FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未 來 世 界 金 融 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of Future World Financial Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017 together with comparative figures for the previous year as follows:

FINANCIAL SUMMARY

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	**2017** ***HKD'000***	2016 *HKD'000*
Net realised gain from securities trading and investments	4	**22,852**	–
Revenue	4	**86,599**	78,369
Cost of sales		**(3,796)**	(147)
Gross profit		**82,803**	78,222
Other income	6	**1,513**	1,143
Administrative expenses		**(25,167)**	(20,835)
Impairment loss on property, plant and equipment		**(14,888)**	–
Change in fair value of held-for-trading investments		**434,465**	(43,140)
Change in fair value of investment property		**8,000**	16,000
Change in fair value of derivative financial instrument		**600**	(3,799)
(Loss)/Gain on disposal of subsidiaries		**(39)**	113,444
Gain on disposal of associates		**216**	–
Gain on disposal of derivative financial instrument		**8,074**	–
Gain on disposal of receivable from a former associate		**11,667**	–
Share of profit of associates		**1,794**	1,830
Share-based payment expenses		**(47,948)**	(10,490)
Provision for the onerous contract of the committed lease and other payments		**(8,445)**	–

	Notes	2017 HKD'000	2016 HKD'000
Operating profit		**475,497**	132,375
Finance costs	*7*	**(7,263)**	(4,312)
Profit before income tax	*8*	**468,234**	128,063
Income tax credit/(expense)	*9*	**13,605**	(30,612)
Profit for the year		**481,839**	97,451
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**2**	(1)
Change in fair value of available-for-sale financial assets		**26,794**	–
Other comprehensive income for the year, net of income tax		**26,796**	(1)
Total comprehensive income for the year		**508,635**	97,450
Profit for the year attributable to:			
Owners of the Company		**481,840**	97,451
Non-controlling interests		**(1)**	–
		481,839	97,451
Total comprehensive income attributable to:			
Owners of the Company		**508,636**	97,450
Non-controlling interests		**(1)**	–
		508,635	97,450
Earnings per share attributable to owners of the Company	*11*		
– Basic		**HK6.77 cents**	HK1.61 cents
– Diluted		**HK6.43 cents**	HK1.57 cents

Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	2017 HKD'000	2016 HKD'000
Non-current assets			
Property, plant and equipment		**3,215**	3,352
Investment property		**280,000**	272,000
Interests in associates		**–**	4,990
Promissory notes receivable		**–**	27,800
Available-for-sale financial assets		**193,504**	–
		476,719	308,142
Current assets			
Held-for-trading investments		**872,620**	310,256
Interest in a film in progress		**12,960**	12,960
Trade and other receivables	*12*	**44,223**	30,324
Loan and interest receivables	*12*	**279,101**	14,590
Loan receivable from an associate		**–**	90,000
Derivative financial instrument		**–**	1,493
Cash and bank balances		**133,008**	29,169
		1,341,912	488,792
Current liabilities			
Accruals and other payables	*13*	**22,848**	21,968
Bank borrowings	*14*	**111,961**	114,569
Other borrowings	*15*	**149,760**	–
Income tax payables		**17,116**	31,877
		301,685	168,414
Net current assets		**1,040,227**	320,378
Net assets		**1,516,946**	628,520
Capital and reserves			
Share capital		**8,157**	6,485
Reserves		**1,508,794**	622,039
Equity attributable to owners of the Company		**1,516,951**	628,524
Non-controlling interests		**(5)**	(4)
Total equity		**1,516,946**	628,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

Future World Financial Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

The consolidated financial statements are presented in Hong Kong dollars ("**HKD**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

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

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

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

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

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs

(a) Adoption of new/revised HKFRSs effective from 1 January 2017

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2017. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

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

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

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

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

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers – Clarification to HKFRS 15[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HKFRS 16	Leases[2]
HK(IFRIC) – 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.*

The Group has already commenced an assessment of the impact of adopting the above new and revised HKFRSs. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the HKFRS 9 and HKFRS 16 as detailed below:

