ANNUAL REPORT 2017

We stride forward with innovative changes

Celestial Asia Securities Holdings Limited
(Stock Code:1049)

Contents

Corporate Profile

CORPORATE PROFILE

Celestial Asia Securities Holdings Limited ("CASH Group", SEHK: 1049) is a multi-faceted investment conglomerate focusing on enhancing client experience through technology and innovation. Headquartered in Hong Kong, we serve modern consumer needs in investment and wealth management, home improvement, lifestyle, personal enjoyment and mobile internet services. All our businesses share a common mission that our customers' interests always come first. Our brands are synonymous with good customer service, great quality and fabulous value.

Abide by the "People-Oriented" principle, CASH Group is committed to becoming a Total Caring Organisation to partner with our key stakeholders to work towards the sustainable development of our business, our employees, our environment and our society. CASH's award-winning companies comprise CRMG Holdings (CRMG), Net2Gather (China) Holdings (Net2Gather (China)) and CASH Financial Services Group (CFSG).

RETAIL MANAGEMENT – CRMG

Founded in 1986, CRMG Holdings Limited offers a diverse portfolio of home furnishing and lifestyle brands that satisfy our customers' needs through a blend of operating efficiency, effective use of technology, and talented people. We build our competitive advantage by achieving economies of scale through our single operating platform and our in-depth understanding of the market. Businesses comprise sourcing and retailing of quality products with brands such as Pricerite, TMF, W@W etc.

CRMG pioneers to develop "New Retail" in Hong Kong by integrating the very best of online and offline channels to refine the omni-channel retailing, providing customers quality shopping experience anytime, anywhere. This has revolutionised the Hong Kong home furnishing market with easy access to our comprehensive network of outlets and e-shopping channels through a variety of digital devices. We have a long heritage of adopting advanced technologies to enhance our operating efficiency. From back office support to product and service offerings, marketing communication and supply chain management, we strengthen our competitive edges through a balanced fusion of technology and people.

CRMG upholds the "People-oriented" principle, and attain leadership by innovation — in product mix, merchandising, store layout and entire market strategy in home improvement product retailing. Our constant efforts to increase our understanding of customers' expectations and needs through the use of information technology to gain accurate and timely data and use of market research tools drive our customer-focused innovations.

At CRMG, we care for the people of Hong Kong. It's our founding principle and it forms everything we do. That means empowering our customers to care for their homes, their families, and themselves, no matter what life may throw their way. By cultivating a culture of caring, we inspire our customers to impart our values to the world. Honouring a celebrated Hong Kong brand, CRMG has received wide recognitions for its exceptional performance in various aspects such as brand management, product design, quality services and e-shopping platforms. As a result, many high acclaims have been awarded to its brands, including the Hong Kong Top Brand 10 Year Achievement Award and Premier Service Brand from the Hong Kong Brand Development Council, Consumer Product Design Award from the HK Awards for Industries, Marketing Excellence Awards from HKMA/TVB, Q-Mark Elite Brand Award from Hong Kong Q-Mark Council, Outstanding QTS Merchant Awards — Gold Award from Hong Kong Tourism Board, and numerous Service and Courtesy Awards from the Hong Kong Retail Management Association, etc.

MOBILE INTERNET — NET2GATHER (CHINA)

Net2Gather (China) Holdings is a Mobile Internet service provider in China, providing online games, mobile games and IPTV interactive games. By aggregating various Mobile Internet services into an integrated platform, including content (upstream), operating platforms (midstream) and distribution channels (downstream), Net2Gather aims to build a cross-value chain of activities to enable people to come 2Gather in an online community in China that combines Mobile, Internet and Television platforms in line with the national move towards convergence.

CORPORATE PROFILE

FINANCIAL SERVICES – CFSG

CASH Financial Services Group (SEHK: 510) is a leading financial services conglomerate in Hong Kong. Established in 1972, CFSG provides a comprehensive range of financial products and quality investment services that include mobile and premium trading, investment banking and corporate finance advisory, wealth and asset management, FinTech platform, etc, for the versatile investment and wealth management needs of our broad-based clients.

As a leading technology-focused financial services provider, coupled with our professional talents, CFSG is committed to operating the state-of-the-art internet finance trading platform to meet the investment needs of clients in today's borderless world. In 1998, CFSG was the first in Hong Kong to develop and launch investment trading via the Internet, demonstrating our innovation and dedication to integrating technology into daily life. As technologies advance, CFSG is dedicated to enhancing the trading experience of our clients. We further developed the mobile trading services by introducing various stock and futures trading apps on iPhone, iPad and Android operating systems, enabling institutional, corporate, commercial and individual clients to obtain instant market information while at the same time trade anytime, anywhere, and borderless.

Leveraging our advanced electronic trading platform, CFSG has developed an extensive distribution network to reach our institutional, corporate and individual clients across China. Along with our headquarters in Hong Kong, we have established a Mainland head office in Shanghai, with offices strategically located in other provinces.

Known for our innovation and quality services, CFSG has been widely recognised in the industry. Accolades include a Top Service Brand award from the Hong Kong Brand Development Council, Internet Finance Bronze Award from Internet Professional Association, Distinguished Salespersons Awards from the Hong Kong Management Association, a Certificate of Merit of the Hong Kong Awards for Industries in Technological Achievement from the Hong Kong Productivity Council, a Certificate of Merit of the Hong Kong Awards for Industries in Innovation and Creativity from the Hong Kong General Chamber of Commerce, a Certificate of Merit of Wastewi$e Label in Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee, a Certificate of Merit in the Best Brand Enterprise Award from the Hong Kong Productivity Council, etc.

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman & CEO)
LAW Ping Wah Bernard	(CFO)
CHAN Chi Ming Benson	(ED)
KWOK Lai Ling Elaine	(COO)
LAW Ka Kin Eugene	(ED)
NG Hin Sing Derek	(ED)

Independent Non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
CHAN Hak Sin	

REMUNERATION COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
KWAN Pak Hoo Bankee	

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, *FCIS, FCS*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
(alternate: LUKE Wing Sheung Suzanne)

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
CTBC Bank Co. Ltd.
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
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Hong Kong

WEBSITE

www.cash.com.hk

STOCK CODE ON MAIN BOARD

1049

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Chairman's Letter

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

In 2017, global political tensions increased in numerous areas. Presidential elections in Germany and France, US president Donald Trump's erratic and isolationist policies, the "Brexit" aftermath beginning to unfold, and confrontational situations in the Middle East and Korean Peninsula all loomed over the international landscape. On a positive note, both global and local markets experienced a relatively broad-based economic recovery over the year, with notable upswings in Europe and Asia and stronger-than-expected GDP growth in China. In Hong Kong, the economy recorded 3.8% growth for the year, its strongest performance since 2011. It is encouraging to see the new HKSAR administration, in office since July 2017, actively promoting Smart City development and the use of technology in different sectors, paving the way for Hong Kong to become a technological leader instead of a follower.

With global inflation weak, the cyclical rebound proved robust, positively impacting the world economy and global trade, and driving forward the Fourth Industrial Revolution — the widespread use of advanced technologies such as artificial intelligence (AI), machine learning (ML), and the internet of things (IoT) — in the business sector.

The CASH Group rode the wave of the Fourth Industrial Revolution to enhance our competitiveness over the years. Following our leading move in 2014 to develop Pricerite into an omni-channel retailer, at end of 2017 we became the first home furnishing brand in Hong Kong to adopt a customer-centric New Retail business model. This pioneering initiative enabled Pricerite to provide a cutting-edge customer experience in both online and offline channels to augment the shopping experience we offer. In focusing on retail automation, personalisation and digitalisation through big data analytics, artificial intelligence, robotic technologies, Pricerite is seeking to transform the home furnishing market as the disruptive New Retail era unfolds. In addition, CRMG carefully built on its long-term sustainable growth strategy, successfully boosting the Group's architecture and multiple-brand business approach: TMF evolved into a stand-alone CRMG brand; W@W was established and became our brand for workplace wellness; two more brands are also on the way. We are confident that this vertically integrated infrastructure can better serve the needs of customers.

