MING LAM HOLDINGS LIMITED
銘霖控股有限公司

(formerly known as Sino Haijing Holdings Limited 中國海景控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01106)

2018
Annual Report

This report, in both English and Chinese versions, is available on the Company's website at www.1106hk.com (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Hong Kong Share Registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at is-ecom@hk.tricorglobal.com.

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Ms. Li Zhenzhen *(Chairman)*
Mr. Lam Wai Hung
Mr. Wang Xin
Mr. Wei Liyi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Ms. Lee Yin Ting

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2816, 28th Floor
China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Tsui Siu Hung Raymond

AUTHORISED REPRESENTATIVES

Ms. Li Zhenzhen
Mr. Tsui Siu Hung Raymond

AUDIT COMMITTEE

Mr. Lee Tao Wai *(Chairman)*
Mr. Lam Hoi Lun
Ms. Lee Yin Ting

REMUNERATION COMMITTEE

Ms. Lee YIn Ting *(Chairman)*
Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Mr. Wei Liyi

NOMINATION COMMITTEE

Ms. Li Zhenzhen *(Chairman)*
Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Ms. Lee Yin Ting

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

The Bank Of East Asia
HSBC
Bank of Communications
DBS Bank (Hong Kong) Limited
Shanghai Pudong Development Bank (Hefei)
China Construction Bank (Hefei)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

01106

COMPANY'S WEBSITE

www.1106hk.com

Directors and Senior Management

Biographical details of each of director of the Company (the "Director") and the senior management of the Group are set out below:

DIRECTORS

EXECUTIVE DIRECTORS

Ms. Li Zhenzhen, aged 34, was appointed as executive Director on 30 December 2015 and the chairman of the Company on 5 April 2016. She graduated from the Guangxi University with a bachelor degree and a master degree in business administration. Ms. Li has been working in senior role in listed company for many years and she has good knowledge of corporate financing and business operation. Ms. Li is a former independent non-executive director of Ding He Mining Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 705). She is also a former chairman of board of supervisors of Guanghe Landscape Culture Communication Co., Ltd, Shanxi, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600234.SH) from 23 September 2014 to 31 March 2016.

Mr. Lam Wai Hung, aged 39, was appointed as executive Director on 19 March 2015. He holds a Bachelor of Accounting and Finance Degree from Leeds Metropolitan University and is a member of the Association of Chartered Certified Accountants. He had been working in various companies listed on the Stock Exchange, and was responsible for works related to financial management, corporate finance, merger and acquisition, investor relationship and corporate governance. Mr. Lam is a former executive director of Jinheng Automotive Safety Technology Holdings Limited (Stock Code: 872), a company listed on the main board of the Stock Exchange from 2 September 2014 to 15 July 2016. Mr. Lam was also a former company secretary and authorized representative of GET Holdings Limited (Former Name: M Dream Inworld Limited) (Stock Code: 8100), a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange from 31 May 2011 to 1 August 2013.

Directors and Senior Management

Mr. Wang Xin, aged 43, was appointed as executive Director on 5 April 2016. He graduated from Xi'an Jiaotong University and majored in tourism management in the People's Republic of China (the "PRC") in July 1997. Mr. Wang has over 20 years' experiences in hotel, real estate and tourism. He was a former executive director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (a company listed on The Shanghai Stock Exchange with stock code: 600234) ("Landscape Culture") and 廣西山水盛景投資有限公司 (Guangxi Landscape Shengjing Investment Limited), a subsidiary company of Landscape Culture. Mr. Wang was the chairman of the board, chairman of strategy and planning committee, a member of remuneration committee and nomination committee of Landscape Culture from September 2014 to July 2015. Moreover, Mr. Wang was the vice general manager of 廣西印象劉三姐旅遊文化產業投資有限責任公司 (Guangxi Yinxiang Liu Sanjie Tourism Culture Industrial Investment LLC) from December 2012 to September 2014 and 廣西恒升集團有限公司 (Guangxi Hengsheng Group Limited) from May 2008 to December 2012. He has also been the executive director of Ngai Shun Holdings Limited, a company listed on the Stock Exchange (stock code: 1246), from March 2016 to August 2016.

Mr. Wei Liyi, aged 41, was appointed as non-executive Director on 5 April 2016 and has been re-designated from a non-executive Director to an executive Director with effective from 4 August 2016. He graduated from General Institution of Higher Education of Dongbei University of Finance and Economics and majored in Finance Management in the PRC in July 2013. Mr. Wei has worked in various industries including corporate management, finance and financing. He was a deputy general manager of 廣西恒源融資性擔保有限公司 (Guangxi Hengyuan Financing Guarantee Company Limited) and has over 15 years' extensive experiences and solid knowledge in finance and financing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hoi Lun, aged 42, was appointed as independent non-executive Director on 13 July 2016. He has over 15 years of experience in auditing, accounting and corporate field. He holds a Bachelor Degree in Business Administration in Accountancy from The Hong Kong Polytechnic University and was admitted as a fellow member of the Association of the Chartered Certified Accountants in March 2010 and a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") in October 2013. Currently, Mr. Lam is one of the partners of a registered firm of certified public accountants (practising) in Hong Kong. Mr. Lam was a former company secretary of China E-Learning Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8055).

Mr. Lee Tao Wai, aged 40, was appointed as independent non-executive Director on 13 July 2016. He is a member of the HKICPA and has over 15 years of experience in auditing, accounting and corporate field. Mr. Lee holds a Bachelor Degree in Business Administration in Professional Accountancy from The Chinese University of Hong Kong, a Master Degree in Investment Management from The Hong Kong University of Science and Technology and a Master Degree in International Economic Law from The Chinese University of Hong Kong. Mr. Lee worked in an international accounting firm and a listed company in Hong Kong as senior executive. He was an independent non-executive director of Seamless Green China (Holdings) Limited, a company listed on GEM of the Stock Exchange (stock code: 8150), from October 2009 to February 2012. Currently, he is the company secretary of King Stone Energy Group Limited, a company listed on the Stock Exchange (stock code: 663).

Directors and Senior Management

Ms. Lee Yin Ting, aged 36, was appointed as independent non-executive Director on 1 March 2019. She has over 12 years of experience in auditing & accounting field and has been working in an audit firm since 2006. She obtained a bachelor degree in Commerce (Accounting) from The Curtin University of Technology in 2006 and is a member of the HKICPA.

SENIOR MANAGEMENT

Mr. Tsui Siu Hung Raymond, aged 42, is the company secretary of the Company. Mr. Tsui obtained a degree of bachelor of business administration from The Chinese University of Hong Kong in Hong Kong in July 1999. His major subject was professional accountancy. He is a fellow member of the Association of the Chartered Certified Accountants and a fellow member of the HKICPA. Mr. Tsui has been one of the partners of Tsui & Partners CPA Limited, a registered firm of certified public accountants (practising) in Hong Kong since March 2014, and currently the company secretary of the following companies listed on the Stock Exchange and the GEM of the Stock Exchange: China Healthcare Holdings Limited (Stock Code: 673) since March 2009, Vongroup Limited (Stock Code: 318) since February 2010, Guru Online (Holdings) Limited (Stock Code: 8121) since May 2015 and Ocean One Holding Ltd. (Stock Code: 8476) since October 2017, respectively. He joined the Group in December 2015.

Directors' Business Review

The board (the "Board") of directors (the "Directors") of Ming Lam Holdings Limited (formerly known as Sino Haijing Holdings Limited) (the "Company") herein presents the audited annual results of the Company and its subsidiaries (together, the "Group") for the financial year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In the past, the principal activities of the Group mainly focus on the production and sale of expanded polystyrene ("EPS") packaging products for household electrical appliances ("Packaging Business") in the PRC. In order to diversify the business of the Group, the Group has been engaged different investment projects, including tourism and travel industry, securities investments and money lending business. During the year, the group also began to invest in logistic business.

PACKAGING BUSINESS

The revenue for the year from Packaging Business was approximately HK$803.4 million, representing an increase of 17.1% as compared to approximately HK$686.0 million for the corresponding year in 2017.

Gross profit of the Packaging Business was approximately HK$118.9 million for the year 2018, representing an increase of approximately 12.1% as compared to approximately HK$106.1 million for the corresponding year in 2017. The overall gross profit margin decreased from 15.5% in 2017 to 14.8% in 2018. During the year, the Packaging Business recorded segment profit of approximately HK$37.4 million (2017: approximately HK$53.9 million).

TOURISM AND TRAVEL BUSINESS

The revenue for the year from Tourism and Travel Business, including travel agency and scenic spot, was approximately HK$239.6 million (2017: approximately HK$169.9 million) and the gross profit was approximately HK$59.7 million (2017: approximately HK$16.2 million). In current year, the Group continue to operate Arch Partners Group and Incola Travel Group which are principally engaged in the business of travel agency for a full year. The revenue from Tourism and Travel Business has increased as compared to the corresponding period in 2017. During the year, the Tourism and Travel Business recorded segment loss of approximately HK$70.1 million (2017: loss of approximately HK$9.9 million) which includes the setup expense of Cambodian subsidiaries.

SECURITIES INVESTMENTS

The Group has invested in a portfolio of listed securities and equity interest in Hong Kong, Australia and Malaysia. The investments are designated and accounted for as financial assets at fair value through profit or loss, available-for-sale financial assets and investment in an associate in the consolidated financial statements.

Directors' Business Review

After the Group sold 10,000,000 irredeemable convertible preference shares ("ICPS") of Yong Tai Berhad ("Yong Tai") in January 2018, the Group's shareholding in Yong Tai had decreased to 7,500,000 ICPS in Yong Tai. In July 2018, the Group further sold 5,000,000 ICPS of Yong Tai. After that, leaving behind 2,500,000 ICPS of Yong Tai being held by the Group after such disposal and up to the date of this report.

During the year, securities investment segment recorded a loss of approximately HK$7.1 million (2017: a profit of approximately HK$1.7 million), which was primarily due to the net realised loss on disposal of 182,500,000 ICPS of Yong Tai and the net loss on listed securities in Hong Kong and China. In view of the volatile stock market in recent years, the Group will closely monitor the performance of investment portfolio and adopt prudent investment strategy to manage the risk exposure.

MONEY LENDING BUSINESS

The Money Lending segment has maintained steady growth in profit in year 2018 as compared to 2017. As at 31 December 2018, the loan portfolio, net of loss allowance was approximately HK$547.7 million (31 December 2017: approximately HK$667.1 million) with terms of one year at effective interest rates ranging from 6% to 16% (2017: 10% to 16%) per annum. For the year ended 31 December 2018, the Group recorded interest income from the loan portfolio of approximately HK$83.2 million (2017: approximately HK$65.3 million). The Group will closely monitor the trend of interest rate to adjust the development pace of the money lending business.

REVENUE

Revenue for the year was approximately HK$1,126.1 million, representing an increase of approximately 22.2% as compared to approximately HK$921.2 million for the corresponding year in 2017, this was primarily due to the revenue growth of Tourism and travel Business and Packaging Business by approximately HK$69.7 million and HK$117.3 million, respectively, compared to corresponding year in 2017.

GROSS PROFIT

Gross profit for the year was approximately HK$261.8 million, representing an increase of approximately 44.2% as compared to approximately HK$181.6 million for the corresponding year in 2017. The increase was primarily due to the contribution of gross profit from the Tourism and Travel Business, which recorded gross profit of approximately HK$59.7 million (2017: approximately HK$16.2 million) during the year. The overall profit margin for the year increased from 19.7% to 23.2%.

OTHER REVENUE AND OTHER INCOME

Other revenue and other income was approximately HK$30.3 million for the year, representing an increase of approximately 206.1% as compared to approximately HK$9.9 million for the corresponding year 2017 primarily due to the interest income in related to the promissory notes.

Directors' Business Review

NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE

During the year, the Group recorded a net loss on financial assets at fair value through profit or loss of approximately HK$15.9 million (2017: approximately HK$7.6 million). The Company will closely monitor the performance of its investment portfolio and will diversify the investment portfolio across various segments of the market.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative expenses increased by 89.5% to approximately HK$278.7 million in 2018 from approximately HK$147.1 million, in the corresponding year of 2017, The increase mainly due to the set up cost of airline subsidiaries, Cambodian MJ Airlines Co. Ltd., this year.

FINANCE COSTS

Finance costs for the year were approximately HK$59.2 million, representing a decrease of approximately 18.5% as compared to approximately HK$72.6 million for the corresponding year in 2017. The decrease of finance costs was mainly due to the decrease in bank and other borrowing within the year.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEAR

As a result of the factors described above, loss attributable to equity holders of the Company for the year was approximately HK$290.8 million, representing a significant increase of approximately 164.1% as compared to the loss of approximately HK$110.1 million for the corresponding year last year.

BUSINESS REVIEW AND OUTLOOK

During the year, the Group's Packaging Business, which were engaged in the production and sale of expanded polystyrene packaging products for household electrical appliances in the PRC, continued to provide steady revenue and cash flow to the Group and recorded revenue of approximately HK$803.4 million, representing an increase of 17.1% compared to the corresponding year last year. On the other hand, the Group recorded a loss in the Securities Investments segment of approximately HK$7.1 million (2017: profit approximately HK$1.7 million). The Group is continuously engaged in investments in various securities in the year of 2018 for the purpose of capital appreciation. In future, the Group will continue to exercise due professional care in selecting investment targets.

The Group engaged in money lending business with the money lender licence in Hong Kong under the Money Lenders Ordinance. During the year, interest income of approximately HK$83.2 million (2017: approximately HK$65.3 million) from loan receivable which was recognised in the income statement. The interest rate charged during the year was ranging from 6% to 16% (2017: 10% to 16%) per annum. It is expected that such business will contribute steady returns to the Group.

Directors' Business Review

During the year, our travel agency business – Incola Travel Limited contributed revenue of approximately HK$2.7 million to the Group. Our outbound travel, aircraft charter and business travel subsidiary – Arch Partners Holdings Limited, contributed revenue of approximately HK$227.9 million.

The Group invested and developed a show titled "Dream Memory– Halong Bay" in Halong City, Vietnam (the "Show") in order to fully develop tourism resources in the city. The Group is responsible for development and operation of the Show. In April 2018, the Group has obtained the final approval and licenses regarding the show from the Vietnam Central Government. The development of the Show, including the construction of performance stage and stadium, slowed down during the year due to funding pressure and will pick up when further funding is available. In recent years, the tourism industry in Vietnam has grown rapidly and the economic benefits are remarkable, of which Halong Bay is renowned for its natural landscape and scenic beauty. The show will be set in the middle of the sea in Halong Bay with mountains as its background, which reflects the harmonious atmosphere between human beings and the nature.

The Group is committed to create a full chain of tourism industry. Given that there is tremendous growth potential of Cambodia tourism industry, the Group has established a subsidiary, "Cambodian MJ Airlines Co., Ltd.", in Cambodia this year. The Group had obtained preliminary approval from government of Cambodia and is currently seeking permission from the Cambodian Aviation Authority to provide air services. Upon completion, this airline segment will able to bring in tremendous synergy with the existing traveling business.

Having a management team with strong and solid experience in tourism, entertainment and cultural industries, the Company is optimistic about the prospects of the new projects in the Southeast Asia. It is expected that these new projects will generate considerable returns to the Group in the future.

On 14 November 2017, the Company announced its acquisition of 40% of the issued share capital in Chung Sun Financial Holding Limited ("Chung Sun"). Chung Sun and its subsidiaries are principally engaged in the business of trading securities. One of the wholly owned subsidiaries of Chung Sun has been granted Type 4 and 9 Licenses by the Securities and Futures Commission of Hong Kong (the "SFC") at the consideration of HK$9,334,360. The approval from the SFC for the transfer of Sales Shares was obtained by the Group on 10 August 2018.

Directors' Business Review

On 3 September 2018, the Company announced its acquisition of the entire share capital of Manufacture Element Prefabricate Pte Limited (the "MEP"), for the Consideration of S$36,000,000 (equivalent to approximately HK$206,280,000) which shall be satisfied by the allotment and issue of 889,137,931 consideration shares of the Company to the vendors under the general mandate. MEP engages in warehousing and logistic service and its only asset, the property, with a total gross floor area of approximately 905,936 square foot (the "Property"), has close proximity to the Malaysia–Singapore Second Link, a bridge connecting Singapore and Malaysia, the Group expects that, after the acquisition, the Property will be developed as an integrated logistics and transportation hub to enhance the development of the existing business of the Group in the future. The transfer of entire share capital of MEP was completed on 18 September 2018. Following completion, the Group intends to arrange for a refinancing of the pre-existing loan of MEP but the new loan application is still being processed and has yet to be approved, as a result of which certain outgoing management of MEP cannot resign from the board of directors of MEP pending the release of their personal guarantees in support of the loan. Due to the delay of resignation of the outgoing management as explained above, the majority control of MEP is not regarded as having been obtained by the Group and MEP's accounts were not consolidated under the Group's accounts in the current year. For the same reason, the Group's investment cost in MEP was recorded in its statement of financial position as at 31 December 2018 as deposit. The company expects to complete the re-financing arrangement by mid 2019, by when the Company's investment cost in MEP will be re-classified from deposit to line-by-line consolidation of each asset and liability items.

Four possible acquisitions, namely Sou Ching Port Investment Co., Ltd., Oriental Queen Co., Ltd, Amazing Sunrise Limited and Cherish Spark Limited, was lapsed during the year.

SETTLEMENT OF PROFESSIONAL FEE THROUGH THE OF ISSUE OF REMUNERATION SHARES

During the year, the Company issued of 12,500,000 remuneration shares to Mr. Han Ning at the market price of HK$0.20 per remuneration share on 11 July 2018. The above newly issued shares rank pari passu in all respects with the existing shares.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

During the year, save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals.

EVENTS AFTER THE REPORTING PERIOD

On 17 January 2019, the Company announced the acquisition of 100% shareholding in Dong Tai You Bang Wu Liu (Hai Wai) Company Limited ("Dong Tai") for the consideration of HK$185 million which is to be satisfied by the issue of 1,562,500,000 shares of the Company. Dong Tai is engaged in the provision of warehousing and logistic services in the bonded zone in PRC. The acquisition was completed on 12 February 2019.

Directors' Business Review

On 13 March 2019, the Company announced the Group's disposal of 80% shareholding of Golden Truth Enterprises Limited for the cash consideration of HK$140,000,000. The Directors are of the view that the disposal represents a good opportunity for the Group to unlock the value of its asset such that more financial resources can be allocated to other investment opportunities and the Group's financial position can be improved. The disposal has not been completed up to the date of this report.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts prudent treasury policies in cash and financial management. As at 31 December 2018, the Group's current assets amounted to approximately HK$1,409.1 million (31 December 2017: approximately HK$1,225.2 million) of which approximately HK$73.1 million (31 December 2017: approximately HK$5.6 million) were financial assets at fair value through profit or loss and approximately HK$127.5 million (31 December 2017: approximately HK$115.9 million) were cash and bank balances. Cash and bank balances is mostly denominated in Hong Kong dollars and Renminbi. The Group's current liabilities amounted to approximately HK$974.3 million (31 December 2017: approximately HK$861.7 million) of which comprised of trade and other payables of approximately HK$228.8 million (31 December 2017: approximately HK$184.7 million), notes payable of HK$440.0 million (31 December 2017: HK$464.0 million) and interest-bearing bank and other borrowings of approximately HK$227 million (31 December 2017: approximately HK$150.1 million), while the Group's non-current liabilities amounted to approximately HK$137 million which comprised of the deferred tax liabilities and bonds payable (31 December 2017: approximately HK$12.5 million which represented the deferred tax liabilities).

As at 31 December 2018, the Group's interest-bearing bank and other borrowings of approximately HK$227 million (31 December 2017: approximately HK$150.1 million) were repayable within one year, which were secured by the Group's buildings, lease premium for land, trade receivables and pledged bank deposits. As at 31 December 2018, HK$66.4 million (31 December 2017: HK$nil) and HK$160.6 million (31 December 2017: HK$150.1 million) were denominated in HK$ and RMB, respectively. As at 31 December 2018, bank and other borrowings of approximately HK$126 million (31 December 2017: HK$52.6 million) and HK$101 million (31 December 2017: HK$97.5 million) were interest-bearing at fixed and variable interest rates of 7.875% to 9.125% and 4.35% to 5.66% (2017: 5.60% to 7.00% and 4.35% to 7.00%) respectively.

As at 31 December 2018, the Group had two outstanding interest-bearing notes. One with principal amount of HK$80 million which was interest-bearing at 8.6% per annum, originally maturing on 21 April 2017. On 21 April 2017 and 21 July 2017, the Group and the only holder of the notes entered into deeds for the amendment of the instrument of the notes (the "Deeds of Amendment"). Pursuant to the Deeds of Amendment, the maturity date of the notes is extended from 21 April 2017 to 21 April 2018 with interest rate increased to 8.6% per annum for the extended period. The notes were secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Another interest-bearing note was issued in two tranches on 23 November 2016 and 4 January 2017 respectively, with aggregate principal amount of HK$200.0 million with a maturity of 2 years. The interest rate is 10% per annum for the first 12 months and 13% for the next 12 months. The note was pledged by 1,397,000,000 ordinary shares of the Company provided by shareholders of the Company.

On 14 June 2018, the Company entered into a placing agreement with the China Times Securities Limited (the" Placing Agent"), whereby the Company conditionally agreed to issue and the Placing Agent agreed to act as the placing agent to procure, on a best effort basis, subscribers to subscribe for Bonds with an aggregate principal amount of up to HK$150 million. The net proceeds of HK$112.5 million from the Bond issue were utilized for investment of the Company, repayment of liabilities when they fall due and general working capital of the Group.

GEARING RATIO

As at 31 December 2018, the total tangible assets of the Group were approximately HK$2,183.3 million (31 December 2017: approximately HK$1,994.4 million) whereas the total liabilities were approximately HK$1,111.3 million (31 December 2017: approximately HK$874.3 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 50.9% (31 December 2017: approximately 43.8%).

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

ALLOTMENT AND ISSUE OF CONSIDERATION SHARES AND ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE ON 21 APRIL 2017

On 21 April 2017, the Company acquired 100% shareholding in Arch Partners Holdings Limited and its subsidiaries, which are principally engaged in provision of outbound travel and aircraft charter business. The consideration of approximately HK$154.7 million had been satisfied by (i) cash payment of HK$11,408,000; (ii) allotment and issue of 280,000,000 new shares of the Company under general mandate shares; and (iii) subject to the fulfillment of profit guarantee requirements, the issue of convertible bonds in the principal amount of up to HK$112,000,000 by the Company. The above newly issued shares rank pari passu in all respects with the existing shares.

The directors were of the opinion that the profit guarantee was met and that the convertible bonds would be converted into shares at maturity date on 31 March 2018 under the profit guarantee arrangement.

Directors' Business Review

PLACING OF SHARES UNDER GENERAL MANDATE COMPLETED IN JUNE 2017 AND USE OF PROCEEDS FROM PLACING OF SHARES

On 14 June 2017, the Company has issued and allotted 1,230,560,000 ordinary shares, which represent approximately 10.37% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, at the placing price of HK$0.13 each to not less than six allottees. The closing market price was HK$0.149 per share of the Company on the date on which the terms of the issue were fixed. The gross proceeds from the Placing is approximately HK$160.0 million, and the net proceeds (after deducting the placing commission and other costs and expenses) of approximately HK$155.8 million (approximately HK$0.127 per share) were fully utilized as intended as follow: (i) approximately HK$50 million being used for repayment of loans of the Company; (ii) approximately HK$50 million being used for the development of a large performance project in Halong City, Vietnam; and (iii) the remaining balance of approximately HK$55.8 million being used for general working capital of the Group and/or investment opportunities as may be identified from time to time. The newly issued shares by placing rank pari passu in all respects with the existing shares.