HKFRS 9 – Financial Instruments

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

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

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

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

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

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

HKFRS 16 Leases

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

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

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

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

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

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

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

– Trading business and related services

– Securities trading and investment

– Provision of financing services

– Property investment

– Licensing of e-commerce platform

Segment revenues and financial performance

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

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Revenue												
– External sales	**–**	–	**70,655**	556	**11,144**	1,193	**4,800**	2,918	**–**	73,702	**86,599**	78,369
Segment financial performance	**(11)**	(3,097)	**518,132**	(43,824)	**10,931**	1,070	**9,224**	128,091	**(28,235)**	71,310	**510,041**	153,550
Unallocated corporate income											**1,513**	432
Unallocated corporate expenses											**(17,682)**	(13,456)
Change in fair value of derivative financial instrument											**600**	(3,799)
Loss on disposal of subsidiaries											**(39)**	–
Gain on disposal of associates											**216**	–
Gain on disposal of derivative financial instrument											**8,074**	–
Gain on disposal of loan receivables from an associate											**11,667**	–
Share of profit of associates											**1,794**	1,830
Share-based payment expenses											**(47,948)**	(10,490)
Finance costs											**(2)**	(4)
Profit before income tax											**468,234**	128,063

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss from) by each segment without allocation of certain administration costs, directors' emoluments, other revenue, change in fair value of derivative financial instrument, certain loss on disposal of subsidiaries, gain on disposal of associates, gain on disposal of derivative financial instrument, gain on disposal of loan receivables from an associate, share of profit of associates, share-based payment expenses and certain finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

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

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

- all assets are allocated to operating segments other that interests in associates, derivative financial instrument, loan receivable from an associate, certain other receivables and certain cash and bank balances; and

- all liabilities are allocated to operating segments other than certain other payables.

Other segment information

	Trading business and related services		Securities trading and Investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Amounts included in the measure of segment profit or loss or segment assets:														
Addition to property, plant and equipment	**–**	20	**953**	2,690	**–**	–	**–**	–	**15,396**	–	**–**	–	**16,349**	2,710
Acquisition of investment property through acquisition of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	256,000	**–**	–	**–**	–	**–**	256,000
Disposal of investment property through disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	(403,000)	**–**	–	**–**	–	**–**	(403,000)
Acquisition of property, plant and equipment through acquisition of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	84	**–**	–	**–**	–	**–**	84
Disposal of property, plant and equipment through disposal of subsidiaries	**(58)**	–	**–**	–	**–**	–	**–**	(626)	**–**	–	**–**	–	**(58)**	(626)
Depreciation of property, plant and equipment	**5**	188	**857**	321	**–**	–	**17**	258	**508**	–	**153**	–	**1,540**	767
Impairment loss of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**14,888**	–	**–**	–	**14,888**	–
Provision for the onerous contract of the committed lease and other payments	**–**	–	**–**	–	**–**	–	**–**	–	**8,445**	–	**–**	–	**8,445**	–
Change in fair value of held-for-trading investments	**–**	–	**434,465**	43,140	**–**	–	**–**	–	**–**	–	**–**	–	**434,465**	43,140
Change in fair value of investment property	**–**	–	**–**	–	**–**	–	**(8,000)**	(16,000)	**–**	–	**–**	–	**(8,000)**	(16,000)
Finance costs	**–**	–	**4,143**	–	**–**	–	**3,118**	4,290	**–**	18	**2**	4	**7,263**	4,312
Loss/(Gain) on disposal of subsidiaries	**39**	–	**–**	–	**–**	–	**–**	(113,444)	**–**	–	**–**	–	**39**	(113,444)
Income tax (credit)/expense	**159**	(67)	**–**	(21)	**5,236**	–	**(19,000)**	19,000	**–**	11,700	**–**	–	**(13,605)**	30,612
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets:														
Interest income	**–**	(4)	**(1)**	(1)	**–**	(1)	**–**	(1)	**–**	(1)	**(312)**	(274)	**(313)**	(282)
Share of profit of associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,794)**	(1,830)	**(1,794)**	(1,830)
Change in fair value of derivative financial instrument	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(600)**	3,799	**(600)**	3,799

Geographical information

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

Information about major customer

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

Customer

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

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

[2] *Revenue from Licensing of e-commerce platform*

6. OTHER INCOME

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

7. FINANCE COSTS

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

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2017	2016
	HKD'000	*HKD'000*
Directors' and chief executive's emoluments, including share-based payment expenses of HKD9,800,000 (2016: HKD5,790,000)	**16,202**	10,659
Other staff costs	**4,639**	2,634
Contributions to retirement benefits scheme	**105**	69
Share-based payment expenses for employees	**11,157**	4,700
Total staff costs	**32,103**	18,062
Auditor's remuneration:		
– Audit services		
Current year	**700**	2,607
Under-provision in respect of prior year	**208**	–
– Other services	**150**	700
Depreciation of property, plant and equipment	**1,540**	767
Impairment loss on property, plant and equipment *(Note)*	**14,888**	–
Provision for the onerous contract of the committed lease and other payments *(Note)*	**8,445**	–
Direct operating expenses arising from investment property that generated rental income during the year	**302**	148
Share-based payment expenses for consultants	**26,991**	–