In our financial business, which aims to provide investors with a total mobile solution, we are currently developing a new trading platform, including web, iOS and Android applications for premium brokerage for trading on global exchanges and asset management services for discretionary fund investment as well as robo-advisory services. With AI reinventing the financial industry, we have already integrated innovative AI technologies and big data analytics into our new trading platform to provide investment advisory and personalised news recommendations.

Overall, the 2017 financial market was lacklustre in the first half of the year but gradually picked up towards China's 19th Communist Party Congress in October, with more southbound capital inflows heading into the maturing market of Stock Connect programmes in the second half of the year. We closely followed market developments and actively sought to lead the way in moving the market toward financial technology (FinTech).

Looking ahead, recent US protectionist measures against China now threaten to derail the global economic recovery, dampening growth and confidence. A financial market correction looks possible and could be worsened by a faster-than-expected increase in advanced economy core inflation and interest rates as demand accelerates. Nonetheless, China's continuing transition from low-tech to high-tech and value-added manufacturing, the momentum of the Belt and Road Initiative, renminbi internationalisation, and development of the Guangdong-Hong Kong-Macau Bay Area are all anticipated to boost the country's domestic market and international influence. They should also keep China on track to become even more significant on the geopolitical scene and surpass US GDP in the next decade. Hong Kong is poised to contribute positively to such developments as China's international financial centre and a leading global market. To continue to play such roles, though, technology and innovation will need to be fully embraced. With CASH Group's pioneering adoption of both FinTech and retail technology, the Group is in a prime position to take advantage of the forthcoming boom. Our ongoing growth will also be hinged on Hong Kong's successful integration with China, especially the long-term development with Central Government's strategic move on the Greater Bay Area and the Belt-and-Road initiative. We will therefore continue our cost-leadership approach while at the same time pursue active development of our technology-driven China businesses to enhance sustainability and operability.

I would like to take this opportunity to thank the Board of Directors and our dedicated staff members for their diligence, dedication and professionalism. Their unwavering support for the Group's development and our core culture have helped us weather difficulties and will enable us to capture new opportunities ahead.

Yours sincerely,

Bankee Kwan

Bankee P. Kwan, JP
Chairman & CEO
Celestial Asia Securities Holdings Limited

Financial Review

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Facing the challenging global environment, political and economic uncertainties throughout the year under review, the Group's businesses encountered a slight drop in revenue yet still managed to weather through the difficulties. For the year ended 31 December 2017, the Group recorded revenue of HK$1,333.0 million as compared to HK$1,443.1 million in the previous year.

During the year under review, CASH Financial Services Group Limited (CFSG) which was then a subsidiary of the Group issued 826 million new shares to a subscriber with a subscription price of HK$0.28 per share. After the completion of transaction on 20 June 2017, the Group's shareholding interest in CFSG was diluted from approximately 40.34% to 33.62% and accordingly CFSG ceased as a subsidiary of the Group and became an associate of the Group. Due to this deemed disposal of CFSG, the Group recorded a gain of approximately HK$262.6 million.

After taking into account the above mentioned gain on deemed disposal and the operating results of the continuing operations, which already included an impairment loss recognised on interest in an associate of approximately HK$125.8 million and a share of loss in associate of HK$2.9 million, the Group reported a net profit of HK$23.9 million for the year ended 31 December 2017.

Retail Management Business — CRMG

The economic conditions of Hong Kong had shown gradual improvement during current year under review. The prevailing favourable employment and income conditions rendered a solid support to both domestic demand and local consumption sentiment. The strong demand in the residential property market, especially those from investors and young couples looking for small flats, showed no sign of shrinking. These factors had both positive and negative impacts on our retailing business. Thanks to the unabated strong demand in the property market and the overall improving employment outlook and household incomes, we had achieved a 7.2% same-store-growth for our furniture and household sales in our flagship stores.

The low unemployment rate which remained steady at about 3.1% for most of the time and fell to 2.9% in the fourth quarter of 2017 — the lowest in 20 years, had continuously been pushing up the staff costs to a new high, whilst the positive consumption sentiment and promising retailing business outlook helped further inflate the rental costs of our outlets, most of which are located in shopping malls and streets selling goods for daily consumption to the local population. Facing the ever rising staff and rental costs, we had embarked on network optimization of our retail stores by closing down 4 underperforming stores, the landlords of which had denied any rental concession at all to our demands. As a result of shutting down these stores, the total sales-space had decreased by approximately 10% for the year under review, which in turn had caused the overall fall in revenue by 7.5% as compared with the preceding year. On the other hand, the rental costs, being one of the major components of the total operating costs, had been down by 12.4% as compared with the preceding year. After the recent network optimization of our retail stores, we still could have our hero products prominently displayed in a chic and spacious shopping environment in our flagship stores by pulling some bulky electrical appliances and household products with low margins off the shelves and shifting them to our online store. Together with our full range furniture and household products, we were still able to offer the most comprehensive product range to our customers for their shopping and buying online and have persistently enhanced e-shopping experience for our customers by deploying the most advanced information technology and the latest e-marketing solutions to our online store.

To keep our leading position in the retailing business amid the rapidly changing business environments, we have stepped forward to introduce new retail concepts by serving our current customers with more variety of products while at the same time, explored new clusters of customers. Hence, we had adopted a multi-brand business strategy to cater for the ever-increasing demands of our existing and potential customers in different segments. In pursuance of our new business strategy, several new specialty stores which will be operated under new brand names and carry a variety of products not currently being sold in the existing Pricerite stores have been scheduled to open in early 2018. As such, we had recruited a team of specialists with experiences in various aspects of retailing business to pursue our multi-brand business strategy, which had inevitably led to an increase in staff costs for the year under review. For the year ended 31 December 2017, CRMG recorded revenue of HK$1,332.0 million, representing a drop of 7.5% as compared with HK$1,440.5 million in 2016 and a pre-tax profit of HK$19.4 million as compared to a pre-tax profit of HK$34.5 million for 2016.

Mobile Internet Services Business — Net2Gather

The Group's Mobile Internet Service Business recorded revenue of HK$1.0 million and a net segment loss of HK$1.9 million for 2017, as compared to revenue of HK$2.6 million and a net segment loss of HK$2.0 million in the previous year.

CFSG — The Group's Associate

Financial Services Business — CFSG

For the year ended 31 December 2017, CFSG recorded revenue of HK$133.6 million, representing a decrease of 19.9% as compared with HK$166.8 million in 2016.

