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

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

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

- The Group's revenue for the year decreased by approximately 5.3% to approximately HK$67.9 million compared to approximately HK$71.7 million in 2017. The decrease in revenue is mainly attributable to the decrease in the revenue from the IT and Distribution Business.

- In light of the challenging business environment in the IT and Distribution Business, the Group applied a lower growth rate in the cash flow projections in the calculation of the value in use of these CGUs. As a result, the Group recorded a one-off impairment loss on goodwill of approximately HK$5.1 million in 2018 (2017: approximately HK$21.0 million).

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

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

- The Group recorded unrealised fair value gain and realised loss on disposal of approximately HK$72.7 million and approximately HK$0.4 million respectively (2017: approximately HK$76.7 million of unrealised fair value gain and approximately HK$9.0 million of realised loss on disposal) in respect of financial assets at FVPL in 2018.

RESULTS

The board (the "Board") of directors (the "Directors") of Great Wall Belt & Road Holdings Limited (the "Company") herein announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, together with comparative figures for 2017, as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	2	**67,920**	71,675
Cost of sales		**(37,126)**	(32,464)
Gross profit		**30,794**	39,211
Other revenue and income	3	**4,372**	9,563
		35,166	48,774
Selling and distribution expenses		**(2,255)**	(4,116)
Business promotion and marketing expenses		**(462)**	(2,328)
Operating and administrative expenses		**(60,060)**	(77,062)
Other operating expenses		**(19,143)**	(24,385)
Loss from operations		**(46,754)**	(59,117)
Finance costs	4	**(7)**	(9)
Bad debts written off on trade receivables		**(28)**	–
Loss allowance on			
• Trade receivables		**(556)**	(1,746)
• Other receivables		**(45,720)**	–
Impairment losses on goodwill		**(5,089)**	(21,034)
Impairment losses on property, plant and equipment		**(385)**	(1,462)
Impairment losses on investment in a joint venture		**(337)**	–
Net increase (decrease) in fair value of financial assets at FVPL			
• Disposed of during the year		**(443)**	(8,995)
• Held at the end of the year		**72,674**	76,656
Write off of property, plant and equipment		**(138)**	–
Gain on disposal of property, plant and equipment		**32**	7
Net gain on disposal of a subsidiary	14	**11,984**	–
Net loss on deemed disposal of subsidiaries		**–**	(3,888)
Loss on disposal of an associate		**–**	(258)
Gain on disposal of assets of a business unit		**–**	3,053
Share of results of associates		**(356)**	247

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Loss before taxation	*4*	**(15,123)**	(16,546)
Income tax expenses	*5*	**(1,025)**	(725)
Loss for the year		**(16,148)**	(17,271)
Loss for the year attributable to:			
Equity holders of the Company		**(11,727)**	(15,735)
Non-controlling interests		**(4,421)**	(1,536)
Loss for the year		**(16,148)**	(17,271)
		HK cents	*HK cents*
Loss per share	*6*		
Basic and diluted		**(1.2)**	(1.8)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**1,262**	3,996
Interest in associates		**57,081**	280
Interest in a joint venture		**–**	343
Intangible assets	*7*	**47,771**	71,199
Goodwill	*8*	**7,341**	12,430
Designated FVOCI		**2,663**	–
Available-for-sale financial assets		**–**	7,800
		116,118	96,048
Current assets			
Financial assets at FVPL	*9*	**131,254**	101,958
Trade and other receivables	*10*	**43,531**	69,792
Pledged bank deposits		**885**	1,316
Bank balances and cash		**13,915**	69,409
		189,585	242,475

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2018

	Notes	**2018** HK$'000	2017 HK$'000
Current liabilities			
Trade and other payables	*11*	**65,935**	106,632
Tax payable		**1,307**	8,690
Obligations under finance leases		**50**	79
		67,292	115,401
Net current assets		**122,293**	127,074
Total assets less current liabilities		**238,411**	223,122
Non-current liabilities			
Obligations under finance leases		**–**	51
Deferred revenue		**–**	958
Deferred tax liabilities	*12*	**9,666**	13,782
		9,666	14,791
NET ASSETS		**228,745**	208,331
Capital and reserves			
Share capital	*13*	**10,503**	8,753
Reserves		**215,225**	191,954
Equity attributable to equity holders of the Company		**225,728**	200,707
Non-controlling interests		**3,017**	7,624
TOTAL EQUITY		**228,745**	208,331

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

Adoption of new/revised HKFRSs

Annual Improvements 2014-2016 Cycle

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

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

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

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

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

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

HKFRS 9: Financial Instruments

The following terms are used in these consolidated financial statements:

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

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 9: Financial Instruments (Continued)

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

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

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

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

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

  The above resulting classification shall be applied retrospectively.