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

9. INCOME TAX CREDIT/(EXPENSE)

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

Notes:

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

2) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year ended 31 December 2014. On 13 March 2015, the Ministry of Finance ("**MOF**") and the State Administration of Taxation ("**SAT**") issued "Preferential Income Tax Policies for Small and Low-Profit Enterprises" (Caishui 2015 No. 34), which is in effective from 1 January 2015 to 31 December 2017. Based on the announcement, small and low-profit PRC enterprises whose annual taxable income not exceeding RMB200,000, shall be subject to income tax at the rate of 20% on 50% of the taxable profit.

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

3) At the end of the reporting period, the Group had unused tax losses of approximately HKD25,877,000 (2016: HKD9,508,000) available to offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

11. EARNINGS PER SHARE

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

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

Number of shares

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

12. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

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

Notes:

(i) Trade receivables

As at 31 December 2017, trade receivables comprise amounts receivable from the lease of investment property and securities trading and investment (2016: licensing of online shopping platform). No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers the credit information of the potential customer in assessing the customer's credit quality and defines the credit limits for that customer.

During the year ended 31 December 2017, the Group requires the tenant to pay in advance on the first day of each and every month and requires the securities customers to pay in accordance to the respective sales and purchase agreements. During the year ended 31 December 2016, the Group generally allows an average credit period of 15-30 days. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates, which approximated the respective revenue recognition dates:

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

At 31 December 2017 and 31 December 2016, the directors considered that no impairment is necessary as the receivable is not yet past due and subsequent settlements are noted.

At the end of each reporting period, the Group's trade and other receivables were assessed for impairment on an individual and collective bases. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral for any of its trade receivables as at 31 December 2017 and 31 December 2016.

(ii) Receivable from Ease Faith Limited ("Ease Faith")

Following the suspension of the position, functions and duties held by Mr. He Jianhong ("**Mr. He**"), the former chairman and executive director of the Company, with effective from 27 January 2014, the directors conducted reviews of the major projects and transactions of the Group. During the course of the internal review, the Company noted that, Great Rich Trading Limited ("**Great Rich**"), a wholly-owned subsidiary of the Company, entered into two purchases contracts with Ease Faith to purchase raw materials for the purpose of trading (the "**Purchases Contracts**") and paid a deposit of approximately HKD17,616,000 (the "**Receivable from Ease Faith**"). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region (the "**High Court**") as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Purchases Contracts or unjust enrichment on money had and received (the "**Claim**"). The representatives of the Group had taken part in the mediation with Ease Faith. The directors considered the possibility of Great Rich to recover the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 had been recognised during the year ended 31 December 2015.

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

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

During the year ended 31 December 2017, the Group has entered into two loan agreements to provide loans to a film production investor incorporated in Hong Kong and principally engaged in film investment (the "**Film Production Investor**") on film distribution. As at 31 December 2017, the other loan receivables and interest receivables due from the Film Production Investor was approximately USD1,808,000 (equivalent to approximately HKD14,099,000) and USD38,000 (equivalent to approximately HKD300,000), respectively. The loans are unsecured, bear fixed interest rate ranged from 8%-12% per annum and interest accrued and principal are repayable on the third anniversary of the date of the agreements or under the demand of the Group.

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

Mr. Chen Xiaodong ("**Mr. Chen**"), a director and a shareholder of the Company, is the sole director of the Film Production Investor, and he has indirect equity interest in the Film Production Investor. Mr. Yu Qingrui ("**Mr. Yu**") is a director and a shareholder of the Company. Mr. Chen and Mr. Yu agreed to provide guarantee in favour of the Group on the principal receivables, interest receivables and Upside Return receivables, if any, from the Film Production Investor.

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

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

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

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

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

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

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

The loan receivables have been reviewed by the management of the Group to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on a collective basis.