At the beginning of the year, the CFSG board remained cautious towards the economic outlook of Hong Kong as the local market was still facing various concerns and uncertainties including the accelerated pace of the US interest-rate increases, Renminbi depreciation and the economic growth on the Mainland. As such, CFSG had adopted a prudent margin lending policy. The local securities firms have recently been facing ever inflating compliance and legal costs as a result of the introduction of more stringent compliance requirements by the relevant regulatory authorities in recent years. The stringent compliance requirements such as Financial Resources Rules had made CFSG, being a Hong Kong based securities house with limited capital, more difficult to achieve impressive growth for its margin financing-driven broking business. Having exercised restraint in making excessive margin loans to our clients for their trading and investment activities due to our limited working capital had caused a drop of approximately 37.8% in securities brokerage incomes for the first half of the year. To strengthen its financial services business by providing more funding for its margin financing and underwriting businesses, CFSG had completed two fund raising activities during the year. In June, 826 million new shares at a subscription price of HK$0.28 per share were issued and allotted to an investor, raising approximately HK$231.3 million. In July, convertible bonds at the initial conversion price of HK$0.31 per share were issued and placed to several investors, raising HK$620 million. The completion of these two fund raising activities had resulted in CFSG having a stronger financial position and could provide more margin loans to our client investors, thus encouraging them to make more trading activities amid the improving investment sentiment, both locally and overseas. In December 2017, the aforesaid convertible bonds were fully redeemed by CFSG. Thus, there were no convertible bonds outstanding in issue at the year-end date. Almost immediately after the completion of the issue of the shares, the unexpected panic selling of several small-cap stocks forced CFSG to put its ready-to-launch flexible and lenient lending policy on hold. In late June, more than a dozen small-cap stocks in Hong Kong suffered a price crash almost simultaneously. CFSG made a provision for bad debts of HK$15.0 million in respect of the over losses incurred by a few margin clients in this penny-stock meltdown. In order to avoid incurring the similar losses, a thorough review on the existing credit risk management had been undertaken immediately after the crisis and much more stringent control measures had been put in place since then. This rather conservative credit policy had to some extent hindered CFSG from aggressively granting margin financing to our client investors who actively traded in small-cap stocks and possessed stock holdings heavily concentrated in second- and third-liner shares and the non-acceptable small-cap stocks. This tightening of credit facilities to these clients had explained why CFSG's brokerage business had failed to achieve growth in revenue amid the improving investor sentiment across the global market. It also explained why its performance had been lagging behind that of the local stock market the trading of which had been very active for most of the year, with the average daily turnover 32% higher than the average in 2016. In order to boost the turnover of CFSG's brokerage business, the CFSG board had adopted a more flexible approach in granting margin loans and trading limits to the clients who had records of high credibility and rating, as well as those had mostly traded and invested in blue- and red-clip stocks. This had helped CFSG's brokerage income gradually pick up in the last quarter of the year and recorded net profit for the 3-month period. It is not only the shift in margin financing policy that led to the decrease in securities brokerage revenue, the ever-changing landscape in the derivatives markets had also badly hit CFSG's commodity brokerage business. Most of our clients who are mainly retail investors had incurred huge losses these days when making their investment strategies and trading activities in complex securities, especially commodity futures and options which had exhibited extremely high volatility over the past years. As more and more leading financial institutions, corporate investors and hedge-fund managers have been using the most advanced technologies to formulate their sophisticated strategies and models to execute their trading activities, our client investors find it more difficult to take profit from trading in commodity futures and options and therefore had adopted more risk-averse attitude in these securities dealings and reduced the trading volume drastically for the year under review. CFSG's commodity broking business recorded a drop of 53.1% in revenue for 2017 as compared with the preceding year. Despite the mild drop in our brokerage revenue, our asset management business recorded 353% growth in revenue and an increase of 56.2% in its assets under management during the year. By providing our clients with high-quality and comprehensive advisory services and tailor-made investment strategies in the fast changing stock market, they had received outperforming annualised returns on their investments and achieved considerable assets appreciation for the current year.

CFSG recorded a net loss of HK$46.1 million for the year ended 31 December 2017 as compared to a net loss of HK$51.2 million in the preceding year. As mentioned hereinbefore, CFSG ceased to be a subsidiary of the Group on 20 June 2017 and accordingly, the Group's financial services operation which is carried out by CFSG was considered as discontinued during the year ended 31 December 2017. CFSG record a net loss of HK$39.0 million for the period from 1 January 2017 to 20 June 2017.

Liquidity and Financial Resources

Upon CFSG becoming an associate of the Group, its assets and liabilities would no longer be consolidated in the Group's financial statements. The Group's interest in CFSG had been disclosed as interests in an associate in its statement of financial position as at 31 December 2017 accordingly.

The Group's equity attributable to owners of the Company amounted to HK$508.1 million as at 31 December 2017 as compared to HK$461.9 million at the end of the previous year. The increase in equity was mainly due to the net profit reported for the year.

As at 31 December 2017, the Group had total outstanding borrowings of approximately HK$195.2 million as compared to HK$405.7 million as at 31 December 2016. The decrease in bank borrowings was mainly due to the fact that CFSG's bank borrowings which had been included in the Group's total borrowings at the end of the last year were no longer consolidated in its total borrowings as at 31 December 2017. The bank borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$118.6 million and secured loans of approximately HK$76.6 million. The above bank loans of approximately HK$76.6 million were secured by the Group's pledged deposits of HK$42.0 million and corporate guarantees.

As at 31 December 2017, our cash and bank balances totalled HK$251.0 million as compared to HK$1,516.0 million at the end of the previous year. The decrease in cash and bank balances was mainly due to the fact that CFSG's cash and bank balances which had been included in the Group's total bank balances at the end of the last year were no longer consolidated in its total bank balances as at 31 December 2017. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 31 December 2017 fell to 0.93 time from 1.29 times as at 31 December 2016. The decrease in the liquidity ratio was mainly due to the fact that CFSG's current assets and liabilities which had been included in the Group's statements of financial position at the end of the last year were no longer consolidated in its statements of financial position as at 31 December 2017.

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 40.4% as at 31 December 2017 as compared to 53.8% as at 31 December 2016. The decrease in gearing ratio was mainly due to the fact that CFSG's bank borrowings which had been included in the Group's total borrowings at the end of the last year were no longer consolidated in its total borrowings as at 31 December 2017. On the other hand, we have no material contingent liabilities at the end of the year.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

The proposed disposal of 36.28% shareholding interest in CFSG (a non-wholly-owned subsidiary of the Company as at the date of the sale and purchase agreement on 8 September 2016) by the Group to Ever Billion Group Limited ("Ever Billion") at a consideration of HK$765 million (representing a purchase price of HK$0.51 per share of CFSG), which constituted a possible very substantial disposal of the Company under the Listing Rules and triggered a possible mandatory general offer for shares in CFSG, was terminated on 29 March 2017. The transaction was approved by shareholders of the Company at a special general meeting of the Company held on 28 October 2016. Details of the transaction were disclosed in the various announcements of the Company and CFSG relating to the transaction from September 2016 to March 2017.

In March 2017, the Company announced a major transaction in relation to proposed issue of 826 million new subscription shares in CFSG at a subscription price of HK$0.28 per share to Ever Billion resulting in deemed disposal of shareholding interest of the Company in CFSG under the Listing Rules. The transaction was approved by shareholders of the Company at a special general meeting of the Company held on 16 June 2017. Upon completion on 20 June 2017, 826 million new subscription shares of CFSG were duly issued and allotted, and CFSG raised gross proceeds of approximately HK$231.3 million. Since then, the shareholding interest of the Company in CFSG was diluted from 40.34% to 33.62% and CFSG ceased as a subsidiary of the Company and became an associate of the Company. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 6 April 2017, circular and supplemental circular of the Company dated 16 and 29 May 2017 respectively.

In May 2017, the Company announced a possible very substantial disposal in relation to proposed issue of convertible bonds in the amount of up to HK$620 million by CFSG to independent placees at initial conversion price of HK$0.31 per share of CFSG resulting in deemed disposal of shareholding interest of the Company in CFSG under the Listing Rules. The transaction was approved by shareholders of the Company at a special general meeting of the Company held on 10 July 2017. Upon the completion on 27 July 2017, convertible bonds with an aggregate principal amount of HK$620 million were issued by CFSG and CFSG raised gross proceeds of HK$620 million. The convertible bonds were early redeemed in full by CFSG on 19 December 2017 in accordance with the terms of the convertible bonds. There was no convertible bond outstanding in issue as at end of the year. Details of the transaction were disclosed in the joint announcements of the Company and CFSG dated 26 May 2017, 27 July 2017 and 13 December 2017 and the circular issued by the Company dated 21 June 2017.