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

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 9: Financial Instruments (Continued)

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

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

Classification and measurement of financial assets and financial liabilities

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

Classification and measurement of financial assets and financial liabilities (Continued)

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

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

Notes:

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

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

Classification and measurement of financial assets and financial liabilities (Continued)

Notes: (Continued)

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

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

HKFRS 15: Revenue from Contracts with Customers

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

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

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 15: Revenue from Contracts with Customers (Continued)

Presentation of receivable, contract assets and contract liabilities

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

2. REVENUE AND SEGMENT INFORMATION

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

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

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

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

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments

Segment results for the year ended 31 December 2018

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Segment assets and liabilities as at 31 December 2018

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Other segment information for the year ended 31 December 2018

	Tele-communication services *HK$'000*	Financial payment processing solution and software development services and distribution business *HK$'000*	Property development and tourism *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Capital expenditures	435	–	62,248	56	62,739
Interest income	4	149	2	78	233
Amortisation and depreciation	(438)	(15,729)	–	(2,341)	(18,508)
Impairment of property, plants and equipment	(385)	–	–	–	(385)
Impairment losses on goodwill	–	(5,089)	–	–	(5,089)
Impairment losses on investment in a joint venture	–	(337)	–	–	(337)
Loss allowance on					
– Trade receivables	(556)	–	–	–	(556)
– Other receivables	–	(45,720)	–	–	(45,720)
Net increase (decrease) in fair value of financial assets at FVPL					
– Disposed of during the year	–	–	–	(443)	(443)
– Held at the end of the year	–	–	–	72,674	72,674
Write off of property, plant and equipment	–	–	–	(138)	(138)
Gain on disposal of property, plant and equipment	12	–	–	20	32
Operating lease charges on premises	984	73	–	17,600	18,657
Non-cash items other than amortisation, depreciation and impairment	(584)	(45,720)	–	–	(46,304)

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Segment results for the year ended 31 December 2017

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

Inter-segment sales are charged at prevailing market prices.

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Segment assets and liabilities as at 31 December 2017

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Other segment information for the year ended 31 December 2017

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) By geographical information

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

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

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

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

(c) Information about major customers

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

3. OTHER REVENUE AND INCOME

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

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

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

5. TAXATION

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

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

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

6. LOSS PER SHARE

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

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

7. INTANGIBLE ASSETS

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Carrying value at the beginning of the year	**71,199**	82,360
Amortisation	**(16,063)**	(18,016)
Disposal of a subsidiary	**(4,729)**	–
Exchange adjustments	**(2,636)**	6,855
Carrying value at the end of reporting period	**47,771**	71,199

8. GOODWILL

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

8. GOODWILL (Continued)

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

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

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

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

8. GOODWILL (Continued)

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

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

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

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

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

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

8. GOODWILL (Continued)

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

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

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

Sensitivity of Key Assumptions

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

9. FINANCIAL ASSETS AT FVPL

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

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

10. TRADE AND OTHER RECEIVABLES

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

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

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

10. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

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

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

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

11. TRADE AND OTHER PAYABLES

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

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

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

12. DEFERRED TAXATION

Recognised deferred tax assets (liabilities)

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

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

13. SHARE CAPITAL

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

On 6 March 2018, the Company allotted and issued an aggregate of 175,000,000 ordinary shares of HK$0.01 each to at a placing price of HK$0.30 per share under the general mandate granted by the shareholders at the annual general meeting of the Company held on 17 May 2017. The net proceeds of approximately HK50,724,000 (including share premium of approximately HK$48,974,000, net of transaction cost) were used to strengthen the financial position of the Group's business operation and provide additional funding to further develop the Group's businesses. The closing market price of the Company's shares as at the issue date was HK$0.325. All shares issued under the placing rank pari passu with existing shares in all respects.

14. DISPOSAL OF A SUBSIDIARY

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

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

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

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

As at 31 December 2018, the unpaid portion of cash consideration for the disposal of Cybersite amounted to approximately S$279,000 (equivalent to approximately HK$1,670,000), which is included in "Consideration receivable from disposal of a subsidiary" (note 10) under the trade and other receivables and is unsecured, interest-free and received in March 2019.

15. EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, in addition to disclosure elsewhere in the result announcement, there is no significant subsequent event of the Group after the reporting period.

FINAL DIVIDEND

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

BUSINESS REVIEW

Overall review

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

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

BUSINESS REVIEW (CONTINUED)

Telecom business (telecommunication and information technology business)

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

IT and distribution business (financial payment processing solution and software development services, and distribution business)

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

* *For identification purpose only*

BUSINESS REVIEW (CONTINUED)

IT and Distribution Business (financial payment processing solution and software development services, and distribution business) (Continued)

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

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

BUSINESS REVIEW (CONTINUED)

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

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

Property development and tourism business

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

We believe that developing the characteristic town projects is a way of diversifying the business portfolio of the Group and improving the performance of the Group by generating investment returns.

* *For identification purpose only*

BUSINESS REVIEW (CONTINUED)

Outlook

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

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

FINANCIAL REVIEW

Turnover and results

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

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

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

FINANCIAL REVIEW (CONTINUED)

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

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

The Group recorded unrealised fair value gain and realised loss on disposal of approximately HK$72.7 million and approximately HK$0.4 million respectively (2017: approximately HK$76.7 million of unrealised fair value gain and approximately HK$9.0 million of realised loss on disposal) in respect of financial assets at FVPL in 2018.