ISSUE OF NOTES IN JANUARY 2017

On 22 November 2016, the Company and Prosper Talent Limited (the "Investor"), an indirectly and wholly owned subsidiary of CCB International Holdings Limited entered into a Note Purchase Agreement, pursuant to which the Company issued secured notes in two tranches up to an aggregate principal amount of HK$200 million (the "Notes").

On 23 November 2016, the Company issued the first tranche Note in the principal amount of HK$80 million to the Investor which carries 10% interest per annum and due on 22 November 2017. The first tranche Note was secured by the charges of 697,000,000 ordinary shares of the Company provided by a shareholder. The Group has used the net proceeds of the issuance for developing potential new business and for the working capital of the Group.

On 4 January 2017, the Company issued the second tranche note in the principal amount of HK$120 million to the Investor which carries 10% interest per annum and due on 4 January 2018. The second tranche note was secured by the charges of 700,000,000 ordinary shares of the Company provided by two shareholders. Same as the first tranche Note, the Group has used the net proceeds of the issuance for developing potential new business and for the working capital of the Group.

The Notes can be extended to 24 months with the consent of the holders of the Notes. The interest rate would be 13% per annum from the date immediately after the Initial Maturity Date to and including the Extended Maturity Date. On 22 November 2017, the Company and the noteholder have mutually agreed to extend the maturity date of first tranche Note to 24 months, i.e. 22 November 2018. On 5 December 2017, the Company partially repaid HK$16,000,000 principal amount for the first tranche Note. On 2 January 2018, the Company and the noteholder have mutually agreed to extend the maturity date of second tranche note to 24 months, i.e. 4 January 2019. On 4 January 2018, the Company partially repaid HK$24,000,000 principal amount for the second tranche Note.

ISSUE OF BONDS IN JUNE 2017

On 5 June 2017, the Company and the placing agent entered into a placing agreement pursuant to which the placing agent has agreed to procure Placees to subscribe for the Bonds in an aggregate principal amount of HK$10,000,000 which carries 6% interest per annum with maturity date on 4 June 2024. On 5 June 2017, an independent third party has subscribed the Bonds of HK$10,000,000 issued by the Company. The net proceeds from the issue of the Bonds (after deducting the placing commission) of approximately HK$9,900,000 has been used as general working capital and general corporate purposes.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 June 2015, a share option scheme (the "Scheme") was adopted by the Company. The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employees or directors of the Company or any advisers, consultants, agents, contractors, customers and suppliers of any members of the Group or whom the board of directors in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

The total number of the shares of the Company available for issue under the share option scheme as at 31 December 2018 was Nil. During the year ended 31 December 2018, 1,035,289,025 were granted. 1,000,000 and 1,300,000 share options were exercised and lapsed during the year ended 31 December 2018 respectively. As at 31 December 2018, 1,310,181,125 share options were outstanding.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of around 764 (2017: 460) staff. The Group remunerates its employees based on their performance, experience and industry practices.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. Pursuant to a share option scheme adopted on 5 June 2015 (the "Share Option Scheme"), the Board may offer to grant any employee or director of the Company for the Share Option Scheme on the basis of his or her contribution to the Group, to subscribe for shares of the Company. For the year ended 31 December 2017, no share options were granted and the Group recognised a share option expense of approximately HK$21,539,000. During the year ended 31 December 2018, 1,035,289,025 share options were granted. As at 31 December 2018, 1,310,181,125 shares were granted but not yet lapsed or exercised. Subsequent to the end of the year, no additional share options have been granted to the employee or director of the Group.

Directors' Business Review

CHANGES OF COMPANY NAME AND LOGO

The Company changed its name from "Sino Haijing Holdings Limited 中國海景控股有限公司" to "Ming Lam Holdings Limited 銘霖控股有限公司". Such change was approved by shareholders of the Company on 3 January 2019. The logo of the Company also changed on 31 January 2019.

The change of the name of the Company from "Sino Haijing Holdings Limited 中國海景控股有限公司" to "Ming Lam Holdings Limited 銘霖控股有限公司" has become effective from 7 January 2019 pursuant to the Certificate of Incorporation on Change of Name issued by the Registry of Companies in the Cayman Islands. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 25 January 2019 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

CAPITAL STRUCTURE

The Group adopt stringent financial management policies to maintain its financial condition. As at 31 December 2018, the Group's net assets were financed by internal resources, bank and other borrowings, bonds payable and notes payable. The Company's authorised share capital was HK$375,000,000 divided into 30,000,000,000 shares of HK$0.0125 each, of which 13,325,998,183 ordinary shares were issued and fully paid.

CAPITAL COMMITMENT

As at 31 December 2018, the group's outstanding capital commitment contracted but not provided for in the consolidated financial statements was approximately HK$40.5 million (2017: approximately HK$351.2 million).

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2018, the Group pledged assets with aggregate carrying value of approximately HK$47.2 million (2017: approximately HK$85.2 million) to secure banking and other facilities and other borrowings and the Group has also placed an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company, to secure the notes payable of HK$280 million (2017: HK$280 million).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities.

HEDGING

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF AUDIT OPINION

As disclosed in the section headed "Basis for the Disclaimer of Opinion" of this report, the auditor of the Company, Elite Partners CPA Limited, does not express an opinion on the consolidated financial statements of the Company for the year ended 31 December 2018.

The matters which gave rise to such disclaimer of opinion related to: (1) Open balances and comparative figures; (2) Impairment loss on promissory note receivable; (3) impairment loss on other receivables; and (4) Fundamental uncertainly relating to going concern basis of presentation of financial statements.

The Directors have the following opinions on the matters which gave rise to the disclaimer of opinion for the year ended 31 December 2018.

1) Opening balances and comparative figures, Impairment loss on promissory note receivable and impairment loss on other receivables

The modified opinion on opening balances and comparative figures this year was resulted from the disclaimer of opinion on impairment loss on promissory note receivable and impairment loss on other receivables last year, the effect of which was carried forwarded from last year to current year. The Company will continue to use its best efforts to recover these receivables, including the engagement of legal advisers to pursue after the debtors.

During the process of the Company's annual periodic assessment on its current assets and resolving the audit scope limitation (including but not limited to the recoverability if the promissory note receivable from Cherry Square Limited) as mentioned in the last year audited report, the Company received a letter from Cherry Square Limited ("PN Issuer"), the promissory note issuer, alleging that they were unable to fulfill their obligations on the promissory note due to their financial difficulties ("Default Notice"). The management tried to contact PN Issuer to follow up with the matter but were unable to contact PN Issuer so far. Therefore, although the promissory note has yet to mature, the Directors decided to take a prudent approach to make a full impairment on the carrying value of the promissory note receivable in the amount of HK$87.3 million during the year ended 31 December 2018.

As explained on page 24 of the Company's Annual Report for the year ended 31 December 2017, the promissory note was secured by a charge (the "Charge") by the equity-holder (the "Chargor") over the 100% equity in a PRC company (the "Beijing Land Company") which in turn holds a landed property in Beijing (the "Land"). Upon receiving the Default Notice, the management tried to contact the Chargor and Beijing Land Company to request for updated financial information of Beijing Land Company to assess its business enterprise value. However, the management was unable to get positive feedback from the Chargor and Beijing Land Company. The Company has instructed its PRC legal adviser to uphold its legal right. Pending the retrieval of the updated financial information regarding the pledged assets, the Company is currently unable to state the value of the pledged assets with certainty.

During the year, the Company has instructed its legal adviser to follow up on the progress of the arbitration with Jet Asia Airways Co., Ltd. ("JAA") at Hong Kong International Arbitration Centre ("HKIAC"). In addition, the Company has instructed its legal adviser to check the status of JAA from time to time. Upon checking the current status, the Company discovered that JAA was not able to renew its air operator's certificate until now. In the light of the prolonged failure to renew the air operator's certificate, the business prospect and financial viability of JAA is highly uncertain. As a result, the Directors decided to take a prudent approach to make a full impairment on the carrying value of the receivable in the amount of 15.5 million during the year ended 31 December 2018.

During the audit, the auditors requested the Company to obtain updated financial documents of PN Issuer, Beijing Land Company and JAA, but the Company was unable to provide the same.

2) Fundamental uncertainty relating to going concern basis of presentation of financial statements

Following the lapse of placing of shares under general mandate in December 2018, the Company has to arrange for short-term debt financing to fulfill its operating cashflow requirements. In February 2019, a creditor of the Company issued writ of summons to the Company regarding alleged debt of HK$60 million under a loan agreement. In March 2019, the Company partially repaid Hong Kong $10 million of the other borrowings and extended the due date of the other borrowings to 30 May 2019.

The Directors of the Company will continue to devote their efforts to improve the cashflow position by taking one or more of the followings measures:

a) Negotiate with banks and other lenders to apply for new loans end renew existing loans;

b) Introduce and invite investing partners to collaborate in projects which are under development to ease financial pressure;

c) Closely monitor debt collection status and negotiate with debtor for early repayment or factoring some of the receivables to improve cashflow;

d) Adjusting the investment timetable, reviewing the existing investments and projects of the Group and considering the disposal of certain investments and projects to improve the Group's financial position; and

e) Exploring possibility for obtaining new borrowings with longer repayment terms and opportunities of equity financing such as placing and right issue.

Due to the inclusion of this year's financial figures as comparative figures in the Company's financial statements next year, the Company expects the audit modification to recur at least for one more year. Regarding the promissory notes and the other receivables, the Company's ability to remove the related audit modifications may depend on the progress and outcome of the Company's recovery actions, which the Company is currently unable to predict. The Company will continue to use its best efforts to pursue after the debtors.

APPRECIATION

The Board would like to thank all customers, shareholders, business associates and professional advisers for their continuous support and extend its appreciation to all fellow directors and employees for their invaluable efforts and hard work, dedication and commitment to the Group during the year.

For and on behalf of the Board

Li Zhenzhen
Executive Director

Hong Kong, 29 March 2019

Report of the Directors

The directors present herewith their annual report and the audited consolidated financial statements of Ming Lam Holdings Limited (formerly known as Sino Haijing Holdings Limited) ("the Company") and its subsidiaries (together with the Company, "the Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Group's subsidiaries are set out in note 47(a) to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	23%	
Five largest customers in aggregate	61%	
The largest supplier		18%
Five largest suppliers in aggregate		48%

At no time during the year have the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

INFORMATION OF BUSINESS REVIEW

Information of business review and future development of the Group's businesses is set out in the section of Directors' Business Review of this Annual Report.

FINANCIAL STATEMENTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on pages 48 to 50.

The state of affairs of the Group and the Company as at 31 December 2018 are set out in the consolidated statement of financial position on pages 51 to 52 and the statement of financial position on pages 159 to 163, respectively.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2018. No arrangement under which a shareholder has waived or agreed to waive any dividends was made by the Company.

Report of the Directors

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for each of the last five financial years is set out on page 177.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

NOTES PAYABLE, BANK AND OTHER BORROWINGS AND BONDS PAYABLE

Particulars of the notes payable, bank and other borrowings and bonds payable of the Group as at 31 December 2018 are set out in notes 35, 36 and 37 to the consolidated financial statements respectively.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in note 39 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 53 and note 40 and note 47(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's distributable reserves consist of share premium, share option reserve, contributed surplus and retained earnings, if any. Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Company's reorganisation in 2003. Under the Companies Law of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share option reserve comprises the fair value of share options granted which are yet to be exercised. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

As at 31 December 2018, the Company's reserves available for distribution to the equity holders were HK$373,388,000 (2017: HK$931,120,000), representing share premium of HK$1,499,040,000 (2017: HK$1,171,546,000), share option reserve of HK$43,107,000 (2017: HK$16,632,000), convertible instrument reserve of HK$Nil (2017: HK$98,464,000) and contributed surplus of HK$117,000 (2017: HK$117,000) net of accumulated losses of HK$1,167,876,000 (2017: HK$355,639,000).

Report of the Directors

DIRECTORS

The directors who held office during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Lam Wai Hung
Ms. Li Zhenzhen
Mr. Wang Xin
Mr. Wei Liyi
Mr. Cheng Chi Kin (resigned on 6 August 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Mr. Li Yang (resigned on 3 December 2018)
Mr. Pang Hong (resigned on 6 August 2018)
Ms. Lee Yin Ting (appointed on 1 March 2019)

In accordance with Article 86 and 87 of the Company's articles of association, Mr. Lam Wai Hung, Mr. Lam Hoi Lun, Mr. Lee Tao Wai and Ms. Lee Yin Ting will retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the independent non-executive directors has confirmed his independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2018 and the Company considers the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the "Connected Transaction and Related Party Transactions" section on page 29, no other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY LINKED ARRANGEMENT

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 June 2015, the Company adopted a share option scheme (the "Scheme").

The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employee or director of the Company or any adviser, consultant, agent, contractor, customers and supplier of any member of the Group or whom the Board in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

The total number of Shares issued and to be issued upon exercise of the options granted to each participant or grantee (including exercised and outstanding options) in any twelve month period up to the date of grant shall not exceed 1% of the Shares in issue unless approval from Company's shareholders has been obtained.

The acceptance of an option, if accepted, must be made within 30 days from the date of the offer with a non-refundable payment of HK$1 from the grantee to the Company.

The option period shall not exceed 10 years from the date of acceptance of option. There is no specified minimum period under the Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Scheme.

The exercise price for options under the Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date of offer, which must be a business day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share on the date of offer.

The Scheme will remain valid for a period of 10 years commencing on 5 June 2015. During the year ended 31 December 2018, 1,035,289,025 share options were granted and the Group recognised a share option expense of approximately HK$26,695,000. Among the share options granted, a total of 315,586,706 share options were granted to the directors. 1,000,000 share options were exercised and 1,300,000 share options were lapsed. As at 31 December 2018, 1,310,181,125 share options were outstanding. These share options had an exercise price of ranging from HK$0.145 per share to HK$0.200 per share and a weighted average remaining contractual life of 7.62 at the end of the year.

Movements of the share options of the Company during the year are as follows:

Name or category of participant	Number of share options						Exercise period of share options	Exercise price of share options HK$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK$	Weighted average closing price of the Company's shares immediately before the exercise date HK$
	At 1 January 2018	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed/ forfeited during the year	As at 31 December 2018					
Directors											
Ms. Li Zhenzhen *(Note 1)*	35,899,012	–	–	–	–	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	103,528,902	–	–	–	103,528,902	4 June 2021 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Lam Wai Hung *(Note 2)*	500,000	–	–	–	–	500,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	1,000,000	–	–	–	1,000,000	4 June 2018 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Wang Xin *(Note 3)*	35,899,012	–	–	–	–	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	103,528,902	–	–	–	103,528,902	4 June 2021 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Wei Liyi *(Note 4)*	35,899,012	–	–	–	–	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	103,528,902	–	–	–	103,528,902	4 June 2021 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Cheng Chi Kin *(Note 5)*	–	1,000,000	(1,000,000)	–	–	–	4 June 2018 to 3 June 2028	0.200	4 June 2018	0.190	0.3

Report of the Directors

Name or category of participant	At 1 January 2018	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed/ forfeited during the year	As at 31 December 2018	Exercise period of share options	Exercise price of share options HK$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK$	Weighted average closing price of the Company's shares immediately before the exercise date HK$
	Number of share options										
Mr. Pang Hong *(Note 6)*	300,000	–	–	–	(300,000)	–	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	1,000,000	–	–	(1,000,000)	–	4 June 2018 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Lee Tao Wai *(Note 7)*	100,000	–	–	–	–	100,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	1,000,000	–	–	–	1,000,000	4 June 2018 to 3 June 2028	0.200	4 June 2018	0.190	–
Mr. Lam Hoi Lun *(Note 8)*	100,000	–	–	–	–	100,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	1,000,000	–	–	–	1,000,000	4 June 2018 to 3 June 2028	0.200	4 June 2018	0.190	–
Subtotal	108,697,036	315,586,706	(1,000,000)	–	(1,300,000)	421,983,742					
Employees and financial advisory (other than Directors) in aggregate	168,495,064	–	–	–	–	168,495,064	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	–
	–	719,702,319	–	(2,000,000)	(9,000)	717,693,319	4 June 2021 to 3 June 2028	0.200	4 June 2018	0.190	–
	277,192,100	1,035,289,025	(1,000,000)	(2,000,000)	(1,309,000)	1,308,172,125					

Note 1: Appointed as executive Director on 30 December 2015.
Note 2: Appointed as executive Director on 19 March 2015.
Note 3: Appointed as executive Director on 5 April 2016.
Note 4: Appointed as non-executive Director on 5 April 2016 and re-designated from non-executive Director to executive Director with effective from 4 August 2016.
Note 5: Appointed on 15 February 2017 and resigned on 6 August 2018.
Note 6: Appointed as independent non-executive Director on 14 April 2015 and resigned on 6 August 2018.
Note 7: Appointed as independent non-executive Director on 13 July 2016.
Note 8: Appointed as independent non-executive Director on 13 July 2016.

Details of the valuation of the share options granted during the year are set out in note 41 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme and in the paragraph headed "Interests of Directors and Chief Executives" of the Company, at no time during the year was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2018, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Number of shares held and underlying shares interested	Approximate percentage of the total issued share capital of the Company %
Ms. Li Zhenzhen	Executive Director	139,427,914 *(Note 1)*	1.05
Mr. Wang Xin	Executive Director	139,427,914 *(Note 1)*	1.05
Mr. Lam Wai Hung	Executive Director	1,500,000 *(Note 1)*	0.01
Mr. Wei Liyi	Executive Director	139,427,914 *(Note 1)*	1.05
Mr. Lee Tao Wai	Independent non-executive Director	1,100,000 *(Note 1)*	0.01
Mr. Lam Hoi Lun	Independent non-executive Director	1,100,000 *(Note 1)*	0.01

Note 1: It represents number of share options granted by the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDER

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, so far as is known to the Directors of the Company, the following, not being a Director or the Chief Executive of the Company, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of SFO:

LONG POSITIONS IN THE SHARES

Name	Nature of interests	Number of shares	Approximate percentage of the issued share capital of the Company %
Prosper Talent Limited	Beneficial interest	1,397,000,000 *(Note 1)*	10.48%
Summer Glitter Limited	Beneficial interest	1,464,160,000 *(Note 2)*	10.99%
Lu Hongying	Interest in controlled corporation	2,667,460,000 *(Note 2)*	20.02%
Khmer Resources Investment Holding Group Company Limited	Beneficial interest	792,980,000 *(Note 2)*	5,95%
Majestic Wealth International Limited	Beneficial interest	697,000,000 *(Note 3)*	5.23%
Ms. Liang Yanzhi	Interest in controlled corporation	697,000,000 *(Note 3)*	5.23%

(Note 1) Prosper Talent Limited, a wholly-owned subsidiary of CCBI Investments Limited, has security interest in 1,397,000,000 shares. CCB International (Holdings) Limited owned the entire issued share capital of CCBI Investments Limited. CCB Financial Holdings Limited owned the entire issued share capital of CCB International (Holdings) Limited and CCB International Group Holdings Limited owned the entire issued share capital of CCB Financial Holdings Limited. China Construction Bank Corporation owned the entire issued share capital of CCB International Group Holdings Limited.

Central Huijin Investment Ltd. held 57.11% of the issued share capital of China Construction Bank Corporation.

Hence, CCBI Investments Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. were deemed to be interested in the said shares.

(Note 2) Ms. Lu Hongying held 100% of the issued share capital of Summer Glitter Limited and Khmer Resources Holding Group Company Limited and directly held 410,320,000 shares. Therefore, she was deemed to be interested in 2,667,460,000 shares.

(Note 3) Ms. Liang Yanzhi held 100% of the issued share capital of Majestic Wealth International Limited.

COMPETING INTERESTS

As at 31 December 2018, none of the Directors or management shareholders (as defined in Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's articles of association, every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CONNECTED TRANSACTION AND RELATED PARTY TRANSACTIONS

The related party transactions conducted during the year under review as disclosed in note 9 to the consolidated financial statements are de minimis transactions that are exempted from announcement and/or shareholders' approval under Chapter 14A of the Listing Rules. Save as disclosed above, none of the transactions entered into by the Group during the year constituted a connected transaction of the Group.

ENVIRONMENTAL POLICIES

The Group has adopted effective environmental measures to ensure that the operation of the Group meets the applicable local standards, rules and ethics in respect of environmental protection including waste and energy reduction and recycling of scrap materials. The Group is committed to develop a long-term and sustainable growth with the community and the environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group exposes to various risks and uncertainties in its daily operation and management. Save for the credit risk, liquidity risk, interest rate risk, currency risk and equity price risk as disclosed in note 54 to the consolidated financial statements, the Group also exposes to operation risk and market risk. The business and results of operations are susceptible to market volatility and economic cyclicality. In addition, as most of the Group's business is located in the PRC, the Group's business, financial condition, results of operations and prospects are greatly affected by political, economic and legal developments and changes to government policies in the PRC.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance and risk management policies and procedures to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Group is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The management will ensure that the conduct of business is in conformity with the applicable laws and regulations.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognize that employees are our valuable assets and our Group provides competitive remuneration package to applicable employees. The Group also understands that it is important to maintain good relationship with business partners to meet immediate and long-term goals. During the year, there was no material dispute between our Group and the business partners.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the annual general meeting of the Company on Monday, 3 June 2019, the register of members of the Company will be closed from Wednesday, 29 May 2019 to Monday, 3 June 2019, both days inclusive, during which period no transfer of the shares of the Company can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 28 May 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 57 to the consolidated financial statements.

Report of the Directors

NON-COMPLIANCE WITH RULE 3.10(1) AND RULE 3.21 OF THE LISTING RULES

Following the resignation of Mr. Li Yang as an independent non-executive director of the Company on 3 December 2018, the number of independent non-executive directors of the Company is less than the minimum required under Rule 3.10(1) of the Listing Rules and the number of member of audit committee is less than the minimum required under Rule 3.21 of the Listing Rules. The Board will seek and appoint appropriate person(s) to fill the vacancy in accordance with Rule 3.11 and Rule 3.23 of the Listing Rules respectively as soon as practicable within three months of 3 December 2018. On 1 March 2019, Ms. Lee Yin Ting was appointed as independent non-executive director of the Company. Following the appointment of Ms. Lee Yin Ting an independent non-executive director of the Company, the Company has fulfilled the requirement under Rule 3.10(1) and Rule 3.21 of the Listing Rule.

AUDITOR

The financial statements for the year ended 31 December 2017 have been audited by Mazars CPA Limited. Mazars CPA Limited (“Mazars”). Mazars has resigned as auditors of the Group with effect from 27 June 2018. CCTH CPA Limited (“CCTH”) was appointed as the new auditors of the Group with effect from 27 June 2018. CCTH has resigned as auditors of the Group with effect from 24 October 2018 and Elite Partners CPA Limited (“Elite Partners”) was appointed as the new auditors of the Group with effect from 24 October 2018.

The financial statements for the year ended 31 December 2018 have been audited by Elite Partners, who retires and, being eligible, offers itself for appointment at the forthcoming annual general meeting of the Company.

On behalf of the board

Li Zhenzhen
Executive Director

Hong Kong, 29 March 2019

Corporate Governance Report

CORPORATE GOVERNANCE

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the "Code"), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with applicable code provisions of Code for the year ended 31 December 2018, except for certain deviations which are summarized below:

CODE PROVISION A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

For the annual general meetings held on 22 June 2018, Mr. Li Yang and Mr. Pang Hong, being the independent non-executive Directors, did not attend the meeting due to their other business engagement. The Company will endeavour to arrange the future general meetings with the presence of the independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

CODE PROVISION A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All independent non-executive Directors were not appointed for specific terms but they were subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. According to the Articles of Association of the Company, one-third of the Directors shall retire from the office by rotation at each annual general meeting. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the code.

