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 2018

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 2018 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 2018

	Notes	2018 HKD'000	2017 HKD'000
Net realised gain from securities trading and investments	5	**4,549**	22,852
Revenue	5	**39,674**	86,599
Cost of sales		**(2,623)**	(3,796)
Gross profit		**37,051**	82,803
Other income	7	**13**	1,513
Administrative expenses		**(21,206)**	(25,167)
Loss on disposal of cryptocurrencies		**(17,945)**	–
Loss on disposal of property, plant and equipment		**(488)**	–
Impairment loss on property, plant and equipment		**–**	(14,888)
Credit loss allowances on loan and interest receivables		**(9,872)**	–
Reversal of credit loss allowances on trade and other receivables		**2,688**	–
Provision for expected credit loss on loan commitment	18	**(6,028)**	–
Change in fair value of financial assets at fair value through profit or loss/ held-for-trading investments		**(48,652)**	434,465
Change in fair value of investment properties		**(2,000)**	8,000
Change in fair value of derivative financial instrument		**–**	600
Loss on disposal of subsidiaries, net		**–**	(39)
Gain on disposal of associates		**–**	216
Gain on disposal of derivative financial instrument		**–**	8,074
Gain on disposal of loan receivables from a former associate		**–**	11,667
Share of profit of associates		**–**	1,794
Share-based payment expenses		**–**	(47,948)
Provision for the onerous contract of the committed lease and other payments		**–**	(8,445)
Operating (loss)/profit		**(61,890)**	475,497
Finance costs	8	**(23,881)**	(7,263)
(Loss)/Profit before income tax	9	**(85,771)**	468,234
Income tax credit	10	**5,931**	13,605
(Loss)/Profit for the year		**(79,840)**	481,839

	Note	2018 HKD'000	2017 HKD'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**–**	2
Change in fair value of available-for-sale financial assets		**–**	26,794
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(496,306)**	–
Loss on disposal of financial assets at fair value through other comprehensive income		**(4,238)**	–
Other comprehensive (loss)/income for the year, net of income tax		**(500,544)**	26,796
Total comprehensive (loss)/income for the year		**(580,384)**	508,635
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(79,839)**	481,840
Non-controlling interests		**(1)**	(1)
		(79,840)	481,839
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(580,383)**	508,636
Non-controlling interests		**(1)**	(1)
		(580,384)	508,635
(Loss)/Earnings per share attributable to owners of the Company			
– Basic	*12*	**HK(0.72) cents**	HK6.77 cents
– Diluted		**HK(0.72) cents**	HK6.43 cents

Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	**2018** **HKD'000**	2017 *HKD'000*
Non-current assets			
Property, plant and equipment		**1,826**	3,215
Investment properties		**678,000**	280,000
Interest in an associate		**–**	–
Financial assets at fair value through other comprehensive income	*13*	**698,020**	–
Available-for-sale financial assets	*14*	**–**	193,504
Deferred tax assets		**5,453**	–
		1,383,299	476,719
Current assets			
Loan and interest receivables	*16*	**423,088**	279,101
Financial assets at fair value through profit or loss	*15*	**31,394**	872,620
Interest in a film right/Interest in a film in progress		**–**	12,960
Trade and other receivables	*17*	**7,957**	44,223
Cash and bank balances		**6,194**	133,008
Income tax recoverable		**1,030**	–
		469,663	1,341,912
Current liabilities			
Accruals and other payables	*18*	**14,241**	22,848
Bank borrowings	*19*	**320,945**	111,961
Other borrowings	*20*	**220,260**	149,760
Income tax payables		**12,130**	17,116
		567,576	301,685
Net current (liabilities)/assets		**(97,913)**	1,040,227
Net assets		**1,285,386**	1,516,946
Capital and reserves			
Share capital		**11,580**	8,157
Reserves		**1,273,812**	1,508,794
Equity attributable to owners of the Company		**1,285,392**	1,516,951
Non-controlling interests		**(6)**	(5)
Total equity		**1,285,386**	1,516,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL

Future World Financial Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in (i) securities trading and investment; (ii) provision of financing services; (iii) property investment; (iv) investment in film industry; (v) e-commerce business; and (vi) trading business and related services.

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

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

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

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

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

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

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

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

Going concern

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

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

The current liabilities of the Group include bank borrowings of approximately HKD232,378,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 19-25 years time. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements. In addition, in order to improve the Group's financial position, liquidity and cash flows, the Company has allotted and issued new shares to raise additional capital with gross proceeds of approximately HKD57,600,000 on 21 March 2019 *(Note 23)*.