In November 2017, the Company announced a possible very substantial disposal in relation to possible disposal of all the 33.62% shareholding interest of the Company in CFSG at a minimum disposal price of HK$0.31 per share subject to the terms of the disposal mandate. The disposal mandate was approved by shareholders of the Company at a special general meeting of the Company held on 18 December 2017. No share in CFSG has been disposed by the Company under the disposal mandate for the year under review. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 7 November 2017 and the circular issued by the Company dated 29 November 2017.

Save as aforesaid, the Group did not make any material acquisitions and disposals during the year.

Save as disclosed in this annual report, there is no important event affecting the Group which has occurred since the end of the financial year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of a portfolio of investments held for trading decreased from HK$33.3 million as at 31 December 2016 to approximately HK$11.0 million as at 31 December 2017. A net gain derived from investments held for trading of HK$13.2 million was recorded for the year. Such securities investments were not material as compared to the total assets of the Group as at 31 December 2017.

We do not have any future plans for material investments, or addition of capital assets.

FINANCIAL REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	**2017**	2016	% change
Continuing operations			
Retailing	**1,332.0**	1,440.5	(7.5%)
Online game	**1.0**	2.6	(61.5%)
Group total	**1,333.0**	1,443.1	(7.6%)

Key Financial Metrics

	2017	2016 (Restated)	% change
The Group			
Net profit (loss) attributable to Shareholders (HK$'m)	**45.4**	(28.8)	257.6%
Earnings (loss) per Share (HK cents)	**5.47**	(3.75)	245.9%
Total assets (HK$'m)	**1,004.8**	2,520.2	(60.1%)
Cash on hand (HK$'m)	**251.0**	1,516.0	(83.4%)
Bank borrowings (HK$'m)	**195.2**	405.7	(51.9%)
Retailing			
Revenue per sq. ft. (HK$)	**4,488**	4,380	2.5%
Growth for same stores (vs last year)	**7.2%**	3.6%	N/A
Inventory turnover days	**23.8**	27.7	(14.1%)
Financial services			
Annualised average fee income from broking per active client (HK$'000)	**7.3**	10.2	(28.4%)

Management Discussion and Analysis

Retail Management Business — CRMG

Industry Review

The Hong Kong economy grew at 3.8% in 2017, following robust growth of 3.9% in the first three quarters on the back of strong asset markets and an improved global economic environment. A pick-up in visitor arrivals from Mainland China and strong local demand boosted consumer confidence. In 2017, total retail sales rose 2.2%, the first increase in three years, putting the retail market on track for a recovery. The optimistic retail outlook has also spurred a trend of rising rents.

Business Review

The Transport and Housing Bureau projected Hong Kong's supply of new private flats to reach 97,000 over the next three to four years. As homes are in high demand among Hong Kong people, but apartment prices are still soaring, there will continue to be a need to furnish homes in ways that maximise shrinking saleable floor area and usable space. To cater for customers' increasingly diverse needs in home and other furnishing sectors, and following careful market research, the Board adopted a multi-brand strategy to better serve different customer segments. To carry this forward, the Group mobilised its internal resources and retail knowhow in home furnishings, and recruited a team of specialists in different fields to spearhead the development of our multi-brand business. The Group is also committed to blending human talent with advanced technology to ensure seamless integration of our omni-channel business model and to add value for customers. Given our pioneering role in adopting this customer-centric "New Retail" concept and, as New Retail becomes the industry's new normal, we will continue to bring a more automated, interactive, digitalised and personalised shopping experience to customers.

Pricerite — Smart, Local Home Furnishing Solutions

The booming residential property market, especially in small and medium-sized flats, brought higher demand for home furnishings and smart furniture solutions. During the year, Pricerite recorded a respectable same-store growth of 7.2%. Pricerite also took advantage of a rental market correction to optimise its retail network. Underperforming stores were closed or relocated to better locations to improve overall network efficiency and maximise productivity.

As the first home furnishing retailer in Hong Kong to develop seamless omni-channel retailing, Pricerite further integrated its online and offline shopping experiences with artificial intelligence, big data analytics, mobile payments and robotic technologies, culminating in the opening of our New Retail concept store in Mongkok.

After reviewing our corporate positioning, we fine-tuned our brand proposition to better communicate with customers. To strengthen bonds with Hong Kong people, we proposed a new theme, "Live on the Bright Side", to encourage people amid the challenges of life while conveying Pricerite's vision to create smart home solutions that light up their lives. A new brand ambassador, Ms Karena Lam, was recruited, with Ms Lam's smart, cheerful and positive outlook aligning perfectly with such brand positioning. The new campaign was well received and improved the brand's health.

In addition, we developed more products focused on space maximisation and customers' well-being. In home furnishings, the Transformer series provided multi-functional items that allow better usage of space. We also introduced a wide range of products to address modern well-being issues, including spinal health, air and water quality.

In 2018, Pricerite will optimise its store network further and open branches in new residential areas in the New Territories. We will also continue to pioneer the New Retail concept in Hong Kong's home furnishing market to improve customers' experience and shopping journey through on-going evolution of space management and well-being products that address modern living concerns.

TMF — Reliable, Professional Tailor-Made Furniture Solutions

The increasing number of small flats in Hong Kong has brought a larger demand for highly flexible and tailor-made furniture. As such, in 2017, TMF developed into a stand-alone CRMG brand, dedicated to providing customised furnishing solutions for household and corporate clients in Hong Kong. TMF's differentiated and distinctive services offer a professional and caring approach as well as high-quality customer solutions.

During the year, TMF opened a new store in HomeSquare, Shatin, a strategic location with a cluster of industry players that will help the brand secure a foothold in the sector and raise awareness. To cope with rapid business growth, we also opened a TMF Design Centre in Mongkok to provide tailored services to clients.

With a view to reshaping market standards to address customers' key concerns on tailor-made home furnishing solutions, we became the first in the market to give "5 unique service pledges" to strengthen customer confidence. We also continued our collaboration with Hong Kong Design Institute to nurture a sustainable pool of furniture design talents.

TMF experienced a year of intensive enhancement in 2017, augmenting its business model, brand image, team-building, and operations. Given this solid foundation, it is expected that 2018 will be a year of strong development for TMF. Its store network will be further optimised by opening new branches in strategic locations and streamlining underperforming stores while human resources and operations will be strengthened to maximise resource allocation and utilisation to boost our total customer experience.

W@W — The Workplace Wellness Advisor

As a total caring organisation, the Group is committed to helping organisations optimise wellness in the workplace. Established in 2017, Wellness at Work (W@W) provides full workplace furnishing and wellness solutions to corporate clients. Whether office sundries, office and dormitory furniture or electrical appliances for the workplace, W@W is seeking to becoming Hong Kong companies' long-term wellness partner. By sharing health and safety knowledge through electronic Direct Mail (eDMs) and workshops, we are committed to promoting a wellness culture at work. Our client portfolio ranges from theme parks, property developers, banks and hospitals to education institutions, youth centres and elderly care centres. In 2018, W@W will continue to expand into this untapped market and cultivate wellness at work in Hong Kong.

Outlook and Corporate Strategy

The low interest rate environment and stable economic outlook resulted in consistently high demand for homes and hence home furnishing solutions in 2017. However, the positive retail market also led to rising operating costs, including rents and salaries. The Group is thus cautiously optimistic about CRMG's development, in particular our multi-brand strategy catering for home and other furnishing needs of clients across a wide spectrum of sectors, and CRMG's commitment to innovative smart furnishing solutions and the provision of a delightful shopping experience for customers.

