Non-current liabilities	**9,666**	14,791	16,939	1,017	1,131
Current liabilities	**67,292**	115,401	86,115	23,824	94,837
Total liabilities	**76,958**	130,192	103,054	24,841	95,968
Net assets	**228,745**	208,331	206,253	228,088	103,961

SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

Any enquiries relating to your shareholding, for example transfer of shares, change of name or address, or lost share certificates, should be sent to:

Principal Share Registrar and Transfer Office in Bermuda:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

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

INVESTOR RELATIONS

Enquiries may be directed to:

Investor Relations
Great Wall Belt & Road Holdings Limited
Suite 1402, 14/F
Henley Building
No.5 Queen's Road Central
Central
Hong Kong

Telephone: +852 2522 3800
Facsimile: +852 2111 2665
Email: investor@gwbrhk.com

CORPORATE COMMUNICATIONS

On 15 September 2003, the Company sent a letter to its shareholders (the "Shareholders") to enable them to select, among others, to receive all future corporate communications of the Company in either the English language or the Chinese language or both languages. This annual report, in either the English language or the Chinese language or both languages, is being delivered to each Shareholder in accordance with his/her selection made or, if no selection has been made by Shareholder, the arrangement as set forth in the said letter.

The Shareholders may also obtain this annual report in the language other than that he/she now receives upon request to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. For further enquiries, please contact Tricor Secretaries Limited at telephone no. 2980 1333 or facsimile no. 2861 1465.

股東亦可向本公司之股份過戶登記處香港分處卓佳秘書商務有限公司(地址為香港皇后大道東183號合和中心22樓)索取本年報之另一語言文本。如欲查詢更多資料,請聯絡卓佳秘書商務有限公司,電話號碼為2980 1333,傳真號碼為2861 1465。

This annual report, in both the English and the Chinese languages and in accessible format, has been made available on the Company's website and a soft copy thereof has been submitted to Hong Kong Exchanges and Clearing Limited.

The Shareholders may at any time choose to receive corporate communications in printed form or electronically.

In order to select to receive corporate communications of the Company in the English language or the Chinese language or both languages, or to receive electronic communications, or to revoke or amend an instruction previously made, the Shareholders may complete, sign and return to the Company or Tricor Secretaries Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong a prescribed instruction slip by mail or by email to ekong524-ecom@hk.tricorglobal.com, a copy of which is printed at the end of this annual report and is available on the Company's website (www.gwbrhk.com).

INSTRUCTION SLIP
ON RECEIVING FUTURE CORPORATE COMMUNICATIONS

To: Great Wall Belt & Road Holdings Limited (the "Company")
c/o Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Please tick only one box of this instruction slip

1. PRINTED FORM

(a) *Full Financial Reports and other Corporate Communications (English, Chinese or both)*

In future,

- ☐ I/We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in the English language only; OR
- ☐ I/We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in the Chinese language only; OR
- ☐ I/We would like to receive the printed copies of Full Financial Reports and other Corporate Communications in both the English and Chinese languages.

(b) *Summary Financial Reports and other Corporate Communications (English, Chinese or both)*

In future,

- ☐ I/We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in the English language only; OR
- ☐ I/We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in the Chinese language only; OR
- ☐ I/We would like to receive the printed copies of Summary Financial Reports (if available) and other Corporate Communications in both the English and Chinese languages.

2. ELECTRONIC MEANS

☐ In future, I/we would like to receive the Corporate Communications through electronic means in lieu of any or all of the printed copies referred to in 1(a) and (b) above:

My/Our E-mail Address: ______________________________

(for notification of Corporate Communication release)

☐ I/We would like to change my/our E-mail Address as follows:

My/Our New E-mail Address: ______________________________

(for notification of Corporate Communication release)

With effect from: ______________________________

Signature: ______________________ Date: ______________________

Name of Shareholder: ______________________________

Address: ______________________________

Contact telephone number: ______________________________

Notes:

1. The above instruction will apply to all future Corporate Communications to be sent to the shareholders of the Company (the "Shareholders") until you notify the Company the otherwise by reasonable notice in writing.
2. All future Corporate Communications in both the English and Chinese languages will be available from the Company or Tricor Secretaries Limited, the Company's Branch Share Registrar and Transfer office in Hong Kong, upon request.
3. The Shareholders are entitled to change the choice of language of and means of receiving Corporate Communications at any time by completing, signing and returning this instruction slip to the Company or Tricor Secretaries Limited, the Company's Branch Share Registrar and Transfer Office in Hong Kong, by mail or by email to *ekong524-ecom@hk.tricorglobal.com*.
4. A soft copy of this instruction slip is available on the Company's website.

關於將來收取公司通訊之
指示回條

致： 長城一帶一路控股有限公司（「本公司」）
由卓佳秘書商務有限公司轉交
香港
皇后大道東183號
合和中心
22樓

請只在指示回條中一個方格內劃上✓號

1. 印刷形式

(a) 完整財務報告及其他公司通訊（英文、中文或中英文）

於將來，

☐ 本人／吾等願意僅收取完整財務報告及其他的公司通訊之英文印刷版本；或

☐ 本人／吾等願意僅收取完整財務報告及其他的公司通訊之中文印刷版本；或

☐ 本人／吾等願意收取完整財務報告及其他的公司通訊之中英文印刷版本。

(b) 財務摘要報告及其他公司通訊（英文、中文或中英文）

於將來，

☐ 本人／吾等願意僅收取財務摘要報告（如有）及其他的公司通訊之英文印刷版本；或

☐ 本人／吾等願意僅收取財務摘要報告（如有）及其他的公司通訊之中文印刷版本；或

☐ 本人／吾等願意收取財務摘要報告（如有）及其他的公司通訊之中英文印刷版本。

2. 電子形式

☐ 於將來，本人／吾等願意以電子形式收取公司通訊以代替上文1(a)及(b)段所述之任何或所有印刷文本：

本人／吾等之電郵地址：______________________________

（通知發佈公司通訊適用）

☐ 本人／吾等願意更改本人／吾等之電郵地址如下：

本人／吾等之新電郵地址：______________________________

（通知發佈公司通訊適用）

生效日期：______________________________

簽署：____________________ 日期：____________________

股東姓名：______________________________

地址：______________________________

聯絡電話號碼：______________________________

附註：

1. 上述指示適用於將來寄發予本公司股東（「股東」）之所有公司通訊，直至　閣下於合理時間以書面通知本公司另作選擇為止。

2. 將來所有公司通訊之中英文版本均在本公司或本公司之股份過戶登記處香港分處卓佳秘書商務有限公司可供索閱。

3. 股東有權於任何時間填妥及簽署本指示回條並以郵寄方式或電郵至*ekong524-ecom@hk.tricorglobal.com*，將其交回本公司或本公司之股份過戶登記處香港分處卓佳秘書商務有限公司，要求更改收取公司通訊之語言版本及形式。

4. 本指示回條之電子格式檔於本公司網頁登載。

長城一帶一路
Great Wall Belt & Road

Great Wall Belt & Road Holdings Limited
長城一帶一路控股有限公司

Suite 1402, 14/F
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Central, Hong Kong

Tel: +852 2522 3800
Fax: +852 2111 2665
Web: www.gwbrhk.com

減廢證書
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MIX
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