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs

(a) Adoption of new and revised HKFRSs effective from 1 January 2018

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

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

Save as disclosed in the summary of the impact of changes in accounting policies in note 4, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements of the Group.

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

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

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

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

[2] *Effective for annual periods beginning on or after 1 January 2020*

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

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

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

HKFRS 16 Leases

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

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HKD1,142,000.

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

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

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

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

	At 31 December 2017	**Adjustment upon application of HKFRS 9**	**At 1 January 2018**
	HKD'000	*HKD'000*	*HKD'000*
		(Note 4(A)(a))	
Equity instruments			
– Financial assets at fair value through other comprehensive income	–	882,504	882,504
– Available-for-sale financial assets	193,504	(193,504)	–
Total non-current assets	476,719	689,000	1,165,719

	At 31 December 2017	Adjustment upon application of HKFRS 9	At 1 January 2018
	HKD'000	*HKD'000*	*HKD'000*
		(Note 4(A)(a))	
Equity instruments			
– Financial assets at fair value through profit or loss	872,620	(689,000)	183,620
Debt instrument			
– Financial assets at fair value through profit or loss	–	10,296	10,296
Trade and other receivables	44,223	(2,688)	41,535
Loan and interest receivables	279,101	(27,441)	251,660
Total current assets	1,341,912	(708,833)	633,079
Reserves	1,508,794	(19,833)	1,488,961
Total equity	1,516,946	(19,833)	1,497,113

(A) Application of HKFRS 9 Financial Instruments

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

(a) Classification and measurement of financial assets

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

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

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

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

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

Notes:

(i) HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election as at the date of initial application of HKFRS 9 (based on the specific transitional provision in HKFRS 9) to designate investments in equity instruments that are not held for trading at FVTOCI. All other investments in equity instruments including those that are held for trading are measured at FVTPL and classified as current assets in consolidated statement of financial position. Dividend on FVTPL or FVTOCI equity instruments are recognised in the profit or loss.

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

(ii) The management of the Group has concluded that a loan receivable with variable return, with details of the terms being disclosed in Note 16(i), does not satisfy HKFRS 9's contractual cash flow characteristics that the contractual cash flows are solely payments of principal and interest. The loan receivable has been classified as financial assets at FVTPL under HKFRS 9.

(b) Impairment under ECL model

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

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

(i) Impairment of trade receivables

The Group has applied HKFRS 9 to measure the lifetime ECLs for the trade receivables for each individual. Credit loss allowances on the trade receivables of approximately HKD2,688,000 was provided upon transition to HKFRS 9 as of 1 January 2018. Details are set out in Note 17(i).

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

Credit loss allowances for loan receivables for money lending business, estimated based on the 12-month ECL ("**12m ECL**"), upon the transition to HKFRS 9 as of 1 January 2018 were approximately HKD17,145,000. Details are set out in Note 16(ii).

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

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

	Decrease in the Group's retained earnings
	HKD'000
Recognition of additional ECL relating to:	
– Trade receivables *(Note 4(A)(b)(i))*	(2,688)
– Loan and interest receivables *(Note 4(A)(b)(ii))*	(17,145)
	(19,833)

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

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

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

5. REVENUE

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

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

6. SEGMENT INFORMATION

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

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

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

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

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment
- E-commerce business
- Investment in film industry

Segment revenues and financial performance

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

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Investment in film industry		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Revenue														
– External sales	**–**	–	**–**	70,655	**30,561**	10,844	**7,600**	4,800	**–**	–	**1,513**	300	**39,674**	86,599
Segment financial performance	**(52)**	(11)	**(66,404)**	518,132	**(8,113)**	10,684	**(1,325)**	9,224	**(273)**	(28,235)	**333**	247	**(75,834)**	510,041
Unallocated corporate income													**13**	1,513
Unallocated corporate expenses													**(9,950)**	(17,682)
Change in fair value of derivative financial instrument													**–**	600
Loss on disposal of subsidiaries, net													**–**	(39)
Gain on disposal of associates													**–**	216
Gain on disposal of derivative financial instrument													**–**	8,074
Gain on disposal of loan receivables from a former associate													**–**	11,667
Share of profit of associates													**–**	1,794
Share-based payment expenses													**–**	(47,948)
Unallocated finance costs													**–**	(2)
(Loss)/Profit before income tax													**(85,771)**	468,234