The Board develops and constantly reviews the Company's policies and practices on corporate governance and the code of conduct which is applicable to employees and directors. It has developed corporate governance policies and code of conduct for the Group and its employees which cover areas such as compliance with laws and regulations, ethics, integrity, avoidance of conflict of interest, confidentiality, environmental protection, etc.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Code Provision A.6.5 of the Code stipulates that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. All directors namely, Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin, Mr. Wei Liyi, Mr. Cheng Chi Kin, Mr. Pang Hong, Mr. Lam Hoi Lun, Mr. Lee Tao Wai and Mr. Li Yang have participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility and provided a record of training they received for the financial period ended 31 December 2018 to the Company.

THE BOARD

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions (in particular those which may involve conflict of interests), appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Corporate Governance Report

All directors have fully and timely access to all relevant information as well as the advice and services of the professional advisers, as and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

COMPOSITION

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board of the Company as at the date of this report comprises the following Directors:

EXECUTIVE DIRECTORS

Mr. Lam Wai Hung
Ms. Li Zhenzhen
Mr. Wang Xin
Mr. Wei Liyi
Mr. Cheng Chi Kin (resigned on 6 August 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Mr. Li Yang (resigned on 3 December 2018)
Mr. Pang Hong (resigned on 6 August 2018)
Ms. Lee Yin Ting (appointed on 1 March 2019)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules.

None of the members of the Board is related to one another.

In accordance with the Company's articles of association, one-third of the directors for the time being shall retire from office and being eligible, offer themselves for re-election at the forthcoming annual general meeting. Detailed information of the directors standing for re-election will be included in the Company's circular to be dispatched together with the notice of the forthcoming annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

ROLES AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Ms. Li Zhenzhen is the chairman. The role of the chief executive officer has been performed collectively by all executive directors. The Board considers this arrangement allows contributions from all executive directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and the interest of the Shareholders of the Company as a whole.

BOARD AND BOARD COMMITTEES MEETINGS

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Regular Board meetings should be held at least four times a year for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 December 2018, 22 Board meetings 4 of which were regular Board meetings, 6 Audit Committee meetings, 1 Remuneration Committee meeting, 1 Nomination Committee meeting and 1 general meeting were held.

The individual attendance record of each director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meetings, during the year ended 31 December 2018 is set out below:

Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
	Attendance/number of meetings held during the tenure of directorship				
Executive Directors					
– Ms. Li Zhenzhen	22/22	N/A	N/A	N/A	1/1
– Mr. Lam Wai Hung	17/22	N/A	N/A	1/1	0/1
– Mr. Wei Liyi	20/22	N/A	1/1	N/A	0/1
– Mr. Wang Xin	20/22	N/A	N/A	N/A	1/1
– Mr. Cheng Chi Kin (resigned on 6 August 2018)	7/12	N/A	N/A	N/A	0/1
Independent Non-executive Directors					
– Mr. Pang Hong (resigned on 6 August 2018)	10/12	2/4	0/0	0/0	0/1
– Mr. Lee Tao Wai	11/22	6/6	1/1	1/1	1/1
– Mr. Lam Hoi Lun	19/22	6/6	1/1	1/1	1/1
– Mr. Li Yang (resigned on 3 December 2018)	1/20	0/2	N/A	N/A	0/1

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

In general, at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or Audit Committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to the senior executives whenever necessary. With the support of the senior executives, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the secretary of the meetings and opened for inspection by the directors.

The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

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

AUDIT COMMITTEE

The Company had established an Audit Committee in compliance with the Listing Rules. In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non-executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules, and believes that, for the year ended 31 December 2018 up to the date of this annual report, they were independent to the Company in accordance with the relevant requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Group.

The Audit Committee comprises Mr. Lam Hoi Lun, Mr. Lee Tao Wai and Ms. Lee Yin Ting who are independent non-executive Directors of the Company. Mr. Lee Tao Wai is the chairman of the Audit Committee.

Corporate Governance Report

During the year, the Audit Committee held 6 meetings to review and comment on the Company's 2017 annual report, 2018 interim report as well as the Company's internal control procedures and risk management.

The Group's annual results for the year ended 31 December 2018 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in compliance of the Listing Rules. The primary duties of the Remuneration Committee mainly include: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them.

The Remuneration Committee consists of three independent non-executive Directors, namely, Mr. Lam Hoi Lun, Mr. Lee Tao Wai and Ms. Lee Yin Ting and one executive Director, namely, Mr. Wei Liyi. Ms. Lee Yin Ting is the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee are available on the Company's website.

Remuneration Committee shall meet at least once every year for reviewing the remuneration policies.

The Remuneration Committee had held 1 meeting for the year ended 31 December 2018.

For the year ended 31 December 2018, the Remuneration Committee reviewed the existing remuneration policies of the Company.

The remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

Remuneration band	Number of persons
HK$1,000,000 – HK$2,000,000	1

Further particulars regarding Directors', chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 9 and 10 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established the Nomination Committee in compliance of the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, and to ensure that the candidates to be nominated as Directors are experienced, high caliber individuals. The Nomination Committee consists of three independent non-executive Directors, namely, Mr. Lam Hoi Lun, Mr. Lee Tao Wai and Ms. Lee Yin Ting and one executive Director, namely, Ms. Li Zhenzhen. Ms. Li Zhenzhen is the chairman of the Nomination Committee.

The Board adopted a board diversity policy (the "Board Diversity Policy") setting out the approach to diversify members of the Board. The Company believes that a diversified perspective can be achieved through implementation of the Board Diversity Policy. The diversity of the Board members should be assessed on a diversity of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued. The Company has a nomination policy of having a board of directors with a diversity of skills and experience. The selection and proposed appointment of the Directors are submitted to the nomination committee of the Company for consideration prior to Board approval, and the re-election of Directors is conducted in accordance with the Articles. The criteria of assessing a candidate include his/her ability to devote sufficient time and attention to participate in the affairs of the Company including the attendance of Board meetings and serving on committees, to bring business experience to the Board and to contribute to the Board diversity. If the candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with the requirements under the Listing Rules. The totality of the candidate's education, qualifications and experience shall be evaluated in assessing his/her suitability.

The written terms of reference of the Nomination Committee are available on the Company's website.

The Nomination Committee shall meet at least once every year for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and other related matters.

The Nomination Committee had held 1 meeting for the year ended 31 December 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for Directors' securities transactions. Specific enquiry has been made by the Company and all Directors have confirmed that they have complied with the Model Code throughout the year.

Corporate Governance Report

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports required under the Listing Rules and other regulatory requirements.

The directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2018.

As disclosed in note 2 to the consolidated financial statements, the Group incurred a consolidated net loss of HK$292,070,000 for the year ended 31 December 2018. As at 31 December 2018, a bond payable of approximately HK$64,000,000 with interest payable of approximately HK$1,311,000 were both overdue. Subsequent to 31 December 2018, the Group was also unable to extend the maturity date of other bonds payable with interest payable of approximately HK$424,434,000 that became due. On 18 February 2019, one of the creditors has filed a legal claim against the Group demanding repayments of the overdue borrowings of approximately HK$60,000,000. These conditions indicate the existence of a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern. In light of the aforementioned circumstances, the Board has contemplated the Group's available sources of funding and the liquidity position in the coming future and the possibility to improve the Group's performance so as to evaluate whether the Group would have sufficient financial resources to continue its business as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include but are not limited to: (i) negotiating with banks to renew bank and other loans; (ii) entering into an agreement to dispose of its 80% equity interests in Golden Truth Enterprises Limited; (iii) developing its logistic segment by acquiring Dong Tai You Bang Wu Liu (Hai Wai) Company Limited to strengthen the Group income stream and financial position; and (iv) negotiating with creditors on repayment arrangements. In particular, in March 2019, the Company partially repaid of HK$10,000,000 of the other borrowings and extended the due date of the other borrowings to 30 May 2019. The Board is satisfied that the steps proposed by the management have been carefully considered and while a material uncertainty exists, the Board believes that the Group will be able to achieve the desired outcome of raising sufficient funds to enable the Group to fund its operations for the foreseeable future. On the basis of this assumption the Board has determined that it is appropriate for the Company to adopt the going concern assumption in preparing the accompanying financial statements.

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 44 to 47.

COMPANY SECRETARY

The company secretary of the Company, Mr. Tsui Siu Hung, Raymond, who was appointed on 30 December 2015, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Mr. Tsui's biography is set out in the "Directors and Senior Management" section of this annual report. During the year ended 31 December 2018, Mr. Tsui undertook not less than 15 hours of professional training to update his skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 31 December 2018, the remuneration payable to the auditor of the Company in respect of audit and non-audit services were approximately HK$1,630 and approximately HK$350 respectively. Non-audit services were mainly related to professional services in connection with environmental social and governance and internal control review.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has developed the Group's internal control, risk assessment and management systems and has overall responsibility for reviewing and maintaining an adequate and effective risk management and internal control systems to safeguard the interests of the shareholders of the Company and the assets of the Group. It evaluates the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and budget of the Group's accounting and financial reporting functions.

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The Board is also responsible for overseeing its risk management and internal control systems on an ongoing basis and reviewing the effectiveness of the risk management and internal control systems has been conducted at least annually. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

An ongoing risk management approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievements of its objectives. The Group established a risk management framework that the Board and management discuss potential risks during board meetings and management meetings regularly. Management from different subsidiaries and departments voluntarily raise any issues that need attention and further discussions. The Board and key management are closely involved in daily operation and monitor the potential risks with their understanding of the industry. When risks arise during business operations, they are assessed at management meetings and risk management actions are taken for significant risks. The Group prioritizes risks identified during management meetings and significant risks are handled at once. Progress on the risks identified at previous meetings is followed up.

The Board has supervised the management in the design, implementation and monitoring of the risk management and internal control systems and evaluated the effectiveness of the Group's risk management and internal control systems during 2018. The Company does not have an internal audit function. The board has annually reviewed whether the Group needs to have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. During the year ended 31 December 2018, the Company has engaged an external risk management and internal control review consultant (the "Consultant") to conduct a review of the Group's risk management and internal control covering the period from 1 January 2018 to 31 December 2018. Such review is conducted annually. The scope of the Consultant's review was previously determined and approved by the Board. The Consultant has reported findings and areas for improvement to the Board. The Board is of the view that there are no material internal control defeats noted. All recommendations given by the Consultant will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

Corporate Governance Report

The Board considers the risk management and internal control systems of the Group of the reporting year are effective and adequate.

The Board has established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and wavier to the disclosure of inside information, and also compliance and reporting procedures. Every management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Chief Financial Officer, who will notify the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence.

DIVIDEND POLICY

Dividends may be declared from time to time by the Company to its shareholders. The Company does not have any predetermined dividend pay-out ratio. The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account, among others, the general financial condition of the Group, the capital and debt level of the Group, the future cash requirements and availability for business operations, business strategies and future development needs, the general market conditions and any other factors that the Board deems appropriate. The payment of dividends by the Company is also subject to any restrictions under the relevant applicable laws, rule and regulations and the articles of association of the Company.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Enquiries of shareholders can be sent to the Company either by post to the Company's Hong Kong registered office at Room 2816, 28/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. Shareholders can also make enquires with the Board directly at the general meetings.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. The Company has established a shareholders communication policy to set out the Company's procedures in providing shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information are also made available on the Company's website. The Company regards the annual general meeting of the Company as an important event and all directors, senior management and external auditors make an effort to attend the annual general meeting of the Company to address shareholders' queries.

Shareholders are encouraged to attend all general meetings of the Company, such as the annual general meeting for which at least 20 clear business days notice is given. The Company has complied with the requirements concerning voting by poll under the Listing Rules. Details of the poll voting procedures and the rights of shareholders to demand a poll are included in circulars to shareholders of the Company dispatched by the Company where applicable.

Independent Auditor's Report

To the shareholders of
Ming Lam Holdings Limited (formerly known as Sino Haijing Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Ming Lam Holdings Limited (the "Company") (formerly known as Sino Haijing Holdings Limited) and its subsidiaries (together the "Group") set out on page 48 to page 176, which comprise the consolidated statement of financial position at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1) Opening balances and comparative figures

As detailed in the auditor's report dated 29 March 2018 on the consolidated financial statements of the Group for the year ended 31 December 2017, the predecessor auditor disclaimed their opinion on the Group's consolidated financial statements for the year ended 31 December 2017.

The details of which are set out in auditor's report dated 29 March 2018 and included in the Group's annual report for the year ended 31 December 2017. As the auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2017 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the abovementioned matters would have a significant effect on the opening balances and consequential effect on the consolidated results and cash flows for the year ended 31 December 2018 and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 December 2018. Our opinion on the current period's consolidated financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and corresponding figures.

Independent Auditor's Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

2) Impairment loss of promissory note receivable

Included in the Group's unsecured promissory note receivable as at 31 December 2018 were the partial proceed of the disposal of 85% equity interests in Master Race Limited and its subsidiaries. The maturity date of the promissory note is two years from the date of issuance. The principal amount of the said promissory note was approximately HK$88,000,000. During the year ended 31 December 2018, the impairment loss of approximately HK$87,263,000 has been recognised in the statement of profit or loss in the current year. In the absence of adequate supporting documents, we were unable to obtain sufficient appropriate audit evidence as to the whether the basis of such impairment loss recognised in the current year was appropriate.

Any adjustment in connection with the promissory note receivable may have a significant effect on the financial position of the Group as at 31 December 2018, the financial performance of the Group for the year then ended and the related disclosures in the consolidated financial statements.

3) Impairment loss on other receivables

At 31 December 2018, included in the Group's other receivables were refundable earnest money paid to an independent third party of approximately HK$15,528,000 in relation to a proposed acquisition. During the year ended 31 December 2018, the impairment loss of approximately HK$15,528,000 has been recognised in the statement of profit or loss in the current year. In the absence of adequate supporting documents, we are unable to obtain sufficient appropriate audit evidence as to whether the basis of such impairment loss recognised in the current year was appropriate.

Any adjustment in connection with the other receivables may have a significant effect on the financial position of the Group as at 31 December 2018, the financial performance of the Group for the year then ended and the related disclosures in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

4) Fundamental uncertainly relating to going concern basis of presentation of financial statements

As disclosed in note 2 to the consolidated financial statements, the Group incurred a consolidated net loss of HK$301,760,000 for the year ended 31 December 2018. As at 31 December 2018, a bond payable of approximately HK$64,000,000 with interest payable of approximately HK$1,311,000 were both overdue. Subsequent to 31 December 2018, the Group was also unable to extend the maturity date of other bonds payable with interest payable of approximately HK$424,434,000 that became due. On 18 February 2019, one of the creditors has filed a legal claim against the Group demanding repayments of the overdue borrowings of approximately HK$60,000,000. These conditions, as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to settle certain immediate repayments to creditors, which are set out in note 2 to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, we were unable to satisfy ourselves as to whether such measures could be executed under the management expectation including but not limited to: (i) whether the Company could negotiate with the banks to secure the renewal of the Group's bank and other loans when may fall due; (ii) whether the disposal of 80% equity interest in Golden Truth Enterprises Limited and its subsidiaries could be completed by the end of third quarter in 2019; (iii) whether the development in the logistic segment would strengthen the financial performance and position of the Group; and (iv) whether the creditors could extend the overdue interest and principal payment obligations.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the Group fail to realise its plans to improve its financial position, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated statement of financial position as at 31 December 2018. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

Independent Auditor's Report

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

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

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

The directors are responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA and to issue an auditor's report. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in the independent auditor's report is Chan Wai Nam, William with Practising Certificate number P05957.

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

29 March 2019

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Continuing operations			
REVENUE	5	**1,126,129**	921,156
Cost of sales and services		**(864,356)**	(739,574)
Gross profit		**261,773**	181,582
Other revenue and other income	7	**30,341**	9,914
Gain on bargain purchase on acquisition of an associate	18	**9,103**	–
(Loss)/gain on disposal of available-for-sale financial assets	20	**(5,045)**	26,873
Loss on disposal of an associate	18	**–**	(18,879)
Impairment loss on goodwill	23	**(3,059)**	–
Impairment loss on promissory note receivable		**(87,263)**	–
Impairment loss on other receivable		**(15,528)**	–
Impairment loss on deposit of intangible assets		**(53,600)**	–
Impairment loss on construction in progress		**(25,949)**	–
Administrative and other operating expenses		**(278,659)**	(147,126)
Fair value change of financial assets at fair value through profit or loss, net		**(3,900)**	(1,012)
Net realised loss on financial assets at fair value through profit or loss		**(12,087)**	(6,603)
Loss allowance for loans and interest receivables	30	**(33,780)**	(46,204)
Loss on change in fair value of convertible bonds		**–**	(18,741)
Share of results of an associate	18	**(1,576)**	319
Loss from operations		**(219,229)**	(19,877)
Finance costs	8	**(59,152)**	(72,554)
Loss before tax	8	**(278,381)**	(92,431)
Income tax expense	11	**(23,379)**	(4,307)
Loss for the year from continuing operations		**(301,760)**	(96,738)
Discontinued operations			
Loss for the year from discontinued operations	14	**–**	(17,262)
Loss for the year		**(301,760)**	(114,000)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Other comprehensive income/(loss):			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(24,902)	34,638
Released of exchange reserve upon disposal of an associate		–	14,846
Reclassification adjustment relating to available-for-sale financial assets disposed of during the year		–	(44,014)
Changes in fair value of available-for-sale financial assets	20	(3,474)	5,238
Other comprehensive income for the year, net of tax		(28,376)	10,708
Total comprehensive loss for the year		(330,136)	(103,292)
Loss for the year attributable to the equity holders of the Company:			
– from continuing operations		(300,468)	(92,594)
– from discontinued operations	14	–	(17,513)
		(300,468)	(110,107)
(Loss)/Profit for the year attributable to non-controlling interests:			
– from continuing operations		(1,292)	(4,144)
– from discontinued operations	14	–	251
		(1,292)	(3,893)
Total comprehensive loss attributable to the equity holders of the Company:			
– from continuing operations		(328,886)	(84,007)
– from discontinued operations		–	(18,220)
		(328,886)	(102,227)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Total comprehensive (loss) income attributable to non-controlling interests:			
– from continuing operations		**(1,250)**	(2,023)
– from discontinued operations		**–**	958
		(1,250)	(1,065)
Loss per share for the year	*13*		
– Basic			
– from continuing operations		**HK2.40 cents**	HK0.82 cents
– from discontinued operations		**–**	HK0.16 cents
– Diluted			
– from continuing operations		**HK2.40 cents**	HK0.82 cents
– from discontinued operations		**–**	HK0.16 cents

Consolidated Statement of Financial Position

At 31 December 2018

	Notes	31 December 2018 HK$'000	31 December 2017 HK$'000
Non-current assets			
Investment properties	15	9,911	11,096
Property, plant and equipment	16	345,814	389,208
Intangible assets	17	134,132	144,929
Interest in an associate	18	18,861	–
Lease premiums for land	19	27,621	29,837
Available-for-sale financial assets	20	2,139	36,828
Deposits for potential acquisition of subsidiaries	21	258,893	55,000
Deposits for acquisition of land and plant and machinery	22	15,847	21,434
Goodwill	23	–	3,059
Promissory notes receivable	24	75,751	153,537
Security deposits	25	11,763	10,983
Deferred tax assets	38	7,624	7,624
Deposits for potential acquisition of intangible asset	26	–	53,600
		908,356	917,135
Current assets			
Financial assets at fair value through profit or loss	27	73,140	5,557
Inventories	28	31,592	36,796
Lease premiums for land	19	718	757
Trade and other receivables	29	534,267	395,042
Loans and interest receivables	30	628,237	667,110
Pledged bank deposits	32	13,681	4,083
Cash and cash equivalents	33	127,478	115,867
		1,409,113	1,225,212
Current liabilities			
Trade and other payables	34	228,783	184,677
Notes payable	35	440,000	464,000
Bank and other borrowings	36	227,000	150,070
Income tax payable		78,537	62,986
		974,320	861,733

Consolidated Statement of Financial Position

At 31 December 2018

	Notes	31 December 2018 HK$'000	31 December 2017 HK$'000
Net current assets		434,793	363,479
Total assets less current liabilities		1,343,149	1,280,614
Non-current liabilities			
Bonds payable	37	134,955	10,216
Deferred tax liabilities	38	2,018	2,302
		136,973	12,518
NET ASSETS		1,206,176	1,268,096
Capital and reserves			
Share capital	39	166,575	148,292
Reserves	40	1,016,234	1,095,187
Equity attributable to equity holders of the Company		1,182,809	1,243,479
Non-controlling interests		23,367	24,617
TOTAL EQUITY		1,206,176	1,268,096

These consolidated financial statements on pages 48 to 57 were approved and authorised for issue by the Board of Directors on 29 March 2019 and signed on its behalf by:

Li Zhenzhen
Director

Wang Xin
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Share capital *HK$'000*	Share premium *HK$000*	Capital reserve *HK$'000*	Share option reserve *HK$'000*	Available-for-sales financial assets reserve *HK$'000*	Statutory surplus reserve *HK$'000*	Convertible instrument reserve *HK$'000*	Translation reverse *HK$'000*	Accumulated losses *HK$'000*	Subtotal *HK$'000*	Non-controlling interest *HK$'000*	Total *HK$'000*
At 1 January 2017	129,410	970,990	117	18,786	45,467	31,722	–	(14,373)	(155,378)	1,026,741	46,360	1,073,101
Transfer to statutory surplus reserve	–	–	–	–	–	6,501	–	–	(6,501)	–	–	–
Loss for the year	–	–	–	–	–	–	–	–	(110,107)	(110,107)	(3,893)	(114,000)
Other comprehensive loss for the year												
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	31,810	–	31,810	2,828	34,638
Released of reserve upon disposal of an associate	–	–	–	–	–	–	–	14,846	–	14,846	–	14,846
Reclassification adjustment relating to available-for-sale financial assets disposed during the year	–	–	–	–	(44,014)	–	–	–	–	(44,014)	–	(44,014)
Change in fair value of available-for-sale financial assets, net	–	–	–	–	5,238	–	–	–	–	5,238	–	5,238
Total comprehensive loss for the year	–	–	–	–	(38,776)	–	–	46,656	(110,107)	(102,227)	(1,065)	(103,292)
Transactions with equity holders of the Company												
Contributions and distributions:												
Issue of shares by placements	15,382	140,442	–	–	–	–	–	–	–	155,824	–	155,824
Issue of shares for acquisition of subsidiaries	3,500	60,114	–	–	–	–	–	–	–	63,614	–	63,614
Transfer of share option reserve upon forfeiture share options	–	–	–	(2,154)	–	–	–	–	2,154	–	–	–
Transfer from convertible bonds	–	–	–	–	–	–	98,464	–	–	98,464	–	98,464
Changes in ownership interests												
Non-controlling interests arising from business combination	–	–	–	–	–	–	–	–	–	–	70	70
Disposal of subsidiaries	–	–	–	–	–	–	–	1,063	–	1,063	(20,748)	(19,685)
Total transactions with equity holders	18,882	200,556	–	(2,154)	–	–	98,464	1,063	2,154	318,965	(20,678)	298,287
At 31 December 2017	148,292	1,171,546	117	16,632	6,691	38,223	98,464	33,346	(269,832)	1,243,479	24,617	1,268,096