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

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

During the year ended 31 December 2017, the directors considered that no impairment loss on loan and interest receivables is necessary as the loan and interest receivables are not yet past due and subsequent settlements are noted (2016: Nil).

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

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

13. ACCRUALS AND OTHER PAYABLES

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

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

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

(iii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD6,698,000 as at 31 December 2017 (2016: Nil). Details regarding the provision for the onerous contract is set out in Note 8 of this announcement.

14. BANK BORROWINGS

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

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

	2017	2016
	HKD'000	*HKD'000*
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**109,280**	111,960
Carrying amount repayable within one year	**2,681**	2,609
	111,961	114,569

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

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

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

15. OTHER BORROWINGS

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

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

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

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

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

16. LITIGATIONS AND CONTINGENCIES

Disputes for receivables from Ease Faith

As detailed in Note 12(ii), on 7 August 2017, the High Court Judge has dismissed the Claim by Great Rich against Ease Fatih. The High Court Judge also made an order nisi that the costs of action are to be paid by Great Rich to the defendant, to be taxed if not agreed.

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

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

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

Out of the HKD15,264,000 in the statutory demand, approximately HKD3,766,000 was due from the former wholly-owned subsidiary Great Rich. The balance due from Great Rich to Able Success has been disposed of when the Group disposing Great Rich on 27 October 2017.

* *For identification purpose only*

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

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

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

Development of the retaking control of the deconsolidated subsidiaries

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

Upon the judgement of the People's court of Fenyang county (汾陽市人民法院) (the "**Fenyang Court**") issued on 12 September 2016, former directors of Zhanpen (the "**Former Directors**") are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Fenyang Court on 23 September 2016. After seeking legal advice from its external legal counsel, the Group has also filed an appeal to the Fenyang Court on 8 October 2016.

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

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

17. EVENTS AFTER THE END OF REPORTING PERIOD

(a) Completion of the placing of new share

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

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

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

Treasury business

The treasury business includes securities trading and money lending business.

Securities trading business

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

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

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

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

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

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

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

Performance and prospects of the investees

CMBC

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

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

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

CSPT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited ("**Globally Finance**"), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a licensed money lending business in Hong Kong. During the year ended 31 December 2017, Globally Finance generated revenue of approximately HKD10,844,000 (2016: HKD1,193,000) and recorded a profit of approximately HKD10,931,000 (2016: HKD1,070,000). The increase in profit was attributed to increase in interest income from money lending business.

Investment property

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

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

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

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

In the coming year, the Group will continue to look for additional opportunity to acquiring additional properties in Hong Kong to earn stable recurring income and cash flow and/or for capital appreciation.

E-commerce business

In September 2016, Sky Faith International Investment Limited ("**Sky Faith**"), a direct wholly-owned subsidiary of the Company entered into a license agreement (the "**License Agreement**") with a licensee (the "**Licensee**") in relation to the operation of the e-commerce platform (the "**E-Platform**") as a membership points redemption online store which allows the users thereof to use their membership points to acquire goods and/or services on the E-Platform with the relevant merchants, suppliers, traders and/or service providers lined up by the Licensee.

On 13 January 2017, Sky Faith and the Licensee have entered into a termination agreement, pursuant to which both parties have agreed to terminate the License Agreement and the transactions contemplated thereunder with effect on 1 January 2017 (the "**Termination**"). Pursuant to a supplementary promotion agreement to the License Agreement, Sky Faith agreed to bear the design and decoration costs of display store for promotion of the E-Platform up to the amount, in aggregate, not more than HKD30,000,000 by end of 31 December 2018. Subsequent to the Termination and after further arm's length negotiations, Smartpay Financial Limited (formerly known as Future Fintech Limited, an indirect wholly-owned subsidiary of the Company) entered into a memorandum of understanding with the Licensee in relation to providing technical support for blockchain application technology and setting up business system to the Licensee on online shopping platform on 26 January 2017. The memorandum of understanding was expired on 25 July 2017 and no formal agreement has been signed.