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

Segment assets and liabilities

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

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

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		E-commerce business		Investment in film industry		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																
Addition to property, plant and equipment	–	–	14	953	–	–	–	–	–	15,396	–	–	121	–	135	16,349
Acquisition of investment property through acquisition of a subsidiary	–	–	–	–	–	–	400,000	–	–	–	–	–	–	–	400,000	–
Disposal of property, plant and equipment through disposal of subsidiaries	–	(58)	–	–	–	–	–	–	–	–	–	–	–	–	–	(58)
Loss on disposal of property, plant and equipment	–	–	488	–	–	–	–	–	–	–	–	–	–	–	488	–
Depreciation of property, plant and equipment	5	5	707	857	–	–	–	17	–	508	–	–	24	153	736	1,540
Impairment loss of property, plant and equipment	–	–	–	–	–	–	–	–	–	14,888	–	–	–	–	–	14,888
Credit loss allowances on loan and interest receivables	–	–	–	–	9,872	–	–	–	–	–	–	–	–	–	9,872	–
Reversal of credit loss allowances on trade and other receivables	–	–	(2,688)	–	–	–	–	–	–	–	–	–	–	–	(2,688)	–
Provision for expected credit loss on loan commitment	–	–	–	–	6,028	–	–	–	–	–	–	–	–	–	6,028	–
Change in fair value of financial assets at FVTPL/held-for-trading investments	–	–	47,533	(434,465)	–	–	–	–	–	–	1,119	–	–	–	48,652	(434,465)
Change in fair value of investment properties	–	–	–	–	–	–	2,000	(8,000)	–	–	–	–	–	–	2,000	(8,000)
Loss on disposal of subsidiaries, net	–	39	–	–	–	–	–	–	–	–	–	–	–	–	–	39
Loss on disposal of cryptocurrencies	–	–	17,945	–	–	–	–	–	–	–	–	–	–	–	17,945	–
Provision for the onerous contract of the committed lease and other payments	–	–	–	–	–	–	–	–	–	8,445	–	–	–	–	–	8,445
Finance costs	–	–	18,132	4,143	–	–	5,749	3,118	–	–	–	–	–	2	23,881	7,263
Income tax (credit)/expense	(159)	159	–	–	(6,202)	5,236	180	(19,000)	–	–	250	–	–	–	(5,931)	(13,605)

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		E-commerce business		Investment in film industry		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets:																
Interest income	–	–	(2)	(1)	(2)	–	–	–	(6)	–	–	–	(3)	(1,512)	(13)	(1,513)
Share of profit of associates	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,794)	–	(1,794)
Change in fair value of derivative financial instrument	–	–	–	–	–	–	–	–	–	–	–	–	–	(600)	–	(600)

Geographical information

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

Information about major customer

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

Customer

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

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

[2] *Interest income from provision of financing services*

7. OTHER INCOME

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

8. FINANCE COSTS

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

9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2018	2017
	HKD'000	*HKD'000*
Directors' and chief executive's emoluments, including share-based payment expenses of Nil (2017: HKD9,800,000)	**7,429**	16,202
Other staff costs	**3,429**	4,639
Contributions to retirement benefits scheme	**173**	105
Share-based payment expenses for employees	**–**	11,157
Total staff costs	**11,031**	32,103
Auditor's remuneration:		
– Audit services		
Current year	**730**	700
Under-provision in respect of prior year	**–**	208
– Other services	**1,160**	150
Credit loss allowances on loan and interest receivables	**9,872**	–
Reversal of credit loss allowances on trade and other receivables	**(2,688)**	–
Provision for expected credit loss on loan commitment	**6,028**	–
Depreciation of property, plant and equipment	**736**	1,540
Loss on disposal of property, plant and equipment	**488**	–
Impairment loss on property, plant and equipment	**–**	14,888
Minimum lease payments in respect of operating leases of premises	**1,188**	3,795
Provision for the onerous contract of the committed lease and other payments *(Note)*	**–**	8,445
Direct operating expenses arising from investment properties that generated rental income during the year	**507**	302
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 non-cancellable lease and other related payments of approximately HKD14,888,000 and HKD8,445,000, respectively, have been recognised during the year ended 31 December 2017. As at 31 December 2018, the provision for the onerous contract of the committed non-cancellable lease and other related payments was approximately HKD3,226,000 (2017: HKD6,698,000).