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Share capital HK$'000	Share premium HK$000	Capital reserve HK$'000	Share option reserve HK$'000	Available-for-sales financial assets reserve HK$'000	Statutory surplus reserve HK$'000	Convertible instrument reserve HK$'000	Translation reverse HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 January 2018	148,292	1,171,546	117	16,632	6,691	38,223	98,464	33,346	(269,832)	1,243,479	24,617	1,268,096
HKFRS 9 adjustment on accumulated loss	-	-	-	-	-	-	-	-	(5,690)	(5,690)	-	(5,690)
Transfer to statutory surplus reserve	-	-	-	-	-	8,447	-	-	(8,447)	-	-	-
Loss for the year	-	-	-	-	-	-	-	-	(300,468)	(300,468)	(1,292)	(301,760)
Other comprehensive loss for the year												
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	-	(24,944)	-	(24,944)	42	(24,902)
Reclassification adjustment relating to Available-for-sales assets disposed during the year	-	-	-	-	(9,690)	-	-	-	9,690	-	-	-
Change in fair value of Available-for-sales asset, net	-	-	-	-	(3,474)	-	-	-	-	(3,474)	-	(3,474)
Total comprehensive loss for the year	-	-	-	-	(13,164)	-	-	(24,944)	(290,778)	(328,886)	(1,250)	(330,136)
Transaction with equity holders of the Company												
Contributions and distributions:												
Issue of share by conversion of Convertible bonds	7,000	91,464	-	-	-	-	(98,464)	-	-	-	-	-
Issue of shares upon exercise of options	13	287	-	(100)	-	-	-	-	-	200	-	200
Issue of shares upon service rendered	156	2,344	-	-	-	-	-	-	-	2,500	-	2,500
Issue of shares for acquisition of subsidiaries	11,114	233,399	-	-	-	-	-	-	-	244,513	-	244,513
Equity-settled share option arrangements	-	-	-	26,693	-	-	-	-	-	26,693	-	26,693
Transfer of share option reserve upon forfeiture share option	-	-	-	(118)	-	-	-	-	118	-	-	-
Total transactions with equity holders	18,283	327,494	-	26,475	-	-	(98,464)	-	118	273,906	-	273,906
At 31 December 2018	166,575	1,499,040	117	43,107	(6,473)	46,670	-	8,402	(574,629)	1,182,809	23,367	1,206,176

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Loss before tax including discontinued operations	(278,381)	(90,564)
Exchange difference	(434)	(3,515)
Interest expenses	59,152	72,554
Depreciation of property, plant and equipment	34,705	32,916
Depreciation of investment properties	644	627
Amortisation of lease premium for land	717	710
Amortisation of intangible assets	10,797	5,971
Amortisation of deferred day-one gain	(1,282)	(129)
Dividend income	(146)	–
Impairment loss on goodwill	3,059	14,743
Impairment loss on promissory note receivable	87,263	–
Impairment loss on other receivable	15,528	–
Impairment loss on deposit of intangible assets	53,600	–
Impairment loss on construction-in-progress	25,949	–
Equity-settled share-based payments	29,193	–
Allowance for loans and interest receivables	33,780	46,204
Interest income	(4,433)	(1,547)
Imputed interest income on promissory note	(9,563)	–
Impairment on intangible assets	–	16,100
Loss/(gain) on disposal of available-for-sale financial assets	5,045	(26,873)
Write off of property, plant and equipment	1,222	1,152
Loss on disposal of an associate	–	18,879
Loss on change in fair value of convertible bonds	–	18,741
Loss on disposal of property, plant and equipment	5,930	(99)
Gain on bargain purchase on acquisition of an associate	(9,103)	–
Share of results of an associate	1,576	(319)
Fair value change of financial assets at fair value through profit or loss	3,900	1,012
Net realised loss on financial assets at fair value through profit or loss	12,087	6,603
Changes in working capital:		
Inventories	5,509	(10,296)
Trade and other receivables	(156,742)	(101,201)
Financial assets at fair value through profit or loss	(83,765)	(12,785)
Loans and interest receivables	38,449	(358,877)
Trade and other payables	48,846	9,985
Security deposit	–	(10,983)
Cash from/(used in) operations	(66,898)	(370,991)
Interest received	4,433	1,547
Income tax paid	(4,959)	(6,902)
Net cash used in operating activities	(67,424)	(376,346)

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
INVESTING ACTIVITIES		
Advance to an associate	(2,000)	–
Purchase of property, plant and equipment	(43,508)	(48,685)
Purchase of available-for-sale financial assets	–	(752)
Proceeds from disposal of property, plant and equipment	–	3,729
Proceeds from disposal of available-for-sale financial assets	26,820	296,662
Proceeds from disposal of an associate	–	289,874
Deposits for acquisition of land and plant and machinery	5,588	(21,434)
Deposits paid for potential acquisition of subsidiaries	(8,917)	(55,000)
Refund of deposits paid for potential acquisition of subsidiaries	5,000	–
Net cash inflows from acquisition of subsidiaries – assets	–	40
Net cash outflows from acquisition of subsidiaries – business	–	(4,612)
Net cash inflows on disposal of subsidiaries	–	41,487
Purchase of an associate	(4,334)	–
Dividend Income received	146	–
Decrease (Increase) in pledged bank deposits	(9,981)	2,525
Net cash (used in) from investing activities	(31,186)	503,834
FINANCING ACTIVITIES		
New bank and other borrowings raised	272,708	197,834
Repayment of bank and other borrowings	(187,362)	(432,122)
Proceeds from exercise of share options	200	–
Interest paid	(53,970)	(70,784)
Proceeds from issue of bonds	122,500	10,000
Proceeds from issue of shares by placements	–	155,824
Proceeds from issue of notes payable	–	120,000
Repayment of notes payables	(24,000)	(16,000)
Net cash from/(used in) from financing activities	130,076	(35,248)

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
Net increase in cash and cash equivalents	31,466	92,240
Effect on exchange rate changes	(19,855)	1,131
Cash and cash equivalents at beginning of reporting period	115,867	22,496
Cash and cash equivalents at end of reporting period	127,478	115,867
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	127,478	113,955
Deposits with financial institutions with original maturity within three months	–	1,912
	127,478	115,867
Major non-cash transactions		
Issue of shares for acquisition of subsidiaries	–	63,613
Promissory note receivable for disposal of subsidiaries	–	152,783
Issue of convertible bonds for acquisition of subsidiaries	–	79,723
Acquisition of subsidiaries with deposit paid in prior year	–	11,408
Issue of shares for deposit paid for acquisition of subsidiaries	244,513	–

Notes to the Consolidated Financial Statements

Year ended 31 December 2018

1. GENERAL INFORMATION

Ming Lam Holdings Limited (the "Company") (formerly known as "Sino Haijing Holdings Limited") is a limited liability company incorporated in the Cayman Islands on 8 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are detailed in note 47 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

GOING CONCERN

Basis of going concern

The Group incurred a consolidated net loss of approximately HK$301,760,000 for the year ended 31 December 2018. As at 31 December 2018, a bond payable of approximately HK$64,000,000 with interest payable of approximately HK$1,311,000 were both overdue. Subsequent to 31 December 2018, the Group was also unable to extend the maturity date of other bonds payable with interest payable of approximately HK$424,434,000 that became due. On 18 February 2019, one of the creditors has filed a legal claim against the Group demanding repayments of the overdue borrowings of approximately HK$60,000,000.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

GOING CONCERN *(Continued)*

Basis of going concern (Continued)

The circumstances stated above have indicated the existence of uncertainties which gave rise to a concern on the Group's ability to continue as a going concern that it may not be able to realise its assets and discharge its liabilities in the normal course of business. In light of the aforementioned circumstances, the Board has contemplated the Group's available sources of funding and the liquidity position in the coming future and the possibility to improve the Group's performance so as to evaluate whether the Group would have sufficient financial resources to continue its business as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to the following:

(i) The Group has been actively negotiating with the banks to secure the renewals of the Group's bank and other loans when due to meet its liabilities when fall due;

(ii) On 13 March 2019, the Group successfully entered into an agreement to dispose of its 80% equity interests in Golden Truth Enterprises Limited and its subsidiaries at a cash consideration of HK$140,000,000, such transactions are expected to be completed by the end of third quarter in 2019;

(iii) The Group continues to develop its logistic segment by acquiring the entire issued share capital of Dong Tai You Bang Wu Liu (Hai Wai) Company Limited which brings synergy with pervious acquisition of Manufacture Element Prefabricate Pte Limited in order to strengthen the Group income stream and financial position; and

(iv) The Group has been actively negotiating with creditors the repayment arrangements, which the Group has overdue interest and principal payment obligations. In particular, in March 2019, the Company partially repaid of HK$10,000,000 of the other borrowings and extended the due date of the other borrowings to 30 May 2019.

The certainty of the ability of the Company to satisfy its existing debts by recovering the receivables in the timely manner and the liquidity of the current assets with the amount stated in the balance sheet represent a material uncertainty that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern. The Board is satisfied that the steps proposed by the management have been carefully considered and while a material uncertainty exists, the Board believes that the Group will be able to achieve the desired outcome of raising sufficient funds to enable the Group to fund its operations for the foreseeable future. On the basis of this assumption the Board has determined that it is appropriate for the Company to adopt the going concern assumption in preparing the accompanying financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

GOING CONCERN *(Continued)*

Basis of going concern (Continued)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets other than in the normal course of business. Assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the balance sheet and additional liabilities may arise. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to 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 these consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

1. Sales of packaging products

2. Loan interest income from money lending business

3. Sales of air tickets in tourism and travel business

4. Admission fee income from scenic spot business

5. Agency income from tourism and travel business

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes to the consolidated financial statements.

Considering the nature of the Group's principal activities, Management has assessed the impact and concluded that the application of HKFRS 15 has not had any material impact on the Group's consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in notes to the consolidated financial statements.

Summary of effects arising from initial application of HKFRS 9

	Carrying amounts previously reported at 31 December 2017	**Remeasurement**	**Carrying amounts under HKFRS 9 At 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Promissory note receivables	153,537	(148)	153,389
Loan and interest receivables	667,110	(5,541)	661,569
Accumulated losses	(269,832)	(5,689)	(275,521)

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

BASIS OF MEASUREMENT

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

BASIS OF CONSOLIDATION

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

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

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

Allocation of total comprehensive income

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION *(Continued)*

Changes in ownership interest

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

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

SUBSIDIARIES

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

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

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

If an investment in a joint venture becomes an investment in an associate or vice versa, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be an associate is regarded as the fair value on initial recognition as a financial asset.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

GOODWILL

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

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

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

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT

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

Construction-in-progress is stated at cost less accumulated impairment losses. Cost comprises all costs directly attributable to the construction. Construction-in-progress is transferred to the appropriate class of assets when construction is completed and the asset is ready for intended use.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction-in-progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings and leasehold improvements	5 to 20 years
Plant and machinery	5 to 25 years
Furniture and equipment	5 to 10 years
Scenic spot establishment	40 years
Motor vehicles	5 to 10 years
Moulds	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

INVESTMENT PROPERTIES

Investment properties are land and/or buildings that are held by owner, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties and properties that are held under operating lease, which satisfy the definition of investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. As the Group's lease payments for its investment properties cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the investment properties as a finance lease. Depreciation is provided to write off the cost less accumulated impairment losses of investment properties over the unexpired term of lease using straight-line method, after taking into account their estimated residual values.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

INTANGIBLE ASSETS

Acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in an acquisition of assets through acquisitions of subsidiaries represents their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

INTANGIBLE ASSETS *(Continued)*

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Operating agreements	15 years

Ticket agency right which is an intangible assets with indefinite useful lives is not amortised, but is tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

LEASE PREMIUMS FOR LAND

Lease premiums for land are up-front payments to acquire fixed term interests in lessee-occupied land that are classified as operating leases. The premiums are stated at cost less accumulated amortisation and impairment losses and are amortised over the period of the lease on a straight-line basis to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS

Financial assets

Recognition and derecognition

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

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

Classification and measurement

Financial assets – applicable from 1 January 2018

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement *(Continued)*

Financial assets – applicable from 1 January 2018 (Continued)

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

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

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

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement *(Continued)*

Financial assets – applicable from 1 January 2018 (Continued)

2) Financial assets at FVPL *(Continued)*

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

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

3) Financial assets at Designated FVOCI

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

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

The Group's financial assets at designated FVOCI included all available-for-sales financial assets.

Financial assets – applicable before 1 January 2018

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement *(Continued)*

Financial assets – applicable before 1 January 2018 (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired or incurred principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

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

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

(ii) Loans and receivables

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement *(Continued)*

Financial assets – applicable before 1 January 2018 (Continued)

(iii) Available-for-sale financial assets

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

Financial liabilities

Recognition and derecognition

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

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

Classification and measurement

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

A day-one gain or loss arises when the transaction price for a liability differs from the fair value used to measure it on initial recognition. Such gain or loss is deferred on initial recognition when the fair value is not evidenced by a quoted price in an active market for an identical liability (ie a Level 1 input) or based on a valuation technique that use only date from observable markets. After initial recognition, the deferred gain or loss is recognised only to the extent that it arises from a change in a factor (including time) that market participants would take into account which pricing the liability.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets and other items under HKFRS 9

Applicable from 1 January 2018

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

Measurement of ECL

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

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

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

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

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Definition of default

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

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 180 days past due.

Low credit risk

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

(i) it has a low risk of default;

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Simplified approach of ECL

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

Credit-impaired financial asset

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

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

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

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

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

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

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

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 1 year past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Applicable before 1 January 2018

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

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of availablefor-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

CONVERTIBLE BONDS

The component of the convertible bond that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of issue costs.

At initial recognition, the convertible bonds are accounted for as financial liability and classified as at fair value through profit or loss when the financial liability is contingent consideration that may be paid by the Group as part of a business combination to which HKFRS 3 applies. In subsequent periods, such convertible bonds are measured at fair value with changes in fair value recognised in profit or loss.

Upon fulfillment of the requirements relating to the contingent consideration, the convertible bonds are transferred to convertible instrument reserve at fair value.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease terms.

Dividend income from investments is recognised when the Group's rights to receive payments have been established.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Applicable from 1 January 2018

Revenue from contracts with customers within HKFRS 15

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

- Sales of packaging products
- Sales of air tickets in tourism and travel business
- Admission fee income from scenic spot business
- Agency income from tourism and travel business

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION *(Continued)*

Applicable from 1 January 2018 *(Continued)*

Revenue from contracts with customers within HKFRS 15 (Continued)

Identification of performance obligations *(Continued)*

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

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

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

ii. the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

iii. the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Sale of packaging products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Service income of admission fee, income from scenic spot business and agency income from tourism and travel business is recognised over time when services are rendered.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION *(Continued)*

Applicable before 1st January 2018

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

(i) Sale of packaging materials is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed. Revenue excludes value added tax and is after deduction of any trade discounts and returns;

(ii) Entrustment and management fees from the healthcare business are recognised at the date of entering the management contract and services are rendered respectively;

(iii) Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable;

(iv) Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease terms;

(v) Dividend income from investments is recognised when the Group's rights to receive payments have been established;

(vi) Service fees from ticketing agency business of tourism and travel segment is recognised when tickets are sold;

(vii) Sale of admission tickets in scenic spot business and air-tickets in outbound tourism business in tourism and travel segment are recognised on a gross basis when the tickets are sold; and

(viii) Revenue from the operation of travel tours as an agent in tourism and travel segment is recognised on a net basis when the services are rendered.

CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash equivalents represent short- term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. For classification in the statement of consolidated financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

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

- Income and expenses for each statement of comprehensive income are translated at average exchange rate;

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

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCY TRANSLATION *(Continued)*

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, investment in an associate, investment in subsidiaries, investment properties, deposits for potential acquisition of subsidiaries, deposits for acquisition of land and plant and machinery, deposits for potential acquisition of intangible asset and lease premiums for land may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS *(Continued)*

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

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

BORROWING COSTS

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

LEASES

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

Rentals payable and receivable under operating leases are charged or credited to profit or loss on a straight-line basis over the term of the relevant lease.

EMPLOYEE BENEFITS

i. Short-term employee benefits

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

ii. Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Pursuant to the law and regulations of the PRC, contributions to the defined contribution retirement schemes for the Group's PRC staff are made to the relevant government authorities in the PRC, which are calculated on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. These contributions are recognised as expenses in profit or loss as incurred.

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity-settled transactions (Continued)

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

TAXATION

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

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

RELATED PARTIES

A related party is a person or entity that is related to the Group.

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third party entity and the other entity is an associate of the third party entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES *(Continued)*

(b) *(Continued)*

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

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

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

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

SEGMENT REPORTING

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

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

3. FUTURE CHANGES IN HKFRSs

NEW AND AMENDMENTS TO HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first period beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. FUTURE CHANGES IN HKFRSs *(Continued)*

HKFRS 16 *Leases*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK$18,958,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY

Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables and loan receivable based on risk of a default and expected loss rate. The assessment of the credit risk involves high degree of estimation and uncertainty as the Group's management estimates the risk of a default and expected loss rate for applying provision matrix on debtors based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables. For details of the key assumption and inputs used in estimating ECL, please refer to note 54(a) to the consolidated financial statements.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impair the income tax and deferred tax provision in the period in which such determination is made.

Impairment of property, plant and equipment

Included in the Group's property, plant and equipment as at 31 December 2018 is a carrying amount of HK$173,107,000 (2017: HK$192,041,000) which represents the scenic spot establishment located at the Dongxing City in Guangxi, the PRC. The Group estimates recoverable amounts of the scenic spot establishment with reference to valuations performed by an independent professional valuer. The valuation is performed using depreciated replacement cost (the "DRC") approach as no second hand prices are available. The DRC approach requires an estimation of the new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

Impairment and useful life of intangible asset

In performing the impairment test on intangible assets, the Group estimates the recoverable amount of the intangible assets which includes the estimation of the value in use of the cash-generating units to which the intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group determines the estimated useful life and related amortisation charge for intangible assets with reference to the contractual term as set out in the operating agreements. For details, please refer to note 17 to the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of property, plant and equipment, the Group considers various factors such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with a similar asset that is used in a similar way. Additional depreciation is required if the estimated useful lives and/or the residual values of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Impairment of deposits for potential acquisition of intangible assets

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of the respective cash generating units ("CGU") to which the intangible assets will belong, which is the value in use. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset will belong. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an additional impairment loss may arise.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment of investments and receivables

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

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors have determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's intangible asset, available-for-sale financial assets, promissory notes, financial assets at fair value through profit or loss, convertible bonds, bonds payable and share options granted, the Group uses market-observable data to the extent it is available. The management of the Group will exercise its judgements based on its experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets/liabilities, the causes of the fluctuations will be reported to the board of directors of the Company. Notes 17, 20, 24, 27, 31, 37 and 41 to the consolidated financial statements provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the Group's certain available-for-sale financial assets, promissory notes, financial assets at fair value through profit or loss, convertible bonds and share options granted.

CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

Acquisition of subsidiaries-Assets

On 21 April 2017, the Group completed the acquisition of 100% equity interest of Arch Partners Holdings Limited and its subsidiaries ("Arch Partners Group") and recognised, among others, the operating agreements as intangible assets of approximately HK$150,900,000, details of which are set out in notes 17 and 43 to the consolidated financial statements. The assessment of the fair value of the identifiable assets acquired and liabilities assumed and allocation of the purchase price required significant management judgements and estimation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES *(Continued)*

Acquisition of subsidiaries-Assets *(Continued)*

Where the intangible assets are acquired, via acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities (of the entity) based on their relative values at the acquisition date. Accordingly, no goodwill or deferred taxation arises.

5. REVENUE

	2018 *HK$'000*	2017 *HK$'000*
Continuing operations		
Sale of packaging products	803,361	686,031
Loan interest income from money lending business	83,166	65,268
Sale of air-tickets in tourism and travel business	197,703	151,826
Admission fee income from scenic spot business	8,947	9,147
Agency fee income from tourism and travel business	32,952	8,884
	1,126,129	921,156
Discontinued operations		
Service fee from ticketing agency business	–	28,468
Entrustment and management fees from healthcare business	–	6,546
	–	35,014
	1,126,129	956,170

5. REVENUE *(Continued)*

i) Disaggregation of revenue

Segment	Packaging Business HK$'000	Tourism and travel HK$'000
	For the year ended 31 December 2018	
Types of goods or services		
Sales of packaging products	803,361	–
Sales of air-tickets in tourism and travel business	–	197,703
Admission fee income from scenic spot business	–	8,947
Agency fee income from tourism and travel business	–	32,952
Total	803,361	239,602
Geographical markets		
The People's Republic of China (the "PRC")	803,361	236,848
Hong Kong	–	2,754
Total	803,361	239,602
Timing of revenue recognition		
A Point in time	803,361	239,602
Over time	–	–
Total	803,361	239,602

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information

Segment	Packaging Business HK$'000	Tourism and travel HK$'000	Money lending HK$'000
	For the year ended 31 December 2018		
Revenue disclosed in segment information			
External customers and total	803,361	239,602	83,166
Interest income	–	–	(83,166)
Revenue from contracts with customers	803,361	239,602	–

6. SEGMENT INFORMATION

The chief operating decision maker has evaluated the performance of operating segments and allocated resources to those segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

Continuing operations

(a) Manufacturing and sale of packaging products ("Packaging Business");

(b) Securities trading and other investing activities ("Securities Investments");

(c) Tourism and travel business ("Tourism and Travel");

(d) Money lending business ("Money Lending");

Discontinued operations

(e) Healthcare business ("Healthcare Business"); and

(f) Tourism and travel business - ticketing agency business ("Ticketing Agency").