Mobile Internet Services Business — Net2Gather

In view of the very severe industry competition, further explorations and developments of the mobile game licensing business in overseas market were suspended from second half of the year. During the year, the Group's mobile internet services business recorded revenue of HK$1.0 million and a net segment loss of HK$1.9 million, as compared to revenue of HK$2.6 million and a net segment loss of HK$2.0 million in the previous year.

According to the research report jointly released by the China Audio-video and Digital Publishing Association (CADPA), Gamma Data and International Data Corporation (IDC), overseas sales of Chinese online games experienced significantly slower growth that the sales surged only 14.5% to USD 8.28 billion in Year 2017. The market was dominated by a few key players that the local developers started to implement more prudent approach in overseas licensing business. On the other hand, as for those local developers committed to expansion in overseas market, disintermediation was seen that they started investing directly in operations setup, localisation and technical implementation. We will consider new business and investment initiatives in mobile internet industry other than the gaming sector to capture new market opportunities.

CFSG — The Group's Associate

Financial Services Business — CFSG

Industry Review

Following modest signs of a broad-based recovery in the first half of 2017, the global economy was lifted by a strong pick-up in second half of 2017. Mainland China recorded robust GDP growth of 6.9% in 2017, reversing the downward trend for the first time since 2010. In addition, the US Federal Reserve's intention to gradually raise interest rates and scale back its balance sheet, together with the European Central Bank's pledge of a gradual withdrawal of quantitative easing, indicated growing confidence in stable global economic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In Hong Kong, the economy benefitted from the solid global recovery and resilient local demand, with robust growth of 3.8% for 2017. The Hang Seng Index ended 2017 at 29,919.15, a rise of 36% over the year, with average daily turnover reaching HK$88.2 billion, representing a 32% increase in 2017. Mid-year, a sudden massive small-cap sell-off held up retail investors for several months. An appetite for investment returned when IPO activities received a boost during China's 19th Communist Party Congress and more southbound capital inflows headed into the maturing market of Stock Connect programmes.

Business Review

Broking

Brokerage income from securities trading amounted to HK$61.9 million, with a decline of 53.0% in commodities commission recorded due to reduced interest of Mainland clients on international commodities products. Total brokerage commission income decreased by 27.5% from HK$124.9 million to HK$90.5 million year-on-year in 2017. In the third quarter of 2017, the pace of IPO activities slowly started to pick up and the stock market regained its trading momentum, with interest income from IPO and margin financing achieving accelerated growth of 34.9% to HK$22.8 million.

Following the Hong Kong Stock Exchange's proposal to expand Hong Kong's listing regime to ensure Hong Kong remains competitive to attract more listing by innovative companies including considering weighted voting right structure, we anticipate more IPOs and mega companies will seek listings in 2018. The outlook for 2018 is also positive in view of the stable investment environment and optimistic economic outlook. As such, we will continue to expand our margin loan book together with prudent risk management, identify new business opportunities by entering different markets, and revamp our apps and online trading platform to enhance our services. We see relationship management as a key focus to increase customer satisfaction, loyalty, and services that can drive further business growth.

Investment Banking

While the number of IPOs in Hong Kong hit a record high of 160 in 2017, total proceeds dropped to HK$130 billion — the lowest since 2012 (HK$90 billion) — due to a lack of sizeable deals. Hong Kong was therefore unable to retain its leading position as the world's top IPO market in both 2016 and 2017.

In 2017, we advised a number of listed companies on a range of corporate finance transactions, including issuance of securities, acquisitions and disposals, general offers and proposed connected transactions. We also acted as sole book-runner for IPO clients. Our clients included, among others, Hong Kong companies and Mainland China enterprises listing H shares and A shares respectively on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

By leveraging our fund-raising capabilities and financial advisory expertise, we will continue to provide fully fledged investment banking services and maintain our balanced focus on IPOs, corporate finance transactions and fund-raising activities to assist our clients in capturing different capital markets and corporate finance opportunities.

Asset Management

Assets under management rose by around 56.2% by the end of December 2017 compared with the previous year, outperforming the benchmark index. Our focus was on sectors with fast corporate earnings growth, such as technology shares, and bottomed-out industries, for example, Macau gaming.

With the stable macro environment, subsequent increase of capital inflow through Hong Kong Stock Connect, rapid corporate earnings growth and the inclusion of A-shares in the MSCI Index, we are positive about the Hong Kong and Mainland China stock markets. Currently, the Hang Seng Index is trading at around 13.5 times prospective price/earnings, 1.36 times price-to-book and 3.2% dividend yield, an undemanding valuation compared with global stock markets. The Hang Seng Index is likely to set a new record in 2018 and we expect our revenue and assets under management to experience significant growth — unexpected circumstances notwithstanding.

Wealth Management

Despite the effect of the ever-changing economic environment on the overall market, we achieved satisfactory results due to an increase in recurring income. The rebound in the global market resulted in a remarkable performance for portfolios under our discretionary portfolio management service.

In 2018, we will focus on leveraging existing client and business partner networks for business development and continue to broaden our service offerings to provide comprehensive total wealth management solutions to clients. We also plan to open new offices in Mainland China to capture its fast-growing wealth management market.

Financial Technology (FinTech)

In 2017, CFSG continued to transform its services through the use of the latest technologies while leveraging its established brand heritage in premium brokerage, wealth management, and asset management services. Aiming to simplify, standardise, and automate CFSG's product and service offerings, we are currently developing a new trading platform, encompassing web, iOS and Android applications for both premium brokerage and asset management services. We will provide brokerage services for trading on global exchanges, and asset management services for discretionary fund investment and robo-advisory services. With artificial intelligence (AI) redefining the financial industry, we will also integrate innovative AI technologies and big data analytics to provide investment advisory and personalised news recommendations on the new trading platform.

Outlook and Corporate Strategy

Despite some geopolitical risks, interest rate hikes and the scale-back plans of the Federal Reserve and European Central Bank, the global economy gained strength in 2017 and should continue to do so. Mainland China's "One Belt, One Road" initiative, internationalisation of the Renminbi, and development of the Guangdong-Hong Kong-Macau Greater Bay Area will all bring significant opportunities for Hong Kong's growth in the next decades, in particular a demand for international financial services. Together with Hong Kong's new administration's commitment to support a gradual economic transformation to high value-added industries, including innovative ventures and technology enterprises, the Group is cautiously optimistic about our strategy to evolve into a technology-driven financial services business.

With our solid business foundation and enhanced financial strength, CFSG remains dedicated to generating sustainable growth through our customer-centric, technology-driven financial business model; and to a gradual transformation into a leading Hong Kong-based investment advisory group in China, based on service excellence in the four pillars of investment and wealth management, namely broking, investment banking, asset management and FinTech.

Employee Information

EMPLOYEE INFORMATION

At 31 December 2017, the Group had 918 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$278.1 million.

BENEFITS

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

TRAINING

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching, quality management, listing rules and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN, JP

Chairman & CEO

MBA, BBA, FFA, FHKSI, CPM(HK), FHKIM

Mr Kwan, aged 58, joined the Board on 9 March 1998. He is responsible for the overall business strategy of the Group. Mr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Mr Kwan is also a fellow of the Institute of Financial Accountants, UK and the Hong Kong Securities and Investment Institute, a Certified Professional Marketer (HK) and a fellow of the Hong Kong Institute of Marketing.

Mr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of the Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a member of the Court of City University of Hong Kong; an honorary fellow of The Open University of Hong Kong; a trustee of New Asia College of The Chinese University of Hong Kong; and an advisory professor of Nanjing University. Mr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Open University of Hong Kong and the Academy of Oriental Studies of Peking University. Furthermore, Mr Kwan is appointed as an honorary advisor of the Fong Yun Wah Foundation and the China Charity Federation.