10. INCOME TAX CREDIT

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

Notes:

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

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

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

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

4) At the end of the reporting period, the Group had unused tax losses of approximately HKD56,431,000 (2017: HKD26,161,000) available to offset against future profits. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised due to unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

11. DIVIDEND

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

12. (LOSS)/EARNINGS PER SHARE

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

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

Number of shares

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

Note:

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Listed equity securities in Hong Kong

	HKD'000
At 1 January 2018 (before the initial application of HKFRS 9)	**–**
Reclassified from available-for-sale financial assets (upon the initial application of HKFRS 9) *(Note 14)*	**193,504**
Reclassified from financial assets at FVTPL (upon the initial application of HKFRS 9) *(Note 15)*	**689,000**
At 1 January 2018 (upon the initial application of HKFRS 9)	**882,504**
Additions	**321,994**
Disposal	**(10,172)**
Changes in fair value through other comprehensive income	**(496,306)**
At 31 December 2018	**698,020**

Note:

The balance as at 31 December 2018 represents two listed equity securities which are listed on the Stock Exchange, amounting to approximately HKD23,820,000 and HKD674,200,000, namely Central Wealth Group Holdings Limited ("**Central Wealth**", formerly known as China Soft Power Technology Holdings Limited ("**CSPT**")) and CMBC Capital Holdings Limited ("**CMBC**"), respectively (1 January 2018 upon the initial application of HKFRS 9: Central Wealth of approximately HKD74,784,000 and CMBC of approximately HKD807,720,000; 2017: nil). The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year, no dividends from these investments were received.

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

At 31 December 2018, the Group's financial assets at FVTOCI, with carrying amount of approximately HKD676,095,000, have been pledged to secure the other borrowings granted to the Group *(Note 20)*.

Unlisted equity securities in Hong Kong

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

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

	2018 *HKD'000*	2017 *HKD'000*
At 1 January (before the initial application of HKFRS 9)	**193,504**	–
Reclassified to financial assets at FVTOCI (upon initial application of HKFRS 9) *(Note 13)*	**(193,504)**	–
At 1 January (upon the initial application of HKFRS 9)	**–**	–
Additions	**–**	91,872
Additions as a result of receipt of dividend income	**–**	22,668
Additions as a result of share swap	**–**	52,170
Change in fair value	**–**	26,794
At 31 December	**–**	193,504

Note:

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

At 31 December 2017, the Group's available-for-sale financial assets, with carrying amount of approximately HKD89,249,000, has been pledged to secure the other borrowing granted to the Group *(Note 20)*.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

	2018	2017
	HKD'000	*HKD'000*
At 1 January (before the initial application of HKFRS 9)	**872,620**	310,256
Reclassified to financial assets at FVTOCI upon initial application of HKFRS 9 *(Note 13)*	**(689,000)**	–
At 1 January 2018 (upon the initial application of HKFRS 9)	**183,620**	310,256
Additions	**176,777**	322,654
Additions as a result of disposal of loan receivables from a former associate	**–**	101,667
Additions as a result of disposal of derivatives financial instrument	**–**	10,167
Disposals	**(290,647)**	(306,589)
Changes in fair value	**(47,533)**	434,465
At 31 December	**22,217**	872,620

The below table reconciled the debt investment in film industry:

	HKD'000
At 1 January 2017 and 31 December 2017 (before the initial application of HKFRS 9)	–
Reclassified from loan and interest receivables upon initial application of HKFRS 9 *(Note 16(i))*	**10,296**
At 1 January 2018 (upon the initial application of HKFRS 9)	**10,296**
Changes in fair value	**(1,119)**
At 31 December 2018	**9,177**

Notes:

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

At 31 December 2018, the Group's financial assets at FVTPL, with carrying amount of approximately HKD22,217,000 (2017: HKD789,282,000), have been pledged to secure the other borrowings granted to the Group *(Note 20)*.

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

(ii) As detailed in note 4(A)(a)(ii), at the date of initial application of HKFRS 9, one of the Group's loan due from an entity engaged in investment in film industry ("**Film Production Investor**") amounted to approximately United States Dollars ("**USD**") 1,320,000 (equivalent to approximately HKD10,296,000) did not fulfill the contractual cash flow characteristics test specified in HKFRS 9, such loan has been reclassified as financial assets at FVTPL at 1 January 2018. The loan is unsecured, and bearing fixed interest rate at 8% per annum.

As the Group is entitled an additional return (the "**Upside Return**") from the loan, with reference to sum received or receivable from the Film Production Investor in connection to the provision of distribution services of the film. After assessment on status of the distribution service, the management considered that it was remote to recognise the Upside Return during both years.