Segment results represent the result from each reportable segment. The following analysis is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(Continued)*

BY BUSINESS SEGMENTS

An analysis of the Group's revenue and result by reportable segment and other segment information are set out below:

	Continuing operations								Discontinued operations					
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Healthcare Business		Ticketing Agency		Total	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Reportable segment revenue														
Revenue from external customers	803,361	686,031	–	–	239,602	169,857	83,166	65,268	–	6,546	–	28,468	1,126,129	956,170
Reportable segment profit (loss)	37,398	53,946	(7,055)	1,717	(70,135)	(9,867)	34,736	19,002	–	5,106	–	(3,239)	(5,056)	66,665
Other income													12,815	1,148
Gain on bargain purchase on acquisition of an associate													9,103	–
Gain/(Loss) on change in fair value of convertible bonds													–	(18,741)
Impairment loss on promissory note receivable													(87,263)	–
Impairment loss on other receivable													(15,528)	–
Impairment loss on deposit of intangible assets													(53,600)	–
Impairment loss on construction in progress													(25,949)	–
Share of results of an associate													(1,576)	–
Finance cost													(59,152)	(67,429)
Corporate expenses													(52,175)	(72,207)
Loss before tax													(278,381)	(90,654)

6. SEGMENT INFORMATION *(Continued)*

BY BUSINESS SEGMENTS *(Continued)*

	Continuing operations										Discontinued operations					
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Corporate		Healthcare Business		Ticketing Agency		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information																
Interest income	81	101	926	1,049	–	3	–	–	3,426	394	–	–	–	–	4,433	1,547
Depreciation and amortisation	26,239	24,056	–	–	19,188	15,075	31	30	1,425	995	–	68	–	–	46,883	40,224
(Loss)/gain on disposal of available-for-sale financial assets	–	–	–	26,873	–	–	–	–	(4,645)	–	–	–	–	–	(4,645)	26,873
Loss on disposal of an associate	–	–	–	18,879	–	–	–	–	–	–	–	–	–	–	–	18,879
Impairment loss on goodwill	–	–	–	–	–	–	–	–	3,059	–	–	–	–	14,743	3,059	14,743
Impairment loss on intangible assets	–	–	–	–	–	–	–	–	–	–	–	–	–	16,100	–	16,100
Impairment loss on loans and interest receivables	–	–	–	–	–	–	33,780	46,204	–	–	–	–	–	–	33,780	46,204
Gain on bargain purchase of associate	–	–	–	–	–	–	–	–	9,103	–	–	–	–	–	9,103	–
Net realised loss on financial assets at fair value through profit or loss	–	–	12,087	6,603	–	–	–	–	–	–	–	–	–	–	12,087	6,603
Share of results of an associate	–	–	–	319	–	–	–	–	(1,576)	–	–	–	–	–	(1,576)	319
Finance costs	26,816	4,937	–	188	–	–	–	–	32,336	67,429	–	–	–	–	59,152	72,554
Income tax expense (income)	717	6,556	–	–	9,110	(4,621)	13,552	2,372	–	–	–	–	–	1,783	23,379	6,090
Additions to property, plant, and equipment	43,505	24,364	–	–	–	27,704	3	–	–	–	–	–	–	–	43,508	52,068
Additions to intangible assets	–	–	–	–	–	150,900	–	–	–	–	–	–	–	–	–	150,900

6. SEGMENT INFORMATION *(Continued)*

BY BUSINESS SEGMENTS *(Continued)*

	2018 HK$'000	2017 HK$'000
Assets		
Continuing operations		
Packaging Business	668,677	613,214
Securities Investments	105,261	64,999
Tourism and Travel	413,985	428,563
Money Lending	617,837	696,552
Discontinued operations		
Tourism and Travel - ticketing agency business	–	–
Healthcare Business	–	–
Total assets of reportable segment	1,805,760	1,803,328
Unallocated headquarter amounts:		
Interest in an associate	18,861	–
Promissory notes receivables	75,751	153,537
Deposits for potential acquisition of subsidiaries	258,893	40,000
Deferred tax assets	7,624	7,624
Deposit for potential acquisition of intangible assets	–	53,600
Property, plant and equipment	228	150
Other receivables	36,639	34,144
Cash and cash equivalents	113,713	49,964
	2,317,469	2,142,347
Liabilities		
Continuing operations		
Packaging Business	320,188	284,810
Securities Investments	6,379	–
Tourism and Travel	80,492	62,722
Money Lending	14,007	4,239
Discontinued operations		
Tourism and Travel - ticketing agency business	–	–
Healthcare Business	–	–

6. SEGMENT INFORMATION *(Continued)*

BY BUSINESS SEGMENTS *(Continued)*

	2018 *HK$'000*	2017 *HK$'000*
Total liabilities of reportable segment	**421,066**	351,771
Unallocated headquarter amounts:		
Accrued interest on notes payable	**48,434**	43,251
Other payables	**6,838**	5,013
Bank and other borrowings	**60,000**	–
Notes payable	**440,000**	464,000
Bonds payable	**134,955**	10,216
	1,111,293	874,251

6. SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas: Hong Kong and the PRC.

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets excluding financial instruments. The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Hong Kong	**85,740**	74,152	**776,859**	664,253
The PRC	**1,040,389**	847,004	**53,607**	62,517
Discontinued operations				
The PRC	**–**	35,014	**–**	–
	1,126,129	956,170	**830,466**	726,770

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from external customers contributing 10% or more of the total Group's revenue are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**245,534**	226,713
Customer B	**87,229**	66,449
Customer C	**136,187**	94,607
Customer D	**227,901**	158,468
	696,851	546,237

7. OTHER REVENUE AND OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Other revenue		
Interest income other than from money lending business	4,433	1,547
Rental income	1,928	733
	6,361	2,280
Other income		
Amortisation of deferred day-one gain	1,282	129
Government grants	3,112	4,728
Imputed interest income from promissory notes *(Note 24)*	9,563	754
Sale of raw materials and scrap products, net	5,047	656
Sale of steam, net	1,649	379
Compensation income	592	417
Gain on disposal of property, plant and equipment	–	99
Dividend income	146	–
Net exchange gain	434	242
Sundry income	2,155	230
	23,980	7,634
	30,341	9,914

8. LOSS BEFORE TAX

This is stated after charging:

	2018 *HK$'000*	2017 *HK$'000*
Continuing operations		
a) **Finance costs:**		
Interest on bank and other borrowings	6,704	29,862
Interest on notes payable	44,276	42,347
Interest on bonds payable	8,172	345
	59,152	72,554
b) **Staff costs (Directors' emoluments included):**		
Salaries, wages and other benefits	104,002	101,517
Contribution to defined contribution retirement plans	3,958	4,867
Equity-settled share-based payment	26,695	–
	134,655	106,384
c) **Other items:**		
Amortisation of lease premiums for land	717	710
Amortisation of intangible assets	10,797	5,971
Auditor's remuneration	1,630	1,912
Cost of services	179,889	159,606
Cost of inventories	684,467	579,968
Depreciation of investment properties	644	627
Depreciation of property, plant and equipment	34,705	32,848
Write off of property, plant and equipment	1,222	1,152
Loss on disposal of property, plant and equipment, net	5,930	–
Operating lease charges on rented premises	11,596	7,563

9. BENEFITS AND INTERESTS OF DIRECTORS

(A) DIRECTOR'S EMOLUMENTS

The emoluments paid or payable to each of the ten (2017: ten) directors were as follows:

		Other emoluments			
Name of directors	Fees *HK$'000*	Salaries, allowances and other benefits *HK$'000*	Equity settled share-based payment *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors ("ED")					
Lam Wai Hung	180	–	100	9	289
Li Zhenzhen	1,040	56	872	–	1,968
Wang Xin	650	283	872	–	1,805
Wei Liyi	650	–	872	–	1,522
Cheng Chi Kin (resigned on 06 August 2018)	360	–	100	11	471
Non-executive Director ("NED")					
Hu Jianping (resigned on 19 December 2017)	–	–	–	–	–
Independent Non-executive Directors ("INED")					
Pang Hong (resigned on 06 August 2018)	72	–	–	–	72
Lam Hoi Lun	120	–	100	–	220
Lee Tao Wai	120	–	100	–	220
Li Yang (resigned on 03 December 2018)	111	–	–	–	111
Total for 2018	3,303	339	3,016	20	6,678

9. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(A) DIRECTOR'S EMOLUMENTS *(Continued)*

Name of directors	Fees *HK$'000*	Other emoluments Salaries, allowances and other benefits *HK$'000*	Other emoluments Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive Directors ("ED")				
Lam Wai Hung	180	–	9	189
Li Zhenzhen	960	63	–	1,023
Wang Xin	600	192	–	792
Wei Liyi	560	41	–	601
Cheng Chi Kin (appointed on 15 February 2017)	525	–	16	541
Non-executive Director ("NED")				
Hu Jianping (resigned on 19 December 2017)	116	–	–	116
Independent Non-executive Directors ("INED")				
Pang Hong	120	–	–	120
Lam Hoi Lun	120	–	–	120
Lee Tao Wai	120	–	–	120
Li Yang (appointed on 15 February 2017)	105	–	–	105
Total for 2017	3,406	296	25	3,727

The directors of the Company are regarded as the key management personnel of the Group for disclosure purposes.

No emolument was paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2018 and 2017. In addition, during the years ended 31 December 2018 and 2017, no directors waived any of their emoluments.

(B) LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS

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

9. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(C) DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, there (2017: three) directors are included in the five highest paid individuals of the Group. The emoluments of the remaining two (2017: two) highest paid individual, who are employees of the Group, are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Basic salaries	1,512	1,625
Equity-settled share-based payment	4,686	–
Retirement benefits scheme contributions	18	18
	6,216	1,643

The emoluments of the five (2017: five) highest paid individuals fell within the following bands:

	Number of individuals 2018	 2017
HK$nil – HK$1,000,000	–	4
HK$1,000,001 – HK$1,500,000	1	1
HK$2,000,001 – HK$2,500,000	–	–
HK$2,500,001 – HK$3,000,000	–	–
HK$3,000,001 – HK$3,500,000	–	–
HK$3,500,001 – HK$4,000,000	–	–
HK$4,000,001 – HK$4,500,000	–	–
HK$4,500,001 – HK$5,000,000	–	–
HK$5,000,001 – HK$5,500,000	4	–
	5	5

11. TAXATION

Hong Kong Profits Tax has been provided at 16.5% on the Group's estimated assessable profits arising from Hong Kong in 2018 and 2017. The income tax provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the applicable tax rate of 25% on the estimated assessable profits for 2018 and 2017 based on existing legislation, interpretations and practices in respect thereof except for those subsidiaries described below.

In 2016, 2 subsidiaries operating in Hefei, Anhui province, the PRC have been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Hefei, Anhui Province and relevant authorities for a term of three years, and have been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax ("EIT") rate. Accordingly, the profits derived by these subsidiaries for both 2017 and 2016 are subject to 15% EIT rate for both years. The qualification as a High and New Technology Enterprise will be subject to annual review by the relevant tax authorities in the PRC.

	2018 ***HK$'000***	2017 *HK$'000*
Continuing operations		
Hong Kong Profit Tax		
– Current year	**22,651**	2,372
– Deferred tax	**–**	(7,624)
Income tax (income) expense	**22,651**	(5,252)
PRC enterprise income tax ("PRC EIT")		
– Current year	**6,496**	11,239
– Over provision in prior year	**(5,702)**	(1,616)
– Deferred tax	**(66)**	(64)
Income tax expense	**728**	9,559
Total income tax expense from continuing operations	**23,379**	4,307
Discontinued operations		
Current tax	**–**	5,808
Deferred tax	**–**	(4,025)
	–	1,783

11. TAXATION *(Continued)*

RECONCILIATION OF TAX EXPENSE

	2018 *HK$'000*	2017 *HK$'000*
Loss before tax from continuing operations	**(278,381)**	(92,431)
Tax at weighted average rate of 15% (2017: 14%) applicable to the jurisdictions concerned	**(42,761)**	(13,223)
Non-deductible expenses	**70,104**	25,361
Non-taxable income	**(2,940)**	(5,271)
Share of results of an associate	**260**	(53)
Effect of tax concessions granted to certain subsidiaries in the PRC	**(3,242)**	(1,931)
Unrecognised temporary differences	**7,823**	2,963
Unrecognised tax losses	**852**	5,814
Recognition of previously unrecognised deferred tax assets	**–**	(7,624)
Utilisation of previously unrecognised tax losses	**(949)**	(210)
Over-provision of PRC EIT in prior year	**(5,768)**	(1,616)
Others	**–**	97
Tax expense for the year	**23,379**	4,307

The decrease in the applicable tax rate was mainly due to the different tax rates adopted and certain subsidiaries incurred loss for the year.

12. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2018 and 2017.

13. LOSS PER SHARE

For continuing and discontinued operations

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

For continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2018 *HK$'000*	2017 *HK$'000*
Loss for the year attributable to the equity holders of the Company	(300,468)	(110,107)
Less: Loss for the year from discontinued operations	–	17,513
Loss for the purpose of basic and diluted loss per share from continuing operations	(300,468)	(92,594)

The denominators used are the same as those detailed above for both basic and diluted Loss per share.

	2018	2017
Weighted average number of ordinary shares for basic and diluted loss per share	12,528,942	11,226,067
Loss per share:		
– Basic	HK2.40 cents	HK0.82 cents
– Diluted	HK2.40 cents	HK0.82 cents

13. LOSS PER SHARE *(Continued)*

For continuing operations *(Continued)*

Diluted loss per share is the same as the basic loss per share for the year ended 31 December 2018 because the potential ordinary shares from the outstanding share options under the Company's share option scheme and the conversion of convertible bonds outstanding had an anti-dilutive effect on the basic loss per share during the year.

For discontinued operations

There is no discontinued operations in 2018.

In 2017, Basic and diluted loss per share for the discontinued operations is HK0.16 cents per share, based on the loss for the year attributable to the equity holders of the Company from the discontinued operation of HK$17,513,000 and the denominators detailed above for both basic and diluted loss per share.

Diluted Loss per share was the same as the basic Loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2018 and 2017.

14. DISCOUNTINUED OPERATIONS

Management considers that the Ticketing Agency business and Healthcare business that were disposed of constituted discontinued operations in 2017.

	Note	2017 *HK$'000*
Revenue	*5*	35,014
Cost of services		(425)
Gross profit		34,589
Impairment loss on goodwill		(14,743)
Impairment loss on intangible assets		(16,100)
Administrative and other operating expenses		(1,879)
Profit before tax		1,867
Income tax expenses	*11*	(1,783)
Profit for the year		84
Loss on disposal of subsidiaries		(17,346)
		(17,262)
Other comprehensive income		
Exchange differences arising on translation of foreign operation		–
Total comprehensive loss		(17,262)
Total comprehensive loss for the year attributable to:		
– equity holders of the Company		(18,220)
– non-controlling interests		958
		(17,262)

14. DISCOUNTINUED OPERATIONS *(Continued)*

		Note	2017 HK$'000
a)	**Staff costs**		
	Salaries, wages and other benefits		739
b)	**Other items:**		
	Cost of services		425
	Depreciation of property, plant and equipment		68
	Operating lease charges on rented premises		699

The major assets of the discontinued operation are intangible assets. The major classes of assets and liabilities of the discontinued operation are measured at the lower of carrying amount and fair value less costs of disposal at the date of disposal.

15. INVESTMENT PROPERTIES

	2018 HK$'000	2017 HK$'000
Reconciliation of carrying amount		
At beginning of the year	**11,096**	10,925
Exchange realignment	**(541)**	798
Depreciation for the year	**(644)**	(627)
At end of reporting period	**9,911**	11,096
Cost	**11,688**	12,173
Accumulated depreciation	**(1,777)**	(1,077)
At end of reporting period	**9,911**	11,096
Remaining lease terms	**42 years**	43 years

The Group's investment properties are located in the PRC. Fair value of these properties has been disclosed in note 55 (ii) to the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Builings HK$'000	Leasehold improvement HK$'000	Plant and Machinery HK$'000	Furniture and equipment HK$'000	Scenic spot establishment HK$'000	Motor Vehicles HK$'000	Moulds HK$'000	Construction-in-progress HK$'000	TOTAL HK$'000
Cost									
At 1 January 2018	62,102	710	131,210	14,809	203,671	12,030	73,123	26,554	524,209
Exchange realignment	(3,361)	(6)	(7,547)	(1,064)	(11,289)	(738)	(4,276)	(121)	(28,402)
Additions	90	–	14,059	3,226	–	1,581	13,230	11,322	43,508
Transfer from Construction-in-progress	858	–	2,918	5,255	–	–	–	(9,031)	–
Write-off	–	–	–	(980)	–	(484)	–	–	(1,464)
Disposals	–	(456)	(27,682)	(534)	–	–	(5,935)	–	(34,607)
Impairment of Construction-in-progress	–	–	–	–	–	–	–	(25,948)	(25,948)
At 31 December 2018	59,689	248	112,958	20,712	192,382	12,389	76,142	2,776	477,296
Accumulated depreciation									
At 1 January 2018	21,310	252	44,117	9,253	11,630	7,107	41,332	–	135,001
Exchange realignment	(1,337)	(4)	(3,045)	(1,123)	(746)	(524)	(2,527)	–	(9,306)
Charge for the year	2,466	273	10,622	1,788	8,391	1,705	9,461	–	34,706
Write-off	–	–	–	–	–	(242)	–	–	(242)
Write back on disposals	–	(273)	(22,600)	(448)	–	–	(5,356)	–	(28,677)
At 31 December 2018	22,439	248	29,094	9,470	19,275	8,046	42,910	–	131,482
Net book value									
At 31 December 2018	37,250	–	83,864	11,242	173,107	4,343	33,232	2,776	345,814

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Scenic spot establishment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Construction-in-progress HK$'000	Total HK$'000
Cost									
At 1 January 2017	56,695	2,918	107,525	12,874	188,538	9,974	66,034	6,914	451,472
Exchange realignment	4,530	22	10,498	1,141	15,133	955	5,414	255	37,948
Additions	919	442	2,198	1,487	–	1,101	11,646	34,231	52,024
Additions - acquisition of subsidiaries *(Note 44)*	–	–	–	44	–	–	–	–	44
Transfer from construction-in-progress	221	–	14,625	–	–	–	–	(14,846)	–
Write-off	–	(2,672)	–	(423)	–	–	–	–	(3,095)
Disposal of subsidiaries *(Note 45(b))*	–	–	–	(271)	–	–	–	–	(271)
Disposals	(263)	–	(3,636)	(43)	–	–	(9,971)	–	(13,913)
At 31 December 2017	62,102	710	131,210	14,809	203,671	12,030	73,123	26,554	524,209
Accumulated depreciation and impairment									
At 1 January 2017	16,715	1,137	31,800	7,763	2,372	5,316	38,080	–	103,183
Exchange realignment	1,604	5	4,574	818	349	601	3,241	–	11,192
Charge for the year	2,997	891	9,395	943	8,909	1,190	8,591	–	32,916
Write-off	–	(1,781)	–	(162)	–	–	–	–	(1,943)
Disposal of subsidiaries *(Note 45(b))*	–	–	–	(70)	–	–	–	–	(70)
Write back on disposals	(6)	–	(1,652)	(39)	–	–	(8,580)	–	(10,277)
At 31 December 2017	21,310	252	44,117	9,253	11,630	7,107	41,332	–	135,001
Net book value									
At 31 December 2017	40,792	458	87,093	5,556	192,041	4,923	31,791	26,554	389,208

The buildings are located in the PRC and construction-in-progress of approximately HK$25,948,000 as at 31 December 2017 related to the show of "Dream Memory - Halong Bay" in note 26 to the consolidated financial statements. The balance was fully impaired during the year ended 31 December 2018.

17. INTANGIBLE ASSETS

	Operating agreements *HK$'000* *(note a)*	Ticketing agency right *HK$'000* *(note b)*	Total *HK$'000*
Reconciliation of carrying amount – year ended 31 December 2018			
At beginning of the year	144,929	–	144,929
Amortisation for the year	(10,797)	–	(10,797)
At end of reporting period	**134,132**	**–**	**134,132**
Cost	150,900	–	150,900
Accumulated amortisation	(16,768)	–	(16,768)
At end of reporting period	134,132	–	134,132
Remaining useful life	13 years	N/A	
Reconciliation of carrying amounts – year ended 31 December 2017			
At beginning of the year	–	142,000	142,000
Additions – acquisition of subsidiaries	150,900	–	150,900
Disposal of subsidiaries	–	(130,000)	(130,000)
Amortisation for the year	(5,971)	–	(5,971)
Impairment for the year	–	(16,100)	(16,100)
Exchange realignment	–	4,100	4,100
At end of reporting period	144,929	–	144,929

17. INTANGIBLE ASSETS *(Continued)*

(a) The operating agreements were acquired as a result of acquisition of subsidiaries as detailed in note 43 to the consolidated financial statements. The operating agreements include a long-term aircraft charter contract and a master contractor contract in respect of outbound tourism and hospitality with Beijing Mega Global International Travel Service Co., Ltd ("Beijing Mega") for a period of 15 years. Hence, such intangible assets are amortised on a straight-line basis over 15 years.

No impairment has been recognised during the year ended 31 December 2018 and 2017.

The Group has also appointed APAC to perform an appraisal of the value of the operating agreements as at 31 December 2018. The recoverable amount of intangible asset has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management covering a 14 year (2017: 15 year) period by applying growth rate from to 3% to 9% (2017: 3% to 9%), and a discount rate of 17% (2017: 21%). Cash flow projections during the budget period are also based on the expected sales during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectation for the market developments.

(b) The exclusive ticketing agency right for the cultural show namely, Impression – Liu Sanjie, has been granted for a period of 20 years, with priority renewal rights at the expiry date. Coupled with the fact that the cultural show, Impression – Liu Sanjie, has been operated since 2004 and there are over 500 shows every year, the Group has determined that the asset has an indefinite useful life. The exclusive ticketing agency right is therefore measured at cost less accumulated impairment losses.

In August 2017, after knowing that the ticket price shall remain unchanged in near future, the management performed an impairment assessment on the goodwill and intangible asset for the year. The recoverable amount of the goodwill and intangible asset has been determined on the basis of value in use calculation by the management with reference to the valuations previously conducted by an independent professional valuer after adjusting certain key assumptions, including the growth rate for ticket price in 2017, which had been adjusted from 5% to 0%. In addition, the average growth rate in income per ticket from 2018 to 2021 had been adjusted from 3% to 0%. This resulted in the recognition of an impairment loss on goodwill of approximately HK$14.7 million and impairment loss on intangible asset of approximately HK$16.1 million during the year.

Upon the disposal of Master Race Group on 16 November 2017 as detailed in note 45(a) to the consolidated financial statements, the exclusive ticketing agency right with the carrying amount of HK$130,000,000 was derecognised. The impairment loss of HK$16.1 million was included in the loss from discontinued operations in 2017.

18. INTEREST IN AN ASSOCIATE

	2018	2017
	HK$'000	*HK$'000*
Cost of investments in an associate	9,334	293,004
Gain on bargain purchases	9,103	–
Share of post-acquisition profit, net of dividend received	(1,576)	2,079
Disposal during the year	–	(297,642)
Exchange realignment	–	2,559
Group's share of net assets of an associate at 31 December	16,861	–
Amounts due from an associate *(note (a))*	2,000	–
Total	18,861	–

(a) The balance of amounts due from an associates is unsecured, interest free and repayable on demand.

(b) On 14 November 2017, the Group and another independent third party entered into the sale and purchase agreement pursuant to purchase the sale shares 40% of the issued share capital in Chung Sun Financial Holding Limited ("Chung Sun"). Chung Sun and its subsidiaries are principally engaged in the business of trading securities. One of the wholly owned subsidiaries of Chung Sun has been granted Type 4 and 9 Licenses by the Securities and Futures Commission of Hong Kong (the "SFC") at the consideration of HK$9,334,360. The approval from the SFC for the transfer of Sales Shares was obtained by the Group on 10 August 2018. A gain on bargain purchase on acquisition of an associate of approximately HK$9,103,000 was recognised in the year ended 31 December 2018.

18. INTEREST IN AN ASSOCIATE *(Continued)*

At 31 December 2016, the Group hold 150,000,000 shares of Yong Tai Berhad ("Yong Tai"), represented 39.44% of equity interest in Yong Tai, which is listed on the Main Market of Bursa Malaysia Securities Berhad. A gain on bargain purchase on acquisition of an associate of approximately HK$84.7 million was recognised in the year ended 31 December 2016. The Group entered into a series of sale and purchase agreements with certain independent purchasers between 27 March 2017 and 9 May 2017 in relation to the disposal of entire shares of Yong Tai at aggregate consideration of approximately Malaysian Ringgit ("MYR") 165,000,000 (equivalent to approximately HK$289,874,000). Loss on disposal of the associate of approximately HK$18,879,000 has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

Details of the Group's associates

Name of associate	Principal activity	Place of incorporation and principal place of business	Group's ownership interest/voting right	
			2018	2017
Chung Sun Financial Holding Limited ("Chung Sun")	Trading security, securities dealing and broking; asset management and money lending	Hong Kong	**40%**	–

Summarised financial information of the Group's associate

Summarised financial information of each of the Group's material associates based on amounts included in the HKFRS financial statements of each of the associates is set out below. The amounts presented below are after adjustments made to equity-account the associates.