In addition to education, Mr Kwan is also active in serving the community. He is a member of the standing committee of the Chinese People's Political Consultative Conference (CPPCC), Shanghai Committee; Vice President and Chief Executive of Hong Kong-Shanghai Economic Development Association; a Justice of Peace (JP) of the HKSAR; a member of the Election Committee for the Fourth and the Fifth Term of the Chief Executive Election of the HKSAR; and a board member, past chairman and honorary advisor of the Hong Kong Retail Management Association. Mr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR. Currently, he is a non-executive director of the Mandatory Provident Fund Schemes Authority; a member of the Minimum Wage Commission; a member of the Small and Medium Enterprises Committee (SMEC), Trade and Industry Department; the Corporate Advisory Council of Hong Kong Securities Institute and the Business Facilitation Advisory Committee (BFAC). He is also the Convenor of the Wholesale and Retail Task Force (WRTF) of the BFAC. Mr Kwan is also an honorary advisor of the CEPA Business Opportunities Development Alliance and a member of the Organising Committee of the HKMA/TVB awards for Marketing Excellence.

In December 2009, Mr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards as organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society. In April 2016, Mr Kwan was named "Man of the Year for Leadership in Asia" by IAIR, the world's leading financial magazine. The annual IAIR Awards recognise outstanding professionals who actively promote excellences in innovation and sustainability.

Mr Kwan is a substantial Shareholder of the Company and a member of the Remuneration Committee. He is also an executive director and chairman of CFSG, as well as a member of the remuneration committee of CFSG. He is the father of Mr Kwan Teng Hin Jeffrey (Executive Director, CFSG).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Bernard Ping-wah LAW

CFO

MBA, FCCA, FCPA, FHKSI

Mr Law, aged 59, joined the Board on 9 March 1998. He oversees the Group's overall financial and accounting management. Mr Law has extensive experience in financial management and accountancy. Mr Law received a Master of Business Administration Degree from The University of Warwick, UK. He is a fellow member of The Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Securities and Investment Institute. Mr Law is also an executive director and chief financial officer of CFSG.

Benson Chi-ming CHAN

ED

PCIE, MBA, MA, BA, FCCA, CPA, MHKSI

Mr Chan, aged 51, joined the Board on 16 March 2018. He is responsible for business strategy, corporate planning and corporate advisory of the Group. Mr Chan has extensive experience in the fields of investment banking and corporate finance, securities and futures brokerage, asset and wealth management, auditing and accounting. Mr Chan received a Professional Certificate in Innovation and Entrepreneurship from Stanford University, a Master Degree of Business Administration from The Hong Kong University of Science and Technology, a Master Degree of Arts in Psychology from The Chinese University of Hong Kong and a Bachelor of Arts (Hons.) Degree in Accountancy from The Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities and Investment Institute. Mr Chan is also an executive director and chief executive officer of CFSG.

Elaine Lai-ling KWOK

COO

BA, CPA, FCCA, CPA,CGA

Ms Kwok, aged 49, joined the Board on 23 August 2016. She is in charge of the Group's operational management and control and internal audit functions. She is also the Executive Vice-Chairlady of CRMG and is in charge of the corporate development and management of CRMG. Ms Kwok has extensive experience in the field of corporate governance, risk control and operations management in the retailing and financial services industries. Ms Kwok received a Bachelor of Arts Degree (Hons.) in Accountancy from The Hong Kong Polytechnic University. She is a member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a member of Chartered Professional Accountants of British Columbia.

Eugene Ka-kin LAW

ED

BA, FHKSI

Mr Law, aged 57, joined the Board on 2 November 2015. He is in charge of the Group's corporate management and business development. Mr Law has more than 30 years' experience in the financial services industry covering both buy and sell sides. He is an all-round management professional specialising in areas of investment advisory, strategic planning and business management. Mr Law received a Bachelor of Arts Degree in Economics from The City of London Polytechnic, UK and is a fellow of the Hong Kong Securities and Investment Institute.

Derek Hin-sing NG

ED

MBA, BA, CFP^{CM}

Mr Ng, aged 49, joined the Board on 5 August 2013. He is also the CEO of CRMG, in charge of the business development and management of CRMG and overseeing the development of all CRMG brands. Mr Ng has extensive experience in the field of retail operation and management. Mr Ng received a Master of Business Administration Degree from Southern Illinois University Carbondale, USA and a Bachelor of Arts Degree from Ottawa University, USA. He is a CERTIFIED FINANCIAL PLANNER^{CM} professional. In 2014, Mr Ng was bestowed with the "Asia Pacific Entrepreneurship Awards 2014 — Outstanding Entrepreneurship Award", as organised by Enterprise Asia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 60, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. Mr Leung received a Bachelor of Laws Degree (LL.B) from the University of London, UK. He is the chairman of the Audit Committee and the Remuneration Committee.

Chuk-yan WONG

INED

MSc (Business Administration), BBA, CFA, CPA,CGA

Mr Wong, aged 56, joined the Board on 3 June 1998. Mr Wong has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from the University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada. He is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 56, joined the Board on 25 October 2000. Dr Chan has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is a head of and an associate professor in the Department of Marketing at Hang Seng Management College. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from the University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is also a member of the Audit Committee.

SENIOR MANAGEMENT

James Siu-pong LEUNG

Executive Director, CRMG & Chief Executive Officer of Pricerite, CRMG

MBA, BSocSc

Mr Leung, aged 55, joined the Group in October 2001. Mr Leung is in charge of the retail operation, management and long-term corporate planning of Pricerite. He has extensive experience in the fields of banking and retail management businesses. He received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences Degree from The University of Hong Kong.

Anthony Wai-ching CHEUNG

Executive Director & Chief Operating Officer, CFSG

MA, BBA

Mr Cheung, aged 44, joined the Group in July 1997. He is in charge of the overall administrative and operational control of the CFSG Group. Mr Cheung has extensive experience in the fields of operational control, risk management and dealing in securities and futures market. He received a Master of Arts Degree in Comparative and Public History from The Chinese University of Hong Kong and a Bachelor of Business Administration Degree in Applied Economics from The Hong Kong Baptist University.

Jeffrey Teng-hin KWAN

Executive Director, CFSG

BA, MHKSI

Mr Kwan, aged 28, joined the Group in October 2014. He is in charge of the corporate and business development of the CFSG Group, in particular its strategic investments and FinTech initiatives. Mr Kwan has extensive experience in the fields of corporate and strategic management, private equity and investment management. He received a Bachelor of Arts in Psychology from the Johns Hopkins University, United States. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Mr Kwan Pak Hoo Bankee (the Chairman of the Group).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Jack Tsz-cheung HO

Executive Director, CFSG

BBA, MHKSI

Mr Ho, aged 36, joined the Group in September 2003. He is in charge of corporate and business development of the CFSG Group. Mr Ho has extensive experience in the fields of business development, operations and management. He received a Bachelor Degree of Business Administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Securities and Investment Institute.

Alfred Ka-chun MA

Executive Director & Chief Investment Officer, CASH Algo Finance Group

PhD, MPhil, BSc, CFA, PRM, ASA

Dr Ma, aged 38, joined the Group in August 2013. He is responsible for algo trading development and investment. He has extensive experience in the field of financial engineering and algorithmic trading. He received a Doctor of Philosophy Degree in Operations Research from the Columbia University, a Master of Philosophy Degree in Mathematics and a Bachelor of Science Degree in Mathematics from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder, a Professional Risk Manager and an associate of The Society of Actuaries, USA.

Lewis Shing-Wai LI

Deputy Group Chief Financial Officer

BBus, CPA(Aus), CPA

Mr Li, aged 44, joined the Group in March 2014. He is assisting the Chief Financial Officer in overseeing the Group's financial and accounting matters. Mr Li has extensive experience in the fields of financial and accounting management. He received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Hanh HUYNH HUU

Chief Technology Officer

Dipl.–Ing (MEng)

Mr Hanh Huynh Huu, aged 45, joined the Group in May 2015. He is in charge of the strategic planning, technology applications and development of system infrastructure of the Group's businesses. He has extensive experience in the field of system design and functional reactive application development. He received a Diplome D'Ingenieur from Ecole Nationale Superieure De L'Aeronautique Et De L'Espace, France.