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

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

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

Capital structure, liquidity and financing

As at 31 December 2018, the net assets of the Group amounted to approximately HK$228.7 million compared to approximately HK$208.3 million as at 31 December 2017, equivalent to a net asset value per share of approximately HK$0.218 as at 31 December 2018 (2017: approximately HK$0.238).

FINANCIAL REVIEW (CONTINUED)

Capital structure, liquidity and financing (Continued)

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

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

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

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

FINANCIAL REVIEW (CONTINUED)

Capital structure, liquidity and financing (Continued)

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

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

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

Foreign exchange exposure

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

Contingent liabilities and commitments

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

FINANCIAL REVIEW (CONTINUED)

Contingent liabilities and commitments (Continued)

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

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

Significant investments held and performance

As at 31 December 2018, the Group held for trading investments in securities in Hong Kong (collectively, the "Investments") with a market value of approximately HK$129.8 million (31 December 2017: approximately HK$102.0 million), representing an investment portfolio of five (31 December 2017: two) listed equities in Hong Kong. The Group's financial assets at fair value through profit or loss with decrease in fair value for those disposed of during the 2018 and increase in fair value for those held at the end of 2018 are approximately HK$0.4 million and approximately HK$72.7 million respectively, compared with decrease of approximately HK$9.0 million and increase of approximately HK$76.7 million for 2017. The significant increase in fair value for those held at the end of 2018 is mainly contributed by the stock price increase of SingAsia Holdings Limited during 2018. The details of the Investments as at 31 December 2018 are as follows:

Significant investments held and performance (Continued)

Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Realised loss for the year HK$'000	Unrealised gain/(loss) on fair value change for the year HK$'000	Fair value as at 1 January 2018 and additional investment cost during the year HK$'000	Fair value as at 31 December 2018 HK$'000	% of net assets	Principal activities
1 New Provenance Everlasting Holdings Ltd.	02326	1,000,000	0.01%	–	(126)	156	30	0.01%	Sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and utilities, sale of electrical and electronic consumer products, provision of logistics services.
2 SingAsia Holdings Ltd.	08293	20,220,000	1.6%	(443)	73,402	53,984	127,386	55.69%	Provide manpower outsourcing services, manpower recruitment services and manpower training services based in Singapore.
3 China Saite Group Company Limited	00153	2,444,400	0.1%	–	(579)	2,444	1,865	0.82%	Construction of steel structure and prefabricated construction projects
4 Haitian Energy International Limited	01659	363,224	0.01%	–	(23)	363	340	0.15%	Hydropower generation and provision of power operation services
5 Sino Harbour Holdings Group Limited	01663	185,000	0.01%	–	–	185	185	0.08%	Property development and general trading
				(443)	72,674	57,132	129,806		

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

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

EMPLOYEE AND REMUNERATION POLICIES

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (CONTINUED)

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

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

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") reviewed, with the external auditor of the Company, the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "Consolidated Financial Statements"). Based on this review and discussions with the management of the Company, the Audit Committee was satisfied that the Consolidated Financial Statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2018.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 10 January 2018 in relation to the settlement agreement entered into between e-Kong Pillars Holdings Limited (a wholly-owned subsidiary of the Company) and Mr. Yeung (as supplemented by various supplemental agreements as disclosed in the subsequent announcements of the Company) (the "Settlement Agreement") in relation to the return of the shares of SingAsia Holdings Limited ("SingAsia").

As disclosed in the announcement of the Company dated 12 March 2019, the Company, through its solicitors, issued the Writ of Summons on 12 March 2019 to commence legal proceedings against Mr. Yeung to request for specific performance by Mr. Yeung of his obligations under the Settlement Agreement for the transfer of the remaining number of shares of SingAsia and damages for breach of contract. As at the date of this announcement, there are 8,500,000 remaining shares of SingAsia (after the sub-division of the issued share capital of SingAsia became effective in March 2018) to be returned by Mr. Yeung, and the amount of consideration to be returned by e-Kong Pillars Holdings Limited to Mr. Yeung for the above remaining shares of SingAsia is approximately HK$12,393,000.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2018 , consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in the preliminary result announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2018. The work performed by Mazars CPA Limited 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 Mazars CPA Limited on the preliminary result announcement.

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

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

PUBLICATION OF FURTHER INFORMATION

The 2018 Annual Report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to all of our shareholders and business associates for their continuous support and to all our staff for their dedication and contribution to the Group.

By Order of the Board
Great Wall Belt & Road Holdings Limited
Zhao Ruiyong
Chairman and Executive Director

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Ruiyong, Ms. Li Bing, Mr. Cheung Ka Heng Frankie and Mr. Chan Chi Yuen, and three independent non-executive Directors, namely Mr. Fung Wai Shing, Mr. Zhao Guangming and Mr. Huang Tao.