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

Investment in film industry

Girls II《閨蜜2》

On 12 July 2016, China Wisdom Group Limited ("**China Wisdom**"), a wholly owned subsidiary of the Company, entered into a film agreement with Ocean Wave Motion Pictures (International) Limited ("**Ocean Wave**") in relation to the investment in a film project known as "Girls II". Pursuant to the film agreement, China Wisdom will invest RMB12,000,000 (equivalent to approximately HKD14,400,000) in cash for investment in the film project. As at 31 December 2017, China Wisdom has invested RMB10,800,000 (equivalent to approximately HKD12,960,000) in cash for investment in the said film project. The investment sum of China Wisdom was determined after arm's length negotiations after taking into consideration of, among others, the proposed total production costs, the box office and the prospects of the film. After the film is on screen in the PRC for three months, Ocean Wave shall provide relevant information regarding the box office revenue of the film. Ocean Wave shall pay China Wisdom the relevant part of investment return.

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

Death Wish《猛龍怪客》

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

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

Two Days《兩天》

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

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

The film market is a huge market. The Group is confident in the future prospect of the film industry. However, films involve substantial investments. The Board considers that the entering into of the above agreements will allow the Group to have a stake in the return of the film as a passive investor whilst the Group needs not to invest the whole film project on its own account or to involve in the production and distribution of the film. Besides, the agreements will allow the Group to have stable return without significant risk exposures. This will reduce the risk exposure on one hand but will allow the Group to enjoy reasonable financial return.

Trading business and related services

Due to continuous adverse market conditions and the low profit margin in the trading business and as the Directors would like to concentrate more on the business in securities trading and investments and provision of financing services that yield a much higher profit margin, no revenue was generated from this business during the year ended 31 December 2017 (2016: Nil), a loss of approximately HKD11,000 (2016: HKD3,097,000) was recorded for the segment of trading business and related services.

Interests in associates – Securities brokerage

The Group invested in securities brokerage business in Hong Kong through investment in associates, Central Wealth Securities Investment Limited ("**CWSI**") and Central Wealth Futures Limited ("**CWF**"). CWSI has obtained the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities. CWF has obtained the licenses from the Securities and Futures Commission to carry out Type 2 (Dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities. CWSI and CWF are wholly owned by Instant Achieve Limited ("**IAL**"), which in turn is owned as to 34% by the Group and 66% by Mr. Siu Gee Tai, an independent third party at the beginning of the year. IAL, CWSI and CWF (collectively referred to "**Instant Achieve Group**") were treated as associated companies of the Group and the Company adopted equity accounting method in preparing the consolidated financial statements of the Group.

On 30 September 2015, Globally Finance granted a loan facility ("**Loan Facility**") in the amount up to HKD29,000,000 to IAL and increased the principal amount of the Loan Facility to HKD90,000,000 on 27 October 2015 subsequently. In accordance with the terms of the Loan Facility agreement, Mr. Siu Gee Tai has granted a call option ("**Call Option**") to Globally Finance to acquire 66% issued share capital of IAL at an option price.

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

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

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

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

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

An update regarding the latest development of the legal action for retaking control of two deconsolidated subsidiaries of the Company, namely Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Ltd.（山西展鵬金屬製品有限公司）are set out in Note 16 to the consolidated financial statements.

PROSPECTS AND OUTLOOK

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

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

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

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

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

The margin loan payable bears fixed interest at 7% per annum. The margin loan payable is repayable within one year and was guaranteed by the Company. The margin loan was obtained at late of June 2017 to finance the securities investment. Details are set out in Note 15 to the consolidated financial statements.

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

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

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

Pledge of Assets

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

DIVIDEND

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

The Board does not recommend the payment of a final dividend for the year (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENTS AFTER THE END OF REPORTING PERIOD

Events after the end of reporting period are set out in Note 17 to the consolidated financial statements.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited ("**Moore Stephens**") , to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee of the Company has met the external auditor of the Company, Moore Stephens, and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 December 2017 as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. The spouse of Mr. Hon Hak Ka, an independent non-executive director of the Company appointed on 20 July 2017, has disposed 500,000 shares of the Company on 16 August 2017, which was within the Black-Out Period and without Mr. Hon first notifying the designated director of the Company and obtaining a dated written acknowledgement. The Company has explained to Mr. Hon and his spouse the standard and requirements to be complied with in securities dealing to ensure no recurrence of similar event in future. Mr. Hon resigned as an independent non-executive director of the Company with effective from 15 March 2018.

Saved as disclosed above, having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2017.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fw-fh.com. The annual report of the Company for year ended 31 December 2017 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company in due course.

By order of the Board
Future World Financial Holdings Limited
Siu Yun Fat
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Siu Yun Fat, Mr. Chen Xiaodong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence and Mr. Yu Qingrui; and (ii) three independent non-executive Directors, namely Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.