Suzanne Wing-sheung LUKE

Company Secretary

FCIS, FCS

Ms Luke, aged 49, joined the Group in May 2000. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is a fellow of The Institute of Chartered Secretaries and Administrators, UK and The Hong Kong Institute of Chartered Secretaries. In addition to taking the role as company secretary of the Company, Ms Luke is also the company secretary of CFSG.

Cecilia Mei-ting CHAN

Director of Supply Chain Management, CRMG

MBA

Ms Chan, aged 51, joined the Group in December 2017. She is in charge of the supply chain management function of CRMG. She has over 25 years' experience in the retail merchandising field with a wide range of category exposure, including health and beauty products and furniture items. She has substantial experience in the development of new brands. Ms Chan received a Master of Business Administration Degree from the University of South Australia.

Boris Ting-pong TAM

General Manager of iRetail Strategy & Development, CRMG

BAS

Mr Tam, aged 36, joined the Group in May 2016. He is in charge of the e-commerce business of CRMG. He has extensive experience in the field of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Amy Pui-kwan LEUNG

Chief Administrative Officer, CRMG

MBA, BBA, PMP

Ms Leung, aged 43, joined the Group in August 2003. She is in charge of the back office management of CRMG. She has extensive experience in the field of project management and retail business. Ms Leung received a Master of Business Administration Degree from The Chinese University of Hong Kong and a Bachelor of Business Administration Degree in Marketing from The University of Hong Kong. She is also a Project Management Professional. In 2014, Ms Leung was bestowed with the Distinguished Marketing Leadership Award by HKMA/TVB for Marketing Excellence.

Wallace Hon-ming WONG

Financial Controller, CRMG

BA, CPA

Mr Wong, aged 51, joined the Group in March 2000. He is in charge of the financial and accounting management of CRMG. He has extensive experience in the field of accounting and auditing. Mr Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Wong received a Bachelor of Arts Degree in Accountancy from The City University of Hong Kong.

Tobjorn Wing-kwong CHICK

Head of Information Technology, CRMG

MITM

Mr Chick, aged 49, joined the Group in April 2017. He is in charge of the implementation and development of information system and services of CRMG. He has extensive experience in the field of information technology and project management in the retailing and distribution industry. Mr Chick received a Master of Information Technology Management Degree from University of Wollongong, Australia. He is an SAP Certified Application Associate.

Carrie Chiu-mei LAW

Head of Human Resources & Administration

BBA

Ms Law, aged 44, joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons.) Degree in Human Resources Management from the Hong Kong Baptist University. Ms Law is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 14 of the Listing Rules. For the year ended 31 December 2017, the Company has complied with all the code provisions of the CG Code, except for the deviations with explanation described below:

(i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

(ii) Mr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying year. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. The dual role of Mr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Mr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals.

THE BOARD COMPOSITION

As at the date of this report, the Board comprised nine Directors (six EDs and three INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the board meetings. The biographies of the Directors are set out from pages 22 to 25 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Kwan Pak Hoo Bankee, the Chairman of the Board and the CEO of the Company, is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. The CEOs of respective business units of the Group will be responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. In addition, the three INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognised experience and expertise in professional and/or accounting fields who provide valuable advice to the Board. They are appointed for a term of one year and are subject to retirement from office and re-election at the AGM every year. The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of the Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

CORPORATE GOVERNANCE REPORT

DELEGATION TO THE MANAGEMENT

The Management is led by the EDs of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

— Publication of final and interim results of the Company

— Dividend distribution or other distribution

— Major issues of treasury policy, accounting policy and remuneration policy

— Review on risk management and internal control systems

— Corporate governance functions

— Review on the succession plan and consideration of the appointment, re-election and removal of the Directors

— Changes to major group structure or board composition requiring notification by announcement

— Notifiable transaction and non-exempted connected transaction/continuing connected transaction

— Proposed transaction requiring the Shareholders' approval

— Capital restructuring

— Joint venture with outside party involving substantial capital commitment from the Group that requires notification by announcement

— Financial assistance to the Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

There is a Directors' handbook containing relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and corporate information of the Group. The Directors' handbook will be regularly updated to reflect the updated corporate information and new rules and regulations.

The Directors received regular updates and presentation on changes and developments to the Group's business and on the latest developments in the law, rules and regulations relating to Directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend relevant seminars/training and program/in-house briefing/reading materials to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:

Name of Directors	**Covered areas**(Notes)
Kwan Pak Hoo Bankee	(a) to (e)
Law Ping Wah Bernard	(b) to (e)
Kwok Lai Ling Elaine	(a), (b), (d), (e)
Law Ka Kin Eugene	(a), (b), (d), (e)
Ng Hin Sing Derek	(b), (d)
Leung Ka Kui Johnny	(b), (c)
Wong Chuk Yan	(b)
Chan Hak Sin	(b)

Notes:

(a) Global and local financial market, investment business environment

(b) Regulatory and corporate governance

(c) Finance, law and taxation

(d) Leadership, management and language skills

(e) Other information relevant to the Group's business

There is a procedure agreed by the Board to ensure the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code during the year.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance record of the Directors at the following meetings during the year is set out below:

	Meetings attended/held					
Name of Directors	**Executive Committee Meeting**	**Full Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
EDs						
Kwan Pak Hoo Bankee	9/9	4/4	N/A	1/1	1/1	3/3
Law Ping Wah Bernard	9/9	4/4	N/A	N/A	1/1	3/3
Kwok Lai Ling Elaine	9/9	4/4	N/A	N/A	1/1	2/3
Law Ka Kin Eugene	9/9	4/4	N/A	N/A	1/1	3/3
Ng Hin Sing Derek	8/9	4/4	N/A	N/A	1/1	2/3
INEDs						
Leung Ka Kui Johnny	N/A	3/4	3/4	0/1	0/1	0/3
Wong Chuk Yan	N/A	4/4	4/4	1/1	1/1	2/3
Chan Hak Sin	N/A	2/4	2/4	N/A	0/1	0/3
Total number of meetings held:	9	4	4	1	1	3

During the year, the Chairman of the Board held a meeting with the INEDs without the presence of the EDs.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their executive committee meetings with the Management on their respective functional duties and responsibilities, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

All Directors are consulted as to whether they wish to include any matter in the meeting agenda before the agenda for each board meeting is issued. Board meeting notice is sent to the Directors at least 14 days prior to each regular board meeting. Originals of the minutes of board meetings will be kept by the Company Secretary and are opened for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates have a material interest and that he/she shall not be counted in the quorum present at the board meeting.

AUDIT COMMITTEE *(SET UP ON 28 JUNE 1999)*

The Audit Committee comprises three INEDs, namely Mr Leung Ka Kui Johnny (chairman of the committee), Mr Wong Chuk Yan and Dr Chan Hak Sin.

The specific written terms of reference of the Audit Committee was revised on 17 November 2015 and is available on the Company's website.

The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system, risk management and internal control procedures. The Audit Committee held four meetings during the year.

A summary of work performed by the Audit Committee during the year is set out as follows:

i. reviewed the annual and interim financial statements and the quarterly business operation and development of the Group;

ii. discussed/met with the external auditor on general accounting issues of the Group, and reviewed their work and findings relating to the annual audit and the effectiveness of the audit process;

iii. reviewed the effectiveness of the risk management and internal control systems of the Group;

iv. annual review of the non-exempt continuing connected transactions of the Group; and

v. reviewed the external auditor's independence, approved the engagement and remuneration of external auditor and recommended the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE *(SET UP ON 1 JUNE 2005)*

The Remuneration Committee comprises two INEDs, Mr Leung Ka Kui Johnny (chairman of the committee) and Mr Wong Chuk Yan, as well as Mr Kwan Pak Hoo Bankee (Chairman of the Board).