18. INTEREST IN AN ASSOCIATE *(Continued)*

Summarised financial information of the Group's associate *(Continued)*

	A Limited 2018 *HK$'000*
Current assets	43,472
Non-current assets	1,091
Current liabilities	2,411
Non-current liabilities	–

	2018 *HK$'000*
Revenue	454
Loss for the year	3,929

19. LEASE PREMIUMS FOR LAND

	2018 *HK$'000*	2017 *HK$'000*
Carrying amount		
At beginning of reporting period	**30,594**	29,147
Exchange realignment	**(1,538)**	2,157
Amortisation	**(717)**	(710)
At the end of reporting period	**28,339**	30,594
In the PRC	**28,339**	30,594
Analysed for reporting purposes as:		
Current asset	**718**	757
Non-current asset	**27,621**	29,837
	28,339	30,594
Remaining lease terms	**34-45 years**	35-46 years

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
Irredeemable convertible preference shares listed outside Hong Kong, at fair value *(notes (a) and (b))*	**1,720**	36,366
Equity shares listed outside Hong Kong, at fair value *(note (b))*	**419**	462
	2,139	36,828

(a) At 31 December 2016, the amount represents 200,000,000 irredeemable convertible preference shares ("ICPS") of Yong Tai, which are listed on the Main Market of Bursa Malaysia Securities Berhad. The ICPS are convertible into ordinary shares of Yong Tai at the option of the holder from time to time after the 3rd anniversary of the date of issue on 28 November 2016 and up to the maturity date, which is the 10th anniversary of the date of issue of the ICPS. All issued ICPS that remain outstanding after the maturity date will be automatically converted into ordinary shares of Yong Tai. Since conversion is prohibited within 3 years from the date of issue and the Group has no intention to convert the ICPS into Yong Tai's ordinary shares until the maturity date, the investment in ICPS in Yong Tai has been accounted for as available-for-sale financial asset and measured at fair value at the end of the reporting period.

During the year ended 31 December 2017 and 2018, the Group disposed of 182,500,000 and 15,000,000 ICPS through its securities broker on the Main Market of Bursa Malaysia Securities Berhad at aggregate consideration of MYR164,250,000 (equivalent to approximately HK$296,662,000) and MYR13,800,000 (equivalent to approximately HK$26,820,000) with loss on disposal of approximately HK$5,045,000 (2017: Gain on disposal of approximately HK$26,873,000) respectively was recognised in the consolidated statement of comprehensive income. After the disposal, the Group holds 17,500,000 and 2,500,000 ICPS as at 31 December 2017 and 2018 respectively.

(b) The fair value of listed securities is based on quoted market prices in active markets at the end of the reporting period.

(c) For the year ended 31 December 2018, loss on change in fair value of HK$3,474,000 (2017: Gain on change in Fair value of HK$5,238,000) in respect of these shares held by the Group was recognised in the available-for-sale financial assets revaluation reserve.

21. DEPOSITS FOR POTENTIAL ACQUISITION OF SUBSIDIARIES

		2018 *HK$'000*	2017 *HK$'000*
Potential acquisition of subsidiaries:	*note*		
Chung Sun Financial Holding Limited	*(a)*	5,000	10,000
Pattaya Oriental Cruise Limited	*(b)*	–	5,000
Amazing Sunrise Limited	*(c)*	–	40,000
Manufacture Element Prefabricate Pte Limited	*(d)*	244,977	–
Jane Brook Estate Wines	*(e)*	7,414	–
Sunwise Nominees Pty Limited	*(f)*	1,502	–
		258,893	55,000

(a) On 6 March 2017, the Group entered into a letter of intent (the "Letter of Intent 1") with He Qinghua, an independent third party. Pursuant to the Letter of Intent 1, the Group intends to acquire not more than 60% of the issued share capital in Chung Sun Financial Holding Limited ("Chung Sun"). The consideration is to be determined upon signing a formal sales and purchase agreement. Chung Sun and its subsidiaries are principally engaged in the business of trading securities. One of the wholly owned subsidiaries of Chung Sun has been granted Type 4 and 9 Licenses by the Securities and Futures Commission of Hong Kong. A refundable deposit of HK$5,000,000 was paid upon signing the Letter of Intent 1.

On 14 November 2017, the Group and Dafeng Port Heshun Technology Company Limited ("Dafeng Port") entered into a sale and purchase agreement pursuant to which the Group has conditionally agreed to purchase and Dafeng Port has conditionally agreed to sell 40% of the issued share capital of Chung Sun at a consideration of HK$9,334,360. A deposit of HK$5,000,000 was paid upon signing the sale and purchase agreement.

(b) On 4 May 2017, the Group entered into a letter of intent (the "Letter of Intent 2") with an independent third party which the Group intends to acquire 100% issued share capital in Pattaya Oriental Cruise Limited ("Pattaya Oriental"). Pattaya Oriental is principally engaged in the business of catering and cultural performance in Thailand. A refundable deposit of HK$5,000,000 was paid upon signing the Letter of Intent 2.

On 15 September 2017, the Group and the vendor entered into a sale and purchase agreement pursuant to which the Group has conditionally agreed to purchase and the vendor has conditionally agreed to sell 100% of the issued share capital of Pattaya Oriental at a consideration of approximately THB1,280,000,000 (equivalent to approximately HK$302,080,000).

On 14 March 2018, the long stop date has extended to the 15 June 2018.

21. DEPOSITS FOR POTENTIAL ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

On 15 June 2018, since certain condition have not fulfilled by long stope date and the seller and vendor both are not agreed to extend the long stop date. Hence the acquisition was lapsed on 15 June 2018.

Details of the proposed acquisition were set out in the announcements of the Company dated 4 May 2017, 3 July 2017, 15 September 2017, 26 September 2017, 27 October 2017 and 14 March 2018.

(c) On 12 July 2017, the Group entered into a memorandum of understanding with an independent third party. Pursuant to the memorandum (the "MOU"), the Group intends to acquire entire issued share capital of Amazing Sunrise Limited which holds the Kunming Yihui Times Building with a fair value of approximately RMB1,000,000,000, which is located in the core business district of Kunming Xishan District. The consideration for the potential acquisition shall be approximately RMB1,000,000,000 (equivalent to HK$1,200,609,910). The exact amount, the manner and the method of payment of the consideration for the sale and purchase of Amazing Sunrise Limited will be negotiated between the parties to the memorandum based on the results of the due diligence investigation to be conducted by the Group on Amazing Sunrise Limited. A refundable deposit of HK$40,000,000 was paid upon signing the memorandum.

Details of the proposed acquisition were set out in the announcements of the Company dated 12 July 2017 and 18 January 2018.

On 18 January 2018, the MOU has been extended to 30 June 2018 and no formal agreement was entered by 30 June 2018. The directors considered the acquisition was lapsed on 30 June 2018.

(d) On 3 September 2018, the Company announced its acquisition of the entire share capital of Manufacture Element Prefabricate Pte Limited (the "MEP"), for the Consideration of S$36,000,000 (equivalent to approximately HK$206,280,000) which shall be satisfied by the allotment and issue of 889,137,931 consideration shares of the Company to the vendors under the general mandate. MEP engages in warehousing and logistic service and its only asset, the property, with a total gross floor area of approximately 905,936 square foot (the "Property")

21. DEPOSITS FOR POTENTIAL ACQUISITION OF SUBSIDIARIES *(Continued)*

(d) *(Continued)*

The transfer of entire share capital of MEP was completed on 18 September 2018. Following completion, the Group intends to arrange for a refinancing of the pre-existing loan of MEP but the new loan application is still being processed and has yet to be approved, as a result of which certain outgoing management of MEP cannot resign from the board of directors of MEP pending the release of their personal guarantees in support of the loan. Due to the delay of resignation of the outgoing management as explained above, the majority control of MEP is not regarded as having been obtained by the Group and the consideration paid was classified as deposit for the acquisition of subsidiaries.

(e) On 1 June 2018, Christmas Island Tourism Development Pty Limited, an indirectly wholly owned subsidiaries of the Group, entered the business sale agreement at the consideration of approximately AUD 1,600,000 (equivalent to approximately HK$9,387,500). A deposit of AUD 1,350,000 (equivalent to approximately HK$7,414,000) was paid upon signing the agreement.

(f) On 7 May 2018, Christmas Island Tourism Development Pty Limited, an indirectly wholly owned subsidiaries of the Group, entered a Share and purchase Agreement (the "SPA") for the acquisition of 80% of issued shares of Sunwise Nominees Pty Limited (the "Sunwise") at consideration of approximately AUD 1,280,000 (equivalent to approximately HK$7,510,000). The Sunrise carries on the businesses of a travel agent, restaurant and airline charter in Christmas Island. A refundable deposit of AUD 256,000 (equivalent to approximately HK$1,502,000) was paid upon signing the SPA.

All of the proposed acquisitions in above were not completed as at the date of approval of the consolidated financial statements.

22. DEPOSITS FOR ACQUISITION OF LAND AND PLANT AND MACHINERY

The balance represents the refundable deposits of RMB13,197,000 (equivalent to approximately HK$15,643,000) paid during the year for the acquisition of a piece of land in Qingdao, Shandong province, the PRC and RMB240,000 (equivalent to approximately HK$203,000) (2017: HK$5,599,000) for the acquisition of plant and machinery.

23. GOODWILL

	2018 HK$'000	2017 HK$'000
Reconciliation of carrying amount		
At beginning of reporting period	3,059	96,094
Acquisition of subsidiaries	–	3,059
Disposal of subsidiaries	–	(81,351)
Impairment loss for the year	(3,059)	(14,743)
At the end of reporting period	–	3,059

Goodwill is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the Group's CGU's identified as follows:

	Golden Truth Group HK$'000	Incola Travel Group HK$'000 (note (a))	Total HK$'000
Year ended 31 December 2018			
Cost			
At beginning and at end of reporting period	16,049	3,059	19,108
At end of reporting period	16,049	3,059	19,108
Accumulated impairment			
At beginning of the period	16,049	–	16,049
Impairment loss for the year	–	3,059	3,059
At end of reporting period	16,049	3,059	19,108
Carrying amount			
At end of reporting period	–	–	–

23. GOODWILL *(Continued)*

	Master Race Group *HK$'000* *(note b)*	Golden Truth Group *HK$'000*	Xian Tai Group *HK$'000*	Incola Travel Group *HK$'000*	Total *HK$'000*
Year ended 31 December 2017					
Cost					
At beginning of the period	41,743	16,049	81,351	–	139,143
Additions – acquisition of subsidiaries	–	–	–	3,059	3,059
Disposal of subsidiaries	(41,743)	–	(81,351)	–	(123,094)
At end of reporting period	–	16,049	–	3,059	19,108
Accumulated impairment					
At beginning of the period	27,000	16,049	–	–	43,049
Additions for the year	14,743	–	–	–	14,743
Disposal of subsidiaries	(41,743)	–	–	–	(41,743)
At end of reporting period	–	16,049	–	–	16,049
Carrying amount					
At end of reporting period	–	–	–	3,059	3,059

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

(a) The impairment loss of HK$3,059,000 recognised during the year in relation to Incola Travel Group.

(b) The impairment loss of HK$14,743,000 recognised during the year in relation to Master Race Group was included in the loss from discontinued operation.

24. PROMISSORY NOTES RECEIVABLE

	2018		
	PN1	**PN2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Fair value of promissory notes receivable at initial recognition	81,452	71,331	152,783
Imputed interest income for the year	394	360	754
At 31 December 2017	81,846	71,691	153,537
Imputed interest income for the year	5,417	4,146	9,563
Impairment loss recognised during the year	(87,263)	–	(87,263)
At 31 December 2018	–	75,837	75,837
Less: Loss allowance for promissory notes receivable *(note)*	–	(86)	(86)
	–	75,751	75,751

The movements in allowance for promissory note receivables during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Movement of accumulated allowance		
At beginning of reporting period	**–**	–
Application of HKFRS9	**148**	–
Decrease in allowance	**(62)**	–
At the end of reporting period	**86**	–

As at 31 December 2018, the Group had promissory notes receivables ("PN1" and "PN2") with principal amounts of HK$88,000,000 and HK$80,000,000 respectively, of which PN1 is secured by 100% equity interest of a company incorporated in the PRC held by an independent third party and carries interests of 2% per annum while PN2 is secured by the 697,000,000 ordinary shares of the Company held by the buyer of Xian Tai Group and carries interest of 2% per annum. PN1 and PN2 which will mature on 16 November 2019 and 30 November 2019 respectively.

24. PROMISSORY NOTES RECEIVABLE *(Continued)*

At initial recognition, the fair value of PN1 and PN2 was HK$81,452,000 and HK$71,331,000 respectively which was measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 6% per annum and 8% per annum was applied to PN1 and PN2 respectively. The risk-adjusted discount rates were estimated by APAC based on the interest rate of note issuers with similar credit rating of the buyers. Subsequently, PN1 and PN2 were measured at amortised cost by using the effective interest method. Subsequent to the end of the reporting period.

In the process of fulfill the immediate cashflow requirement for the Group towards the end of the year, the Company had communicated with the holder of PN1 for early payment. However, the PN2 holder replied that he was no longer able to repay the PN1 under his current financial status. The guarantor had also been notified and acknowledged on such default. The Company are communicating with the guarantor for settling the default amount with the pledge assets and had not able to settle on a treatment at the announcement date. The Company has also hired legal advisor to advice on the legal procedure on claiming the pledge collateral incase in any dispute. The management had accessed the risk on the default payment and the actual value of the pledge assets. Therefore, the balance of PN1 was fully impaired during the year ended 31 December 2018.

25. SECURITY DEPOSITS

The amount represented refundable security deposit of US$1,410,000 (equivalent to HK$11,763,000, 2017: HK$10,983,000) paid to Sky Angkor Airlines Co., Ltd in respect of a passenger air charter agreement and will be refunded within 7 days from the expiration date of the passenger air charter agreement on 31 July 2019. According to the passenger air charter agreement, the Group had committed to pay charter flight fees for use of flight services provided by Sky Angkor Airlines Co., Ltd. at the end of the reporting period as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**100,660**	202,380
In the second to fifth years inclusive	**–**	94,052
	100,660	296,432

Charges under passenger air charter agreement are usually calculated based on charterer flights volume.

26. DEPOSITS FOR POTENTIAL ACQUISITION OF INTANGIBLE ASSET

On 18 November 2016 and 21 November 2016, the Group entered into an agreement and a supplemental agreement (the "agreements") with an independent third party, Impression Culture respectively. Pursuant to the agreements, Impression Culture shall produce a script for a show "Dream Memory – Halong Bay" at a consideration of HK$70,000,000.

After completion of the script, the Group will have the exclusive right to use the script for operating the show in Halong Bay, Vietnam for 50 years. As at 31 December 2017, the Group has prepaid approximately HK$53,600,000 to Impression Culture. As at 31 December 2017, the payment of the remaining balance of approximately HK$16,400,000 is subject to the final approval from the Vietnam Central Government of the application relation the option of the show.

In April 2018, the Group has obtained the final approval and licenses from the Vietnam Central Government. The development of the Show, including the construction of performance stage and stadium, training of performance actors/actresses and making of stage props of the show will be continued when further funding is being obtained.

The Company does not have enough internal financial resources to carry out with the capital expenditure of the construction of the project currently. They are in the process of finding financial resources not limited to new borrowings and inviting other investor for collaboration. The timing of the availability of the new funding is unknown at the moment which gives an uncertainty for which the present value to the intangible asset. Hence the Company has decided that for such balance was fully impaired during the year ended 31 December 2018.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Equity securities, held for trading:		
Listed in Hong Kong	**72,948**	5,170
Listed outside Hong Kong	**192**	387
	73,140	5,557

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period. During the year ended 31 December 2018, decrease in fair value of approximately HK$3,900,000 (2017: HK$1,012,000) and net realised loss on financial assets at fair value through profit and loss of HK$12,086,000 were recognised in the consolidated statement of comprehensive income.

28. INVENTORIES

	2018 HK$'000	2017 HK$'000
Raw materials and consumables	15,178	22,085
Work-in-progress	197	1,420
Finished goods	16,217	13,291
	31,592	36,796

29. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	310,276	221,759
Less: Loss allowance for trade receivables *(note (b))*	(84)	(86)
	310,192	221,673
Bills receivable	159,137	124,247
Other receivables *(note (c))*	11,615	23,795
Prepayments and deposits	53,323	25,327
	534,267	395,042

(a) The normal credit period granted to the customers of the Group is 90 to 120 days (2017: 90 to 120 days). The ageing analysis of the trade receivables by invoice date at the end of the reporting period is as follows:

	2018 HK$'000	2017 HK$'000
Within 3 months	273,094	218,632
Over 3 months but within 6 months	26,659	2,356
Over 6 months but within 1 year	6,015	417
Over 1 year	4,508	354
	310,276	221,759
Less: Loss allowance for trade receivables	(84)	(86)
	310,192	221,673

29. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Allowance for trade receivables is recorded using an allowance account unless the Group determines that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in loss allowance for trade receivables during the year are as follows:

	2018 HK$'000	2017 HK$'000
At beginning of reporting period	86	80
Exchange realignment	(2)	6
At the end of reporting period	84	86

(c) The ageing analysis of trade receivables by past due date that are neither individually nor collectively considered to be impaired is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	299,580	218,632
Less than 3 months past due	1,431	2,356
3 months to 1 year past due	4,900	417
Over 1 year past due	4,281	268
Past due but not impaired	10,612	3,041
	310,192	221,673

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

29. TRADE AND OTHER RECEIVABLES *(Continued)*

(d) All bills receivable were not past due and there was no history of default. The normal terms granted by the banks are 90 to 120 days (2017: 90 to 120 days).

(e) On 17 January 2017, the Group entered into a memorandum of understanding (the "MOU") with an independent third party, JAA Capital Limited ("JAA") in relation to the proposed acquisition of Jet Asia Airways Company Limited ("Jet Asia") and paid earnest money in the sum of US$2,000,000 (equivalent to HK$15,528,000) to Jet Asia. Upon the lapse of the MOU on 18 March 2017, JAA Capital alleged that the Group had breached the confidentiality provision in the MOU as the Group had publicly announced the MOU on 17 January 2017 and therefore Jet Asia and/or JAA has refused to refund the earnest money. On 21 August 2017 and 24 August 2017, the Group commenced arbitration proceedings against JET Asia and JAA respectively at Hong Kong International Arbitration Centre (the "Arbitration"). As at 31 December 2018, the Arbitration was yet not finished, the management of the Group has sought legal advice. It has been advised by the Group's legal advisor that the recoverable amount would be minimal and therefore the management fully impaired the said balance accordingly.

(f) Included in prepayments and deposits as at 31 December 2017 were refundable trade deposits of US$2,000,000 (equivalent to HK$15,600,000) paid to an independent third party supplier, Asia Star Newtime-Space Geomatics Engineering Co., Ltd for the purchase of steel in accordance with a purchase contract entered into on 10 November 2017. Subsequent to the end of the reporting period, the purchase contract with Asia Star Newtime-Space Geomatics Engineering Co., Ltd has been cancelled on 8 February 2018 and the trade deposits have been fully refunded.

30. LOANS AND INTEREST RECEIVABLES

The credit quality analysis of the loans and interest receivables is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired –		
Unsecured loans to third parties		
– Principal	454,484	319,562
– Interest	63,478	9,957
	517,962	329,519
Secured loans to third parties		
– Principal	76,606	301,679
– Interest	13,822	17,870
	90,428	319,549
Guaranteed loans to third parties		
– Principal	16,628	17,000
– Interest	3,219	1,042
	19,847	18,042
Total carrying amount	628,237	667,110

	2018 HK$'000	2017 HK$'000
Gross amount of loans and interest receivables	667,558	718,893
Less: Accumulated allowance	(39,321)	(51,783)
Carrying amount	628,237	667,110
Movement of accumulated allowance		
At beginning of reporting period	51,783	5,579
Increase in application of HKFRS 9	5,541	–
Increase in allowance	33,780	46,204
Decrease in written off	(51,783)	–
At the end of reporting period	39,321	51,783
Represented by:		
Current portion	628,237	667,110
Non-current portion	–	–
	628,237	667,110

The Group's loans and interest receivables mainly arise from the money lending business in Hong Kong, which are denominated in US dollars and Hong Kong dollars.

30. LOANS AND INTEREST RECEIVABLES *(Continued)*

The loan and interest receivables that were neither past due nor impaired as at 31 December 2017 and 31 December 2018 relate to a number of borrowers for whom there was no recent history of default.

Analysis of the gross carry amount of loans receivable is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross carrying amount as at 1 January 2018	599,906	57,903	46,204	704,013
Loans transfer from stage 1 to stage 3	(44,232)	–	44,232	–
New loans/financing originated	99,418	–	35,849	135,267
Loans/financing derecognised or repaid during the year (other than write-offs)	(106,936)	(57,903)	(46,204)	(211,043)
Gross carrying amount as at 31 December 2018	592,388	–	35,849	628,237

Definitions of Stage 1, Stage 2 and Stage 3 are detailed in note 54(a).

The maximum exposure to credit risk at the end of the reporting period is the carrying value of the loans receivable. The Group seeks to maintain tight control over its loans receivable in order to minimize credit risk by reviewing the borrowers' or guarantors' financial positions.

All the loans have original contractual maturity within 1 year, except for a loan receivable from a third party of HK$5,579,000 (2017: HK$5,579,000) which will be repayable on 19 May 2019. During the year ended 31 December 2017, full allowance for doubtful debts on overdue loans and interest receivables from a third party of HK$46,204,000 has been made as the management considered that such loans and interests would not be recoverable. The impaired loans and interest receivables of HK$46,204,000 related to the earnest money paid to a vendor for the acquisition of 49% equity interest in Siam Air Transport Co. Limited ("Siam Air") which was subsequently cancelled and the money paid became an interest-bearing loan of 10% per annum in 2016 following the lapse of the memorandum of understanding announced on 23 November 2016. Given that Siam Air failed to renew the air operator's certificate and ceased its operation in December 2017 in Thailand, the directors of the Company considered that the likelihood of recovery of the amounts being very remote and full impairment loss has been made during the year ended 31 December 2017 and such balance was fully written off during the year ended 31 December 2018.

At the end of the reporting period, loans receivable carried fixed interest rates and had effective interest rates ranging from 10% to 16% per annum (2017: 10% to 16% per annum).

Interest income and allowance for loans and interest receivables of approximately HK$83,166,000 (2017: HK$65,268,000) and HK$33,780,000 (2017: HK$46,204,000) respectively have been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2018.

31. CONVERTIBLE BONDS

On 21 April 2017 (the "Bond Issue Date"), the Group completed the acquisition of Arch Partners Group (Note 43) at a consideration of approximately HK$154.7 million and part of the aggregate consideration of the acquisition has been paid by the Company to the vendors by issuance of zero-coupon convertible bonds in the principal amount of up to HK$112,000,000 subject to the fulfillment of profit guarantee requirements (Note 43). The convertible bonds will mature on 31 March 2018 (i.e. the determination date of the profit guarantee).

Redemption at maturity

Save and except upon the occurrence of winding-up, bankruptcy or dissolution, etc. of the Company, the convertible bonds shall in no event be repayable. Given the nature of the bonds, they would be classified as equity if the uncertainty in relation to the profit guarantee requirements is resolved. Depending on the outcome of the determination on satisfaction of the profit guarantee, the convertible bonds will be automatically converted into shares on the maturity date.

Early redemption at the options of the Company and the bondholder

The convertible bonds are not redeemable by the bondholders, but may be redeemed by the Company at any time prior to the maturity date in whole or in part (in integral multiples of HK$100,000) of the outstanding principal amount of the convertible bonds. Bondholders will not be entitled to attend or vote at any shareholders' meetings of the Company.

Based on the initial conversion price of HK$0.2 per share, 560,000,000 conversion shares will be allotted and issued upon exercise in full of the conversion rights attaching to the convertible bonds. The conversion shares represent approximately 4.5% of the issued share capital of the Company at date of acquisition as enlarged by the allotment and issue of the conversion shares assuming the conversion rights attaching to the convertible bonds are exercised in full.

Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing shares outstanding at the date of issue of the conversion shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

At initial recognition, the convertible bonds are recognised at fair value. In subsequent periods, such convertible bonds are measured at fair value with changes in fair value recognised in profit or loss up to the contingency related to the profit guarantee requirements fulfilled on 31 December 2017. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately.

31. CONVERTIBLE BONDS *(Continued)*

The details and the movement of the convertible bonds during the reporting periods and outstanding as at the end of the reporting period were as follows:

	HK$'000
Fair value at issue date *(Note 43)*	**79,723**
Change in fair value charged to profit or loss	**18,741**
Transfer to reserve	**(98,464)**
Balance at 31 December 2017	–

The fair value of the convertible bonds was determined by an independent qualified valuer based on the Binomial Pricing Model. The following inputs were applied:

	31 December 2017	21 April 2017
Discount rate	**9.55%**	9.13%
Fair value of each share of the Company	**HK$0.178**	HK$0.168
Conversion price (per share)	**HK$0.20**	HK$0.20
Risk free interest rate	**1.02%**	0.56%
Time to maturity	**0.25 year**	0.94 year
Expected volatility	**22.00%**	49.00%
Expected dividend yield	**0%**	0%

As at 31 December 2017, the directors were of the opinion that the profit guarantee was met and that the convertible bonds would be converted into shares at maturity date on 31 March 2018 under the profit guarantee arrangement. Accordingly, the fair value of approximately HK$98,464,000 has been transferred to convertible instrument reserve as at 31 December 2017.

On 31 March 2018, the Company convert the 560,000,000 shares from Convertible Bonds Reserve to Share Capital.

32. PLEDGED BANK DEPOSITS

At the end of the reporting period, the Group had pledged bank deposits, which carried interest at prevailing market rate, amounting to HK$13,681,000 (2017: HK$4,083,000) to banks for securing bills payable and bank borrowings.

33. CASH AND CASH EQUIVALENTS

At end of reporting period, cash and cash equivalents included the bank balances denominated in RMB amounted to approximately HK$112,806,000 (2017: HK$9,920,000). RMB is not freely convertible into other currencies. The government of the PRC has implemented foreign exchange control and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

34. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**98,673**	90,331
Bills payable	**22,944**	11,112
Other payables and accruals	**58,733**	39,983
Accrued interest on notes payable	**48,433**	43,251
	228,783	184,677

The ageing analysis of trade payables by invoice date at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 3 months	**80,401**	73,344
Over 3 months but within 6 months	**12,930**	11,684
Over 6 months but within 1 year	**2,434**	2,084
Over 1 year	**2,908**	3,219
	98,673	90,331

35. NOTES PAYABLE

	2018 HK$'000	2017 HK$'000
8.6% (2017: 8.6%) 1-year notes *(note (a))*	**280,000**	280,000
13% (2017: 13%) 1-year notes *(note (b))*	**64,000**	64,000
13% (2017: 10%) 1-year notes *(note (b))*	**96,000**	120,000
	440,000	464,000

(a) The notes are interest-bearing at 8.6% per annum, maturing on 21 April 2018 and secured by an equitable mortgage over the entire issued shares capital of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which is incorporated under the laws of the British Virgin Islands. The notes holder is an independent third party.

On 21 April 2018, the Group and the only holder of the notes entered into deeds of the amendment of the instrument of the notes (the Deeds of Amendment"). Pursuant to the Deed of Amendment, the maturity date of the notes is extended from 21 April 2018 to 21 July 2018 with the interest rate of 8.6% per annum for the extended period.

On 20 July 2018, the Group and the holder of the notes entered into deeds for the amendment of the instrument of the notes (the "Deeds of Amendment"). Pursuant to the Deeds of Amendment, conditional upon the Group's payment of the sum of HK$12,000,000 to the noteholder (which was paid by the Group) as part of the interest payable under the Notes, the maturity date of the notes is extended from 21 July 2018 to 21 January 2019.

Subsequent to year ended, the notes are overdue since 22 January 2019. The management is currently seeking to negotiate with the noteholder regarding a further of extension of maturity date.

(b) Pursuant to a note purchase agreement entered between the Company and an independent party on 22 November 2016, the Company issued secured notes in two tranches with the principal amount of HK$80,000,000 ("Note Tranche A") and HK$120,000,000 ("Note Tranche B"). The notes are interest-bearing at 10% per annum, maturing in 12 months from the issue dates. The notes holder is an independent third party.

On 22 November 2017, the Company and note holder agreed that the maturity date of the Note Tranche A is extended to 23 November 2018 with the interest rate on the note for the extended period of 12 months being increased to 13% per annum.

The Note Tranche A is secured by the pledge of 697,000,000 ordinary shares of the Company provided by a shareholder of the Company. On 5 December 2017, the Company partially repaid Note Tranche A with the principal amount of HK$16,000,000 and such note with the principal amount of HK$64,000,000 remained outstanding as at 31 December 2017 and 31 December 2018. the Note Tranche A was overdue since 24 November 2018 and under the management is currently under the negotiation of extension of maturity date with note holder.

35. NOTES PAYABLE *(Continued)*

(b) *(Continued)*

The Note Tranche B is secured by the pledge of 700,000,000 ordinary shares of the Company provided by shareholders of the Company. On 2 January 2018, the Company and the note holder agreed that the maturity date of the Note Tranche B is extended to 4 January 2019, with the interest rate on the note for the extended period of 12 months be increased to 13% per annum. On 4 January 2018, the Company partially repaid the Note Tranche B with the principal amount of HK$24,000,000 and such note with the principal amount of HK$96,000,000 (31 December 2017: HK$120,000,000) remained outstanding as at 31 December 2018.

Subsequent to year ended, the Note Tranche B was overdue since 5 January 2019 and under the management is currently seeking to negotiate with the noteholder regarding a further of extension of maturity date.

36. BANK AND OTHER BORROWINGS

	2018 *HK$'000*	2017 *HK$'000*
Current		
Bank borrowings – secured	160,621	115,920
Other borrowings – secured	6,379	34,150
Other borrowings – unsecured	60,000	–
	227,000	150,070

At 31 December 2018 and 2017, all of the bank and other borrowings were repayable within one year.

The secured and unsecured bank and other borrowings are interest-bearing at fixed or variable interest rates. The ranges of effective interest rates on the Group's borrowings are as follows:

	2018	2017
Effective interest rates per annum		
Bank borrowings – secured	4.35% to 5.66%	4.35% to 5.22%
Other borrowings – secured	7.875% to 9.125%	5.60% to 7.00%
Other borrowings – unsecured	16.8%	–

36. BANK AND OTHER BORROWINGS *(Continued)*

Bank and other borrowings are denominated in the following currencies:

	2018 *HK$'000*	2017 *HK$'000*
RMB	160,621	150,070
Hong Kong dollars	66,379	–
	227,000	150,070

The bank and other borrowings totalling HK$167,000,000 (2017: HK$150,070,000) were secured by:

(a) buildings with a carrying value of approximately HK$37,250,000 (2017: HK$27,553,000);

(b) lease premiums for land with carrying value of approximately HK$26,274,000 (2017: HK$28,356,000);

(c) certain of the trade receivables with carrying value of approximately HK$Nil (2017: HK$25,199,000);

(d) pledged bank deposits with carrying value of approximately HK$13,681,000 (2017: HK$4,083,000); and

(e) bills receivable discounted to banks with recourse of approximately HK$88,887,000 (2017: HK$52,585,000) (Note 49).

(f) Financial asset at fair value through profit and loss with a fair value of approximately HK$43,746,560 (2017: Nil).

37. BONDS PAYABLE

	Debt component *HK$'000*	Deferred day-one gain *HK$'000*	Total *HK$'000*
Fair value of bonds issued at inception date	7,720	–	7,720
Day-one gain of newly issued bond at inception	–	2,280	2,280
Effective interest charged for the year	345	–	345
Amortisation of deferred day-one gain	–	(129)	(129)
At 31 December 2017 and at 1 January 2018	8,065	2,151	10,216
Fair value of bonds issued at inception date	**108,716**	**–**	**108,716**
Day-one gain of newly issued bond at inception	**–**	**13,784**	**13,784**
Effective interest charge for the year	**3,521**	**–**	**3,521**
Amortisation of deferred day-one gain	**–**	**(1,282)**	**(1,282)**
At 31 December 2018	**120,302**	**14,653**	**134,955**

On 5 June 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent has agreed to procure placees to subscribe for the bonds in an aggregate principal amount of HK$10,000,000. On the same date, an independent third party has subscribed for the bonds issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest being, paid semi-annually and are due in 2024.

At the issue date, the fair value of the bonds was HK$7,720,000 on initial recognition and measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 11% per annum was applied. The risk-adjusted discount rate was estimated by APAC based on the interest rate of note issuers with similar credit rating of the Company. Subsequently, the bonds were measured at amortised cost using the effective interest method.

On 14 June 2018, the Company and placing agent entered into placing agreement pursuant to which the placing agent has agreed to procure placees to subscribe for the bonds in an aggregate principal amount of HK$112,500,000. On the same date, an independent third party has subscribed for the bonds issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest being, paid semi-annually and are due in 2020.

37. BONDS PAYABLE *(Continued)*

At the issue date, the fair value of the bonds was HK$104,680,000 on initial recognition and measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 10% per annum was applied. The risk-adjusted discount rate was estimated by APAC based on the interest rate of note issuers with similar credit rating of the Company. Subsequently, the bonds were measured at amortised cost using the effective interest method.

On 12 December 2018, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent has agreed to procure placees to subscribe for the bonds in an aggregate principal amount of HK$10,000,000. On the same date, an independent third party has subscribed for the bonds issued by the Company. The bonds carry a fixed coupon rate of 7% per annum with interest being, paid semi-annually and are due in 2026.

At the issue date, the fair value of the bonds was HK$4,036,000 on initial recognition and measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 12% per annum was applied. The risk-adjusted discount rate was estimated by APAC based on the interest rate of note issuers with similar credit rating of the Company. Subsequently, the bonds were measured at amortised cost using the effective interest method.

During the year ended 31 December 2018, interest expenses on bonds of HK$3,521,000 (2017: HK$345,000) were recognised in profit or loss.

The day-one gain of newly issued bonds of HK$2,280,000 at the date of inception is not recognised in profit or loss but is deferred. This deferred day-one gain is recognised in profit or loss over the life of bonds on a straight line basis.

During the year ended 31 December 2018, amoritsation of deferred day-one gain on bonds of HK$1,282,000 (2017: HK$129,000) was recognised in profit or loss.

38. DEFERRED TAXATION

The following is the analysis of the major deferred taxation assets (liabilities) recognised by the Group and movement thereon:

	2018 HK$'000	2017 HK$'000
Deferred tax assets	7,624	7,624
Deferred tax liabilities	(2,018)	(2,302)
	5,606	5,322

	Allowance for loans and interest receivable HK$'000	Impairment loss on intangible assets HK$'000	Fair value adjustments HK$'000	Total HK$'000
At 1 January 2017	–	–	(37,703)	(37,703)
Disposal of subsidiaries *(Note 45(a))*	–	(4,025)	35,500	31,475
Credited to profit or loss	7,624	4,025	64	11,713
Exchange realignment	–	–	(163)	(163)
At 31 December 2017 and 1 January 2018	7,624	–	(2,302)	5,322
Credited to profit or loss	–	–	653	653
Exchange realignment	–	–	(369)	(369)
At 31 December 2018	7,624	–	(2,018)	5,606

38. DEFERRED TAXATION *(Continued)*

In March 2007, the National People's Congress enacted a new Enterprise Income Tax Law, which became effective on 1 January 2008 (the "New PRC EIT Law"). Pursuant to the New PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries established in Mainland China in respect of earnings generated since 1 January 2008. Deferred tax liabilities are provided to the extent that such earnings are expected to be distributed in the foreseeable future. At the end of the reporting period, the estimated withholding tax effects on the distribution of retained earnings of the subsidiaries established in Mainland China were approximately HK$8,293,000 (2017: HK$6,469,000). The directors of the Company are of the opinion that no dividends would be distributed by its subsidiaries established in Mainland China in the foreseeable future and therefore no deferred tax liabilities are provided.

Unrecognised deferred tax assets arising from:

	2018	2017
	HK$'000	*HK$'000*
Deductible temporary differences		
Depreciation and allowance	**10,676**	10,676
Tax losses	**98,811**	99,825
	109,487	110,501

38. DEFERRED TAXATION *(Continued)*

As at 31 December 2018, the Group had unrecognised deferred tax assets of approximately HK$2,669,000 (2017: HK$2,669,000) and HK$17,566,000 (2017: HK$17,663,000) in respect of the deductible temporary differences and the tax losses respectively. As it is not probable that taxable profits will be available against which the unused tax losses of the Group can be utilised, deferred tax assets have not been recognised. The expiry dates of unrecognised tax losses are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Tax losses without expiry date	73,828	75,669
Tax losses expiring on 31 December 2023	827	–
Tax losses expiring on 31 December 2022	23,181	23,181
Tax losses expiring on 31 December 2021	799	799
Tax losses expiring on 31 December 2020	–	–
Tax losses expiring on 31 December 2019	176	176
At the end of the reporting period	**98,811**	**99,825**

39. SHARE CAPITAL

	2018		2017	
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.0125 each (2017: HK$0.0125 each)	30,000,000,000	375,000	30,000,000,000	375,000
Issued and fully paid:				
Issue of shares by conversion of convertible bonds	560,000,000	7,000	–	–
At beginning of reporting period	11,863,360,252	148,292	10,352,800,252	129,410
Issue of shares by placement *(note (a))*	–	–	1,230,560,000	15,382
Issue of new shares for acquisition of subsidiaries *(note (b) and (c))*	889,137,931	11,114	280,000,000	3,500
Issue of remuneration shares	12,500,000	156	–	–
Issue of new shares upon exercise of options	1,000,000	13	–	–
At the end of reporting period	13,325,998,183	166,575	11,863,360,252	148,292

39. SHARE CAPITAL *(Continued)*

(a) On 29 May 2017, the Company entered into a placing agreement in respect of the placement of 1,230,560,000 ordinary shares of HK$0.0125 each to not less than six independent investors at a price of HK$0.13 per share. The placement was completed on 14 June 2017. The premium on the issue of shares, amounting to approximately HK$140,442,000, net of share issuance expenses of approximately HK$4,149,000, was credited to the Company's share premium account. The net proceeds from the placing is approximately HK$155.8 million. The Company intends to use the proceeds for (i) repayment of loans of the Company; (ii) development of a large performance show in Halong Bay; Vietnam and (iii) general working capital of the Group.

The above newly issued shares rank pari passu in all respects with the existing shares.

(b) On 21 April 2017, the Company acquired 100% shareholding in Arch Partners Holdings Limited and its subsidiaries, which are principally engaged in provision of outbound travel, aircraft charter and business travel (Note 43). Part of the consideration had been satisfied by the issue of consideration shares of 280,000,000 shares.

The above newly issued shares rank pari passu in all respects with the existing shares.

(c) On 3 September 2018, the Company announced its acquisition of the entire share capital of Manufacture Element Prefabricate Pte Limited (the "MEP"), for the Consideration of S$36,000,000 (equivalent to approximately HK$206,280,000) which shall be satisfied by the allotment and issue of 889,137,931 consideration shares of the Company to the vendors under the general mandate. For details please refer to note 21 (d) to these financial statements.

40. RESERVES

(a) SHARE PREMIUM

Under the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the articles of association of the Company.

(b) CAPITAL RESERVE

Capital reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through exchanges of shares pursuant to the Company's reorganisation in 2003.

(c) SHARE OPTION RESERVE

The share option reserve comprises the recognised amount of share options granted which are yet to be exercised, lapsed, cancelled or forfeited as further explained in the accounting policy for share-based payment transactions in Note 2 to the consolidated financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

(d) AVAILABLE-FOR-SALE FINANCIAL ASSETS REVALUATION RESERVE

The revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets and is dealt with in accordance with the accounting policies adopted.

(e) STATUTORY SURPLUS RESERVE

According to the articles of association of the PRC subsidiaries, they are required to transfer at least 10% of their net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of their registered capital, any further appropriation is optional. The transfer to this reserve must be made before distribution of a dividend to the shareholders.

Statutory surplus reserve can be used to make up previous years losses, if any, and may be converted into capital in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(f) CONVERTIBLE INSTRUMENT RESERVE

The convertible instrument reserve represents the transfer of fair value of convertible bonds as at 31 December 2018 upon the fulfillment of profit guarantee requirement (Note 31).

(g) TRANSLATION RESERVE

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

41. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company at the special general meeting held on 5 June 2015 (the "Share Option Scheme") whereby the directors are authorised, at their discretion, to invite full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Company, to take up option to subscribe the ordinary shares of the Company as incentives and rewards for their contribution to the Group. Upon acceptance of the option, the grantee shall pay a non-refundable nominal consideration of HK$1 to the Company. The Company by ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered.

The option period shall not exceed 10 years from the date of acceptance of option. There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme. During the year ended 31 December 2017, one of the directors resigned with written concert for the forfeiture of the options granted.

The total number of the shares of the Company available for issue under the Share Option Scheme as at 31 December 2017 was 1,035,289,025 shares which represented 8.73% of the issued share capital of the Company as at 31 December 2017. The total number of shares issued and to be issued upon exercise of the options granted to each participant or grantee (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the shares in issue unless approval from Company's shareholders has been obtained.

Any grant of options to a connected person (including but not limited to a director or substantial shareholder) or its associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Where options are proposed to be granted to a connected person who is also a substantial shareholder of the Company or an independent non-executive director or their respective associates and if such grant would result in the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting.

41. SHARE OPTION SCHEME *(Continued)*

The grant of option will be open for acceptance within 30 business days from the date of the letter of grant, upon payment of a sum of HK$1 as consideration for the grant of option. The exercise price of options is determined by the Board at its sole discretion, save that such price will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date.

At 31 December 2018, 1,310,181,000 share options (2017: 277,192,000 share options) remains outstanding under the Scheme, representing 9.83% (2017: 2.33) of the ordinary shares of the Company in issue at that date.

Details of share options granted during the year:

Date of grant	Number of share options	Vesting date	Exercisable period
Options granted to Directors of the Company:			
– on 4 June 2018	5,000,000	N/A	4 June 2018 to 3 June 2028
– on 4 June 2018	828,231,216	3 June 2021	4 June 2018 to 3 June 2028
	833,231,216		
Options granted to employees other than Directors of the Company:			
– on 4 June 2018	98,528,907	N/A	4 June 2018 to 3 June 2028
– on 4 June 2018	103,528,902	3 June 2021	4 June 2018 to 3 June 2028
	202,057,809		
Total share options granted	1,035,289,025		

41. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Share Option Scheme during the year:

		2018		2017	
		Weighted average exercise price *HK$ per share*	Number of options *'000*	Weighted average exercise price *HK$ per share*	Number of options *'000*
At beginning of the reporting period		0.145	277,192	0.145	313,091
Granted during the year		0.2	1,035,289	–	–
Forfeited during the year	*(note (a) and (b))*	0.19	(1,300)	0.145	(35,899)
Exercised during the year		0.2	(1,000)	–	–
At the end of the reporting period		0.19	1,310,181	0.145	277,192

Notes:

(a) Mr. Pang Hong resigned as non-executive director on 06 August 2018.

(b) Ms. Hu Jianping resigned as non-executive director on 19 December 2017.

The share options outstanding at 31 December 2018 have exercise prices ranging from HK$0.145 to HK$0.2 per option (2017: from HK$0.145) and a weighted average remaining contractual life of 7.56 years (2017: 1.57 years).

For share options granted during the year ended 31 December 2018, the share options were measured at fair value at grant date with reference to a valuation report prepared an independent genetical professional valuer calculated using Binomial model with the following key assumptions:

	4 June 2018
Share price	HK$0.2
Exercise price	HK$0.2
Expected volatility *(note)*	79%
Expected option life	10 years
Expected dividends	Nil
Risk-free interest rate (per annum)	2.13%
Fair value of a share option at grant date	HK$0.10 to HK$0.13

The expected volatility is based on the historic volatility based on the data available for the past 10 years. Changes in the subjective input assumptions could materially affect the fair value estimates.

The total expense recognised in profit or loss for the current year in respect of the scheme amounted to HK$26,693,000 (2017: Nil).

42. OTHER CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

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

2018	Bank and other borrowings *HK$'000*	Bonds payable *HK$'000*	Notes payable *HK$'000*	Total *HK$'000*
At beginning of the year	150,070	10,216	464,000	624,286
Net cash flows	85,346	122,500	(24,000)	183,846
Changes in exchange rates	(8,416)	–	–	(8,416)
Interest expenses	–	2,239	–	2,239
At the end of the year	227,000	134,955	440,000	801,955

2017	Bank and other borrowings *HK$'000*	Convertible bonds *HK$'000*	Bonds payable *HK$'000*	Notes payable *HK$'000*	Total *HK$'000*
At beginning of the year	374,406	–	–	360,000	734,406
Fair value at issue date	–	79,723	–	–	79,723
Net cash flows	(234,288)	–	10,000	104,000	(120,288)
Changes in exchange rates	9,952	–	–	–	9,952
Changes in fair value	–	18,741	–	–	18,741
Interest expenses	–	–	216	–	216
Transfer to convertible instrument reserve	–	(98,464)	–	–	(98,464)
At the end of the year	150,070	–	10,216	464,000	624,286

43. ACQUISITION OF SUBSIDIARIES – ASSETS

The recognised amounts of the identifiable assets and liabilities of Arch Partners Group at the date of acquisition are as follows:

	HK$'000
Net assets acquired:	
Intangible asset *(Note 17)*	150,900
Trade and other receivables	5,799
Cash and cash equivalents	40
Trade and other payables	(545)
Tax payable	(1,450)
Total identifiable net assets	154,744
Total consideration	154,744
Net cash inflow arising on the acquisition:	
Cash consideration paid *(note (a))*	–
Cash and cash equivalents acquired	40
	40

(a) The cash consideration paid of HK$11,408,000 has been paid in 2016 and recorded as non-cash transaction during the year upon completion of the acquisition.

(b) As part of the acquisition, the Group and the vendors of Arch Partner Group entered into a profit guarantee agreement. Pursuant to which if the profit before tax of Arch Partners Group for the year ended 31 December 2017 are less than RMB15,000,000, the vendors shall compensate the Group the difference by surrendering the proportionate principal amount of the convertible bonds. The calculations of convertible bonds have been disclosed in the announcement of the Company dated 21 March 2017.

The profit before tax of Arch Partners Group for the year ended 31 December 2017 exceeded RMB15,000,000 (equivalent to approximately HK$17,299,000) and as a result, the profit guarantee requirements for the year were met.

44. ACQUISITION OF SUBSIDIARIES – BUSINESS

TRAVEL LIMITED AND ITS SUBSIDIARY (TOGETHER "INCOLA TRAVEL GROUP")

On 28 February 2017, the Group acquired 95% issued share capital of Incola Travel Group from an independent third party at a consideration of approximately HK$4,404,000. Incola Travel Limited is a company incorporated in Hong Kong with limited liability. It is a travel related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services Limited, are principally engaged in the business of travel agency. The Group has selected to measure the non-controlling interest at its proportionate interest in the identifiable assets and liabilities of the aquiree.

The fair value of trade and other receivables at the date of acquisition amounted to HK$3,374,000 which is the same as its gross contractual amount at the date of acquisition and no balance is expected to be uncollectible.

Acquisition – related costs have been excluded from the consideration transferred and have been recognised as "administrative and other operating expenses" in the consolidated statement of comprehensive income.

It is the Group's long-term mission to maintain a diversified investment portfolio and to explore suitable investment opportunities. The Board is of the view that the acquisition provides opportunities to the Company to broaden its business portfolio.