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

Mr. Chen was resigned as director of the Company on 24 December 2018. Debt investment in film industry of the Group, disclosed pursuant to Section 383 of the CO (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year	2018	2017
	HKD'000	*HKD'000*	*HKD'000*
Loans to Film Production Investor	**10,296**	9,177	10,296

16. LOAN AND INTEREST RECEIVABLES

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

Notes:

(i) From investment in film industry

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

As detailed in notes 4(A)(a)(ii) and 15(ii), at the date of initial application of HKFRS 9, one of the loans for investment in film production amounted to approximately USD1,320,000 (equivalent to approximately HKD10,296,000) that has been classified as financial assets at FVTPL on 1 January 2018, resulting in a balance of HKD4,103,000 as at 1 January 2018.

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

Mr. Chen was resigned as director of the Company on 24 December 2018. Loan receivables from investment in film industry of the Group, disclosed pursuant to Section 383 of the CO (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year	**2018**	2017
	HKD'000	***HKD'000***	*HKD'000*
Loans to Film Production Investor	14,399	**10,880**	14,399

(ii) From money lending business

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

The movements in credit loss allowances for loan and interest receivables as at 1 January 2018 are as follows:

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

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

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

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

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

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 the spouse of Mr. Chen and generated interest income of HKD917,000. The amount has been fully settled during the year ended 31 December 2018.

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

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

Mr. Chen was resigned as director of the Company on 24 December 2018. Loans receivables of the Group disclosed pursuant to Section 383 of the CO (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year	**2018**	2017
	HKD'000	***HKD'000***	*HKD'000*
Loans to the spouse of Mr. Chen (31 December 2017 including interest receivables of approximately HKD312,000)	15,312	**–**	15,312
Loans to Central Wealth (including interest receivables of approximately HKD910,000 (31 December 2017: HKD641,000))	172,910	**172,910**	117,641

17. TRADE AND OTHER RECEIVABLES

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

Notes:

(i) Trade receivables

On 15 November 2017, the Group entered into a sale and purchase agreement with an independent third party (the "**Cryptocurrency Vendor**") to dispose of 300,000,000 shares in CSPT for a consideration of HKD43,500,000. On the same date, the transaction was completed. Subsequently, the Cryptocurrencies Vendor has settled HKD2 million within 7 days after the completion, in accordance with the agreement. Please also see note 21 for subsequent settlement arrangement.

As detailed in Note 21, on 2 March 2018, the Group and the Cryptocurrency Vendor agreed to set off the payables due to each other.

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

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

The Group requires the tenant to pay in advance on the first day of each and every month and requires the securities customers to pay in accordance to the respective sales and purchase agreements.

The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice dates, which approximated the respective revenue recognition dates:

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

The movements in credit loss allowance for trade receivables as at 1 January 2018 are as follows:

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

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

(ii) Other receivables

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

18. ACCRUALS AND OTHER PAYABLES

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

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

(ii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD3,226,000 as at 31 December 2018 (2017: HKD6,698,000).

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

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

19. BANK BORROWINGS

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

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

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

The bank borrowings bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month) at 31 December 2018 (2017: HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum). The weighted average effective interest rates on the bank borrowings are as follows:

	2018	2017
	HKD'000	*HKD'000*
Secured bank borrowings (per annum)	**2.78% – 3.67%**	2.75%

At 31 December 2018 and 2017, the Group's bank borrowings are secured by the investment properties amounting to approximately HKD678,000,000 (2017: HKD280,000,000).

20. OTHER BORROWINGS

(i) Securities Broker A

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

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

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

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

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

(ii) Securities Broker B

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

(iii) Securities Broker C

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

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

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

As at 31 December 2018, the other borrowings are guaranteed by the Company and secured by the pledged of financial assets at FVTOCI of approximately HKD676,095,000 *(Note 13)*, financial assets at FVTPL of approximately HKD22,217,000 *(Note 15)* and an investment property of approximately HKD285,000,000. The other borrowings with carrying amount amounting to approximately HKD34,906,000 are repayable within twelve months from the first drawdown date, approximately HKD185,354,000 are repayable within twelve months from the first drawdown date or under the demand of the lender or with no fixed term of repayment.

As at 31 December 2017, the other borrowings are guaranteed by the Company and secured by the pledged of available-for-sale financial assets of approximately HKD89,249,000 *(Note 14)* and held-for-trading investments of approximately HKD789,282,000 *(Note 15)*, respectively. The other borrowings are repayable within twelve months from the first drawdown date.

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

21. CRYPTOCURRENCIES

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

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

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

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

22. LITIGATIONS AND CONTINGENCIES

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

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

Out of the HKD15,264,000 in the statutory demand, approximately HKD3,766,000 was due from the former wholly-owned subsidiary, Great Rich Trading Limited (the "**Great Rich**"). This balance has been disposed of upon disposal of Great Rich on 27 October 2017. The remaining balance of HKD11,498,000 was fully settled in 2018.

Development of the retaking control of the deconsolidated subsidiaries

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

The People's court of Fenyang county（汾陽市人民法院）(the "**Fenyang Court**") issued a judgment on 12 September 2016, the former directors of Zhanpen (the "**Former Directors**") are obliged to return the official seal and business certificates of Zhanpen to the Group.

Up to the date of this announcement, the Former Directors still not returned the official seal and business certificates of Zhanpen to the Group.

23. EVENTS AFTER THE END OF REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

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

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

BUSINESS REVIEW

Treasury business

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

Securities trading and investment business

The Group's securities trading portfolio comprised of equity securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which comprised of five listed companies in sectors of (1) securities and brokerage; (2) information technology; and (3) financial industry during the year ended 31 December 2018. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income ("**FVTOCI**") (2017: available-for-sale financial assets ("**AFS**") under Hong Kong Accounting Standard ("**HKAS**") 39) and financial assets at fair value through profit or loss ("**FVTPL**") (2017: held-for-trading investments ("**HFT**") under HKAS 39) in the consolidated financial statements.

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

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

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

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

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

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

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

Performance and prospects of the investees

CMBC Capital

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

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

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

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

Central Wealth

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

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

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

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

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited ("**Globally Finance**"), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a licensed money lending business in Hong Kong. During the year ended 31 December 2018, Globally Finance generated revenue of approximately HKD30,561,000 (2017: HKD10,844,000) and recorded a loss of approximately HKD8,113,000 (2017: profit of HKD10,684,000). The loss was due to the Group adopted the new and revised HKFRS 9 effective from 1 January 2018. The adoption of HKFRS 9 has fundamentally changed the Group's accounting policy for assessing and estimating credit loss allowance for loan and interest receivables. Based on the result of credit assessment on debtors, the Group provided approximately HKD27,017,000 credit loss allowance as at 31 December 2018, and amounting to HKD9,872,000 being charged to consolidated profit or loss for the year ended 31 December 2018. Besides, the Group also provided provision for expected credit loss on loan commitment of approximately HKD6,028,000 under HKFRS 9 requirement. For details of adoption of HKFRS 9 are set out in Note 4(A) to the Financial Summary.

Investment properties

The Group is currently holding two residential properties both located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet) respectively. During the year, the Group acquired the Lincoln Road property through the acquisition of the entire equity interests in Goodview Assets Limited ("**Goodview**"). The acquisition constitutes a major transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The transaction was completed on 25 April 2018. For more information, please refer to the Company's announcements dated 29 December 2017 and 25 April 2018 and the circular dated 20 March 2018.

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

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

Investment in film industry

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

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

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

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

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

E-commerce business

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

Trading business and related services

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

PROSPECTS AND OUTLOOK

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

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

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

FINANCIAL REVIEW

Liquidity, financial, resources and funding

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

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

The other borrowings comprised of margin loans and revolving loan. The margin loan payables bear fixed interest at 6% to 9.5% per annum. The margin loan payables are repayable within one year and was guaranteed by the Company. The revolving loan bear fixed interest rate of HKD prime Rate –2% per annum. Details are set out in Note 20 to the consolidated financial statements.

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

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

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

Pledge of assets

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

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

Foreign currency management

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

Litigations and contingencies

Details of litigations and contingencies are set out in Note 22 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

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

FINAL DIVIDEND

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

CAPITAL STRUCTURE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENTS AFTER THE END OF REPORTING PERIOD

Events after the end of reporting period are set out in Note 23 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 2018 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 2018.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") during the year ended 31 December 2018 as set out in Appendix 14 of the Listing Rules except for the following deviations:

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

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. Having made specific enquiry with the existing Directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year ended 31 December 2018.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.fw-fh.com. The annual report of the Company for year ended 31 December 2018 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
Wang Fei
Chairman

Hong Kong, 22 March 2018

As at the date of this announcement, the Board comprises (i) seven executive Directors, namely Mr. Wang Fei, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat and Mr. Yu Qingrui; and (ii) four independent non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.