The goodwill arising on the acquisition of Incola Travel Group is attributable to the benefit of expected revenue growth and future market development. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for intangible assets. None of the goodwill recognised is expected to be deductible for income tax purpose.

Incola Travel Group contributed revenue of approximately HK$2,241,000 and loss of approximately HK$350,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 January 2017, the Group's revenue from continuing operations for the period would have been approximately HK$921,815,000, and loss before tax from continuing operations for the period would have been approximately HK$92,457,000.

44. ACQUISITION OF SUBSIDIARIES – BUSINESS *(Continued)*

INCOLA TRAVEL LIMITED AND ITS SUBSIDIARY (TOGETHER "INCOLA TRAVEL GROUP") *(Continued)*

	HK$'000
Consideration satisfied by:	
Cash paid	4,404

The recognised amount of the identifiable assets and liabilities of Incola Travel Group at the date of acquisition is as follows:	*HK$'000*
Net assets acquired:	
Property, plant and equipment *(Note 16)*	44
Trade and other receivables	3,374
Cash and cash equivalents	42
Bank overdrafts	(250)
Trade and other payables	(1,795)
Total identifiable net assets	1,415
Non-controlling interests	(70)
Goodwill *(Note 23)*	3,059
Total consideration	4,404
Net cash outflow arising on acquisition:	
Cash consideration paid	(4,404)
Cash and cash equivalents acquired, net of bank overdrafts	(208)
	(4,612)

45. DISPOSAL OF SUBSIDIARIES

(a) Master Race Limited and its subsidiaries (together "Master Race Group")

On 16 November 2017, the Group completed the disposal of its entire 85% equity interests in Master Race Group to an independent third party, at a consideration of HK$110,000,000. Master Race Group is principally engaged in ticketing agency business and cultural and marketing activities planning business. The net assets of Master Race Group at the date of disposal are as follows:

	HK$'000
Net assets disposed of:	
Intangible assets *(Note 17)*	130,000
Deferred tax assets *(Note 38)*	4,025
Trade and other receivables	47,952
Cash and cash equivalents	425
Trade and other payables	(761)
Provision for taxation	(7,821)
Deferred tax liabilities *(Note 38)*	(35,500)
Total identifiable net assets	138,320
Non-controlling interests	(20,748)
	117,572

	HK$'000
Consideration received:	
Cash consideration	22,000
Promissory note *(Note 24)*	81,452
Total consideration for disposal of subsidiaries	103,452

45. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Master Race Limited and its subsidiaries (together "Master Race Group") *(Continued)*

Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries:

	HK$'000
Cash consideration received	22,000
Cash and cash equivalents disposed of	(425)
Net inflow of cash and cash equivalents	21,575

	HK$'000
Loss on disposal of subsidiaries *(Note 14)*	
Consideration	103,452
Net assets disposed of	(138,320)
Non-controlling interests	20,748
Exchange reserve released on disposal	529
	(13,591)

45. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Xian Tai International Limited and its subsidiaries (together "Xian Tai Group")

On 30 November 2017, the Group completed the disposal of its entire equity interests in Xian Tai Group to an independent third party, at a consideration of HK$100,000,000. Xian Tai Group is principally engaged in the provision of management services on the operation of physical therapy and healthcare massage shops in the PRC. The net assets of Xian Tai Group at the date of disposal are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 16)*	201
Goodwill *(Note 23)*	81,351
Trade and other receivables	14,099
Cash and cash equivalents	88
Trade and other payables	(2,245)
	93,494

	HK$'000
Consideration:	
Cash consideration	20,000
Promissory note *(Note 24)*	71,331
Total consideration for disposal of subsidiaries	91,331

45. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Xian Tai International Limited and its subsidiaries (together "Xian Tai Group") *(Continued)*

Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries:

	HK$'000
Cash consideration received	20,000
Cash and cash equivalents disposed of	(88)
Net inflow of cash and cash equivalents	19,912

	HK$'000
Loss on disposal of subsidiaries *(Note 14)*	
Consideration	91,331
Net assets disposed of	(93,494)
Exchange reserve released on disposal	(1,592)
	(3,755)

46. MARGIN FACILITIES

As at 31 December 2018, margin facilities of HK$59,152,000 (2017: HK$50,000,000) from a regulated securities broker was granted to the Group under which financial assets at fair value through profit and loss of HK$72,947,360 (2017: HK$5,170,000) was treated as collateral for the facilities granted. The Group did not utilise the margin facilities as at 31 December 2018 (2017: HK$Nil).

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Interests in subsidiaries	47(a)	1,083,207	1,431,052
Investment in associates		11,334	–
Deposits for potential acquisition of subsidiaries		5,000	10,000
Deposit for potential acquisition of intangible asset		–	53,600
Deferred tax assets		7,624	7,624
		1,107,165	1,502,276
Current assets			
Financial assets at fair value through profit and loss		29,201	5,170
Other receivables		4,107	15,991
Cash and cash equivalents		7,117	17,830
		40,425	38,991
Current liabilities			
Other payables		13,092	9,981
Due to subsidiaries		239,580	257,658
Other borrowings		60,000	–
Notes payable		160,000	184,000
		472,672	451,639
Net current liabilities		(432,247)	(412,648)
Total assets less current liabilities		674,918	1,089,628
Non-current liabilities			
Bonds payable		134,955	10,216
NET ASSETS		539,963	1,079,412
CAPITAL AND RESERVES			
Share capital	39	166,575	148,292
Reserves	47(b)	373,388	931,120
TOTAL EQUITY		539,963	1,079,412

Approved and authorised for issue by the Board of Directors on 29 March 2019 and signed on its behalf by:

Li Zhenzhen	**Wang Xin**
Director	Director

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued/paid up/registered share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Able Zone Investment Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Securities trading and other investments
Click Smart Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Cambodia MJ Airlines Co., Limited	Cambodia	Cambodia	40,000,000,000 ordinary shares	70%	–	70%	Travel business
Golden Comfort Investments Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Hui Jing International Trade Co., Limited	Cambodia	Cambodia	80,000 ordinary shares	100%	–	100%	Trading of steel
Great Prospect Enterprises Limited	BVI	Hong Kong	200 ordinary shares of US$1	100%	100%	–	Investment holding
Impression Culture Asia Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
Incola Travel Limited	Hong Kong	Hong Kong	40,000 ordinary shares	95%	–	95%	Sales of air tickets
Incola Air Services Limited	Hong Kong	Hong Kong	100 ordinary shares	95%	–	95%	Sales of air tickets
Kentway Investments Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
Noble Core Holdings Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Nowry Global Investments Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Ovalane Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Sino Haijing Group Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Sino Richtone Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Securities trading and other investments
Sunshine Margin Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued/paid up/registered share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Vietnam Impression Ha Ling Bay Tourism and Culture Investment Co., Ltd	Vietnam	Vietnam	US$2,000,000	100%	100%	–	Cultural performance
Ways Finance Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Money lending
World Spark Holdings Limited	BVI	Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Yalu International Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Air ticketing and travel agency business
合肥海景包装制品有限公司	PRC	PRC	RMB55,000,000	100%	–	100%	Manufacturing of EPS packaging products
合肥榮豐包装制品有限公司	PRC	PRC	RMB30,000,000	100%	–	100%	Manufacturing of EPS packaging products
合肥啟鵬紙制品有限公司	PRC	PRC	RMB14,000,000	100%	–	100%	Manufacturing of packaging materials
青島海景包装制品有限公司	PRC	PRC	RMB20,000,000	100%	–	100%	Manufacturing of EPS packaging products
青島新海景包装制品有限公司	PRC	PRC	RMB10,000,000	100%	–	100%	Manufacturing of EPS packaging products
青島海景模具制品有限公司	PRC	PRC	RMB1,000,000	100%	–	100%	Manufacturing of moulds products
大連海景包裝製品有限公司	PRC	PRC	RMB1,000,000	100%	–	100%	Manufacturing of EPS packaging products
東興屏峰雨林景區投資有限公司	PRC	PRC	RMB5,000,000	80%	–	80%	Scenic Spot operations

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

b) MOVEMENTS OF RESERVES

	Share premium HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000 (Note i)	Accumulated losses HK$'000	Convertible instrument reserve HK$'000	Total HK$'000
At 1 January 2017	970,990	18,786	117	(177,922)	–	811,971
Loss for the year	–	–	–	(179,871)	–	(179,871)
Transactions with equity holders of the Company						
Contributions and distributions						
Issue of shares by placements	140,442	–	–	–	–	140,442
Issue of shares for acquisition of subsidiaries	60,114	–	–	–	–	60,114
Transfer of share option reserve upon the forfeiture of share options	–	(2,154)	–	2,154	–	–
Transfer from convertible bonds (Note 31)	–	–	–	–	98,464	98,464
At 31 December 2017 and 1 January 2018	**1,171,546**	**16,632**	**117**	**(355,639)**	**98,464**	**931,120**
Loss for the year	**–**	**–**	**–**	**(813,355)**	**–**	**(813,355)**
Transactions with equity holders of the Company						
Contributions and distributions						
Issue of share by conversion of CB	**91,464**	**–**	**–**	**–**	**(98,464)**	**(7,000)**
Issue of share upon exercise of option	**287**	**(100)**	**–**	**–**	**–**	**187**
Issue of shares by placements	**2,344**	**–**	**–**	**–**	**–**	**2,344**
Issue of shares for acquisition of subsidiaries	**233,399**	**–**	**–**	**–**	**–**	**233,399**
Transfer of share option reserve upon the forfeiture of share options	**–**	**(118)**	**–**	**118**	**–**	**–**
Equity-settled share option arrangements	**–**	**26,693**	**–**	**–**	**–**	**26,693**
At 31 December 2018	**1,499,040**	**43,107**	**117**	**(1,168,876)**	**–**	**373,388**

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

b) MOVEMENTS OF RESERVES *(Continued)*

(i) CONTRIBUTED SURPLUS

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Company's reorganisation in 2003. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2018 available for distribution to the equity holders are HK$995,148,000 (2017: HK$931,120,000).

48. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF") for all qualifying employees in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustees.

Contributions to the MPF Scheme are calculated at five percent of the relevant income of each employee subject to a maximum amount of HK$1,500 per month. All statutory contributions under the MPF Scheme are immediately fully vested on the employees.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries of the Group are required to contribute certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

49. TRANSFER OF FINANCIAL ASSETS

At the end of the reporting period, the transferred financial assets of the Group measured at amortised cost that were not qualified for derecognition in their entirety were as follows:

	2018 *HK$'000*	2017 *HK$'000*
Carrying amount of transferred assets		
– Bills receivable discounted to banks with recourse	88,887	52,585
Carrying amount of associated liabilities	88,887	52,585

The Group transferred the contractual rights to receive cash flows from bills receivable to certain banks by discounting them for cash on a full recourse basis. Therefore, the directors of the Company consider the Group retained substantially all of the risk and rewards of ownership of the bills receivable and continued to recognise the bills receivable in the consolidated statement of financial position. Associated liabilities have been recognised and included in bank and other borrowings.

50. MATERIAL NON-CONTROLLING INTERESTS

The following table shows the information relating to Christmas Island Tourism Development Pty. Ltd and Golden Truth Group with material non-controlling interests ("NCI"). The summarised financial information represents amounts before inter-company eliminations.

	2018	2017	
	Golden Truth Group	Cambodia MJ Airlines Co., Limited	Golden Truth Group
Proportion of NCI's ownership interest	**20%**	30%	20%
At 31 December	**HK$'000**	*HK$'000*	*HK$'000*
Non-current assets	**175,117**	792	194,221
Current assets	**9,981**	11,067	5,179
Current liabilities	**(51,503)**	(22,274)	(54,420)
Non-current liabilities	**–**	–	–
Net (liabilities) assets	**133,595**	(10,415)	144,980
Non-controlling interests	**26,719**	(3,125)	28,996
Year/Period ended 31 December			
Revenue	**(8,947)**	–	9,147
Loss for the year	**(3,583)**	(10,415)	(4,530)

51. TRANSACTION WITH NON-CONTROLLING INTERESTS

During the year ended 31 December 2017, the Group paid consultancy fee of HK$3,900,000 to a non-controlling interest.

52. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

The Group leases certain of its office premises under operating lease arrangements. The leases run for an average term of one to two years (2017: one to two years). The terms of the leases require the Group to pay security deposits.

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

	2018	2017
	HK$'000	*HK$'000*
Within one year	**8,277**	3,626
In the second to fifth years inclusive	**10,681**	1,294
	18,958	4,920

52. OPERATING LEASE COMMITMENTS *(Continued)*

THE GROUP AS LESSOR

The Group leases its investment properties under an operating lease with a lease term of one year (2017: 1 year). The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**2,796**	1,553
In the second to fifth years inclusive	**1,577**	–
	4,373	1,533

53. CAPITAL COMMITMENTS

The Group's authorised capital commitments outstanding at the end of the reporting period and not provided for in the consolidated financial statements are as follows:

	2018	2017
	HK$'000	*HK$'000*
Contracted but not provided for		
Purchase of property, plant and equipment	**26,545**	33,375
Acquisition of subsidiaries *(Note 21)*	**7,981**	301,414
Purchase of intangible assets *(Note 26)*	**16,400**	16,400
	50,926	351,189

Included in purchase of property, plant and equipment of approximately HK$24,331,000 related to the show of "Dream Memory - Halong Bay" in note 26 to the consolidated financial statements.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include promissory notes receivable, pledged deposits, bank balances, available-for-sale investments, borrowings, financial assets at fair value through profit or loss, trade and other receivables, loans receivable, trade and other payables, notes payable bank and other borrowing, bonds payable and convertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The policies on how management mitigates these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) CREDIT RISK

As at 31 December 2018, the credit risk of the Group is primarily attributable to trade and other receivables, loans receivable, bills receivable, pledged bank deposits and bank balances.

(i) In respect of promissory notes receivable, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counter-parties arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial positions.

(ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. The Group does not require collateral in respect of its financial assets. Debts are usually due between 90 and 180 days from the date of billing.

The Group's exposure to credit risk of trade and other receivables is influenced mainly by the individual characteristics of each debtor. At the end of the reporting period, the Group had certain concentration of credit risk as 13% (2017: 15%) and 32% (2017: 36%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) CREDIT RISK *(Continued)*

(ii) *(Continued)*

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

The maximum exposure to credit risk of loans and advances to customers for each stage is represented by the net carrying amount of each type of financial assets as at the end of the reporting periods. The details are set out in note 30 to these financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from loans business are disclosed in note 4 to these financial statements.

(iii) In respect of loans receivable, the Group has adopted procedures in extending credit terms to loan borrowers and in monitoring its credit risk. The credit policy on extending credit terms to loan borrowers includes assessing and evaluating loan borrowers' creditworthiness and financial standing. Management also closely monitors all outstanding debts and reviews the collectability of loans receivable periodically.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) CREDIT RISK *(Continued)*

(iii) *(Continued)*

The Group adopts a loan risk classification approach to manage its loans and advances to customers portfolio risk. Loans and advances to customers are categorised into the following stages by the Group:

Stage 1

Loans and advances to customers have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses (12-month ECLs).

Stage 2

Loans and advances to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses (Lifetime ECLs non credit-impaired).

Stage 3

Loans and advances to customers that are in default and considered credit impaired (Lifetime ECLs credit-impaired). The Group applies the new ECL model to measure the impairment loss of the loans and advances to customers. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 December 2018.

When a certain number of customers undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to a particular industry or geographic location. As the Group mainly conducts microfinance business in Hong Kong, a certain level of geographical concentration risk exists for its loan portfolios in that it might be affected by changes of economic conditions.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) CREDIT RISK *(Continued)*

(iii) *(Continued)*

Stage 3 *(Continued)*

At the end of the reporting period, 10% (2017: 9%) and 42% (2017: 38%) of the total loans receivable was due from the Group's largest borrower and the five largest borrowers respectively.

The maximum exposure to credit risk of loans and advances to customers for each stage is represented by the net carrying amount of each type of financial assets as at the end of the reporting periods. The details are set out in note 30 to these financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from loans business are disclosed in note 4 to these financial statements.

(iv) The credit risk on pledged bank deposits, bank balances and bills receivable is limited because the counterparties are mainly banks with high credit ratings assigned by international credit-rating agencies.

(b) LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the Company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank and other borrowings as a significant source of funding. At 31 December 2018, the Group had HK$12,525,150 (2017: HK$62,403,000) available but un-utilised banking facilities, excluding the margin facilities as detailed in note 46 to the consolidated financial statements.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) LIQUIDITY RISK *(Continued)*

The following liquidity tables set out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period) and the earliest date the Group is required to pay:

	2018				2017			
	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flows	Carrying amount	Within 1 year or on demand	More than 1 year	Total contractual undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank and other borrowings	229,211	–	229,211	227,000	152,565	–	152,565	150,070
Trade and other payables	228,783	–	228,783	228,783	184,677	–	184,677	184,677
Notes payable	440,000	–	440,000	440,000	490,863	–	490,863	464,000
Bonds payable	9,714	141,718	151,432	134,994	600	13,255	13,855	10,216
	907,708	141,718	1,049,426	1,030,777	828,705	13,255	841,960	808,963

(c) INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings. Details of interest rates of the Group's bank and other borrowings of HK$71,735,000 (2017: HK$97,485,000) at the end of the reporting period are set out in note 36 to the consolidated financial statements. The Group closely monitors interest rate level and outlook as well as potential impact on the Group's result and financial position arising from volatility of interest rates.

The bank and other borrowings and notes payable of the Group of HK$88,887,000 (2017: HK$52,585,000) and HK$440,000,000 (2017: HK$464,000,000) respectively which are fixed rate instruments and are insensitive to any change in interest rates. A change in market interest rates at the end of the reporting period would not affect profit or loss.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) INTEREST RATE RISK *(Continued)*

At 31 December 2018, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate borrowings, with all other variables held constant, would increase/decrease the Group's loss after tax and accumulated losses by approximately HK$717,350 (2017: HK$975,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest-bearing non-derivative financial instruments in existence at that date. In respect of the exposure to cash flow interest rate risk, the analysis is prepared assuming the interest-bearing financial instruments outstanding at the end of the reporting period were outstanding for the whole year for which the impact of interest rate changes are annualised. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual date of the reporting period. The analysis is performed on the same basis for 2016.

(d) CURRENCY RISK

The Group has transactional currency exposure. Such exposure arises from trading transactions denominated in a currency other than the functional currency of an operating unit to which they relate. The Group has no significant foreign currency risk in its PRC operations as the carrying amounts of financial assets and liabilities are denominated in RMB.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(e) EQUITY PRICE RISK

The Company's equity securities are measured at fair value at the end of each reporting period with reference to the market price. Therefore, the Company is exposed to equity price risks and management monitors the price movements and takes appropriate actions when required.

The sensitivity analysis below has been determined assuming that a change in the corresponding equity prices had occurred at the end of the reporting period and had been applied to the equity securities that would have affected the profit or loss and equity. A change of 3% (2017: 3%) in stock price for the available-for-sale financial assets and financial assets at fair value through profit or loss was applied at the end of the respective reporting period.

	2018 Effect on other comprehensive income HK$'000	2017 Effect on other comprehensive income HK$'000	2018 Effect on profit or loss HK$'000	2017 Effect on profit or loss HK$'000
Change in the relevant equity price risk variable:				
Increase 3% (2017: 3%)	64	1,105	2,194	167
Decrease 3% (2017: 3%)	(64)	(1,105)	(2,194)	(167)

55. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 31 December 2018 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

55. FAIR VALUE MEASUREMENTS *(Continued)*

(i) ASSETS MEASURED AT FAIR VALUE

	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets								
Available-for-sale financial assets	2,138	–	–	2,138	36,828	–	–	36,828
Financial assets at fair value through profit or loss								
Equity securities, listed in Hong Kong	72,948	–	–	72,948	5,170	–	–	5,170
Equity securities, listed outside Hong Kong	192	–	–	192	387	–	–	387
	75,278	–	–	75,278	42,385	–	–	42,385

Description of valuation techniques and inputs used in Level 2 fair value measurement

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

(ii) ASSETS WITH FAIR VALUE DISCLOSURE, BUT NOT MEASURED AT FAIR VALUE

As set out in Notes 15 to the consolidated financial statements, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss and interest in an associate is accounted for using the equity method. The fair value information of the investment properties and the associate is shown in the table below.

	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	–	16,163	–	16,163	–	7,172	–	7,172

55. FAIR VALUE MEASUREMENTS *(Continued)*

(ii) ASSETS WITH FAIR VALUE DISCLOSURE, BUT NOT MEASURED AT FAIR VALUE *(Continued)*

The fair value of the investment properties at the end of the reporting period were determined on an open market basis by Asset Appraisal Limited, which are independent qualified professional valuers not connected with the Group and with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to the price information of comparable properties.

As at 31 December 2016, the fair value of interest in associate is based on the quoted market price on the Bursa Malaysia Securities Berhad as at the end of the reporting period.

56. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders or issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017.

57. EVENTS AFTER THE REPORTING PERIOD

(i) On 17 January 2019, the Company announced the acquisition of 100% shareholding in Dong Tai You Bang Wu Liu (Hai Wai) Company Limited ("Dong Tai") for the consideration of HK$185 million which is to be satisfied by the issue of 1,562,500,000 shares of the Company. Dong Tai is engaged in the provision of warehousing and logistic services in the bonded zone in PRC. The acquisition was completed on 12 February 2019.

(ii) On 13 March 2019, the Company announced the Group's disposal of 80% shareholding of Golden Truth Enterprises Limited for the cash consideration of HK$140,000,000. The Directors are of the view that the disposal represents a good opportunity for the Group to unlock the value of its asset such that more financial resources can be allocated to other investment opportunities and the Group's financial position can be improved. The disposal has not been completed up to the date of this announcement.

Five Year Financial Summary

Year ended 31 December 2018

FINANCIAL SUMMARY

	Year ended 31 December				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**1,126,129**	956,170	606,669	499,936	563,565
Loss before tax	**(278,381)**	(90,564)	(17,341)	(62,115)	(7,880)
Income tax expense	**(23,379)**	(23,436)	(12,691)	(5,866)	(3,706)
Loss for the year	**(301,760)**	(114,000)	(30,032)	(67,981)	(11,586)
Attributable to:					
Equity holders of the Company	**(300,468)**	(110,107)	(31,076)	(67,981)	(11,586)
Non-controlling interests	**(1,292)**	(3,893)	1,044	–	–
	(301,760)	(114,000)	(30,032)	(67,981)	(11,586)

	At 31 December				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**2,317,469**	2,142,347	2,069,510	866,084	630,601
Total liabilities	**(1,111,293)**	(874,251)	(996,409)	(518,435)	(347,835)
	1,206,176	1,268,096	1,073,101	347,649	282,766
Attributable to:					
Equity holders of the Company	**1,182,809**	1,243,479	1,026,741	347,649	282,766
Non-controlling interests	**23,367**	24,617	46,360	–	–
	1,206,176	1,268,096	1,073,101	347,649	282,766

Major Properties Held by the Group

Year ended 31 December 2018

	Location	Existing use	Term of lease	Percentage of interest
1.	Factory Complex at the junction of Furong Road and Yuping Road, Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
2.	Factory Complex at Ziyun Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
3.	Factory Complex at Wolong Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
4.	Factory Complex at the South of Horizontal Road 47 and the West of Vertical Road 1, Lu Village, Madian Town, Jiaozhou City, Qingdao City, Shangdong Province, the PRC	Industrial	Medium	100%
5.	Dongxing Pingfeng Rainforest Scenic Spot in Ping Feng Village of Ma Lu Town of Dongxin City, Guangxi Province, the PRC	Scenic Spot	Medium	80%