The specific written terms of reference of the Remuneration Committee (as re-adopted on 7 February 2012) is available on the Company's website. Pursuant to model B.1.2(c)(ii) and the terms of reference in the CG Code adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held one meeting during the year.

A summary of the work performed by the Remuneration Committee during the year is set out as follows:

i. determined and endorsed to the remuneration policy and structure for the Directors and senior management; and

ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors.

NOMINATION POLICY FOR THE DIRECTORS

Nomination of the Directors

The Company had adopted a nomination policy incorporating the diversity policy for the criteria, procedures, and process of the appointment and removal of the Directors. The criteria to select candidates for directorship is based on a range of diversity perspectives, including gender, age, culture and educational background, professional skill, experience in relevant areas, personal qualities, and whether the candidate can demonstrate his commitment, competence and integrity required for the position of the Director, and in case of INEDs, the independence requirements set out in the Listing Rules and their time commitment to the Company. Nomination of new Director(s) will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for our business model and specific needs from time to time. Nomination of new Director(s) will normally be proposed by the Chairman and/or CEO subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

During the year, the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

Since there is no appointment and resignation of Director during the year under review, no meeting was held by the executive Directors for resolving such issues.

Remuneration policy of the Directors

The Company adopted a remuneration policy providing guideline for the Directors' remuneration.

Under the remuneration policy, the Directors' remuneration should be based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance — which is set in accordance to the Director's duties, responsibilities, skills, experiences and market influences;
- pension — which is based on the local Mandatory Provident Fund Contribution Scheme;
- short term variable incentive — which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;
- long term variable incentive — which may include share options designed to encourage long-term commitment.

The remuneration of the non-executive Director(s) of the Company (if any) and the INEDs will be a lump sum of Directors' remuneration made annually.

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 11 to the consolidated financial statements in this annual report.

The share options granted to and/or entitled by the Directors during the year under review are set out in the section headed "Directors' Interests in Securities" in the Directors' report of this annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions of the Group. The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report.

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of Directors and senior management and the Company's compliance with code and disclosure in this report.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The Management has provided all members of the Board with monthly internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibilities for establishing and maintaining an appropriate and effective risk management and internal control systems, and for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Management is primarily responsible for the design, implementation and monitoring of the risk management and internal control systems.

Procedures have been designed for safeguarding the Group's assets against unauthorised use or disposal, maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. Furthermore, they are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The key risk management and internal control procedures include the following:

(i) Delegation of authority within limits set by the Board

The managements of business units and functional departments have been delegated powers and authorities by the Board to carry out the day-to-day management, operation, and maintenance of the internal control systems that are appropriate to their business or function. The Group has adopted a tailored governance and organisational structure with formal and clearly defined lines of responsibility and delegation of authority to ensure segregation of duties with check and balance controls are effectively in place.

(ii) Risk management process

System and procedures are in place to identify, evaluate, manage, and report on the material risk types facing the Group including strategic, operations, compliance, reporting, and information and technology risks. Exposure to these risks is monitored by the Risk Management Committee ("RMC"). RMC oversees and defines the Group overall risk management framework, formulates the Group's risk management policy and guideline, determines the overall risk acceptance level, assesses the Group's risk profile, prioritises top risks for the Group, and promotes risk awareness and management knowledge.

Under the Risk Management Framework, the five steps of the risk management process adopted are risk identification, risk assessment and prioritisation, risk manager appointment, risk responses, and risk communication and monitoring. The Group maintains a set of risk registers to record the major and significant risks that will hinder the company from achieving its business objectives. Risk Managers are appointed by the Board to monitor the identified high risk areas of business practices on an ongoing basis and to develop the subsequent risk response action plans. The risk registers are reviewed and approved by the RMC on a biannual basis for continuous risk assessment.

(iii) Changes in market condition/external environment

Processes are in place to identify new risks arising from changes in market conditions or external environment which could expose the Group to heightened risk of loss or reputational damage. The Management is primarily accountable for measuring, monitoring, mitigating and managing the risks and controls in their areas of responsibility.

(iv) Financial reporting

The Management monitors the business activities closely and reviews monthly financial results of operations against budgets or forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. In addition, regular reviews and statutory audits are performed by our external auditor to ensure that the preparation of the Group's financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(v) Internal audit

The establishment of the Group's internal audit function is to provide the Management with an independent and impartial view on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance system and to provide recommendations for improvement. The Group's internal audit function is undertaken by the Internal Audit Division ("IAD") of Corporate Assurance Department. To preserve the independence, the IAD reports directly to the Audit Committee on audit matters and to the Board on administrative matters. The IAD adopts a risk-based approach in developing the annual internal audit work plan that is reviewed and endorsed by the Audit Committee. The IAD reports audit progress and audit observations to the Audit Committee on a biannual basis.

(vi) Inside information

There are internal procedures and controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcement or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(vii) Whistle-blowing channels

The Group maintains a Whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the IAD, which will evaluate the complaint and determine whether an investigation is appropriate. Recommendations on improvements are communicated to the respective management for implementation. The IAD reports the audit procedures, investigation results and subsequent follow-up actions taken to the Audit Committee on a biannual basis.

Overall assessment

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of our risk management and internal control systems covering all material controls, including financial, operational and compliance controls, and the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

During the year ended 31 December 2017, the Board is not aware of any material internal control deficiency or significant areas of concern that may affect Shareholders' interests.

In addition, the Board has received confirmation from the Management that the Group's risk management and internal control systems are in place and functioning effectively.

COMMUNICATION WITH SHAREHOLDERS

The Directors consider communication with the Shareholders are mainly in the following ways: (i) the holding of AGMs and SGMs, if any, which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; (iii) the holding of press briefings and media interviews from time to time; and (iv) the upkeeping of the latest information of the Group on the Company's website at www.cash.com.hk. The Shareholders and investors are welcome to visit such website.

In order to protect the environment and save costs for the benefit of the Shareholders, the Company has introduced electronic means for receiving corporate communication materials by the Shareholders. The Shareholders may choose to receive printed or electronic copies. In line with our social caring policies, the Shareholders are encouraged to get access to corporate communication materials of the Company through the Company's website.

Separate resolutions are proposed at each general meetings of the Company. The Company's notice to the Shareholders for the AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of the SGMs were sent to shareholders at least 10 clear business days before such meetings in year 2017.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year.

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

Pursuant to the Bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day within two months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or tel: (852) 2980 1333 or email: cash1049@cash.com.hk.

Other Shareholders' enquiries can be directed to the Group Public Affairs Department of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or tel: (852) 2287 8888 or fax: (852) 2287 8000 or email: inquiry@cash.com.hk.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting. During the year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company are set out as follows:

Services rendered	**Fees paid/payable** HK$
Audit services	3,857,000
Non-audit services:	
Preparation for very substantial disposal circulars	2,771,000
Preparation for sales report and tax advisory	91,000
	6,719,000

On behalf of the Board
Bankee P. Kwan, JP
Chairman & CEO

Hong Kong, 22 March 2018

Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the requirements set forth in the ESG Guide under Appendix 27 of the Listing Rules, the Group hereby presents the Environmental, Social and Governance ("ESG") report for the year ended 31 December 2017 ("Reporting Period").

SCOPE OF REPORT

This report covers the Group's principal businesses of subsidiaries in Hong Kong, which represent the major investment and income sources of the Group, including retail management business including sales of furniture, household items and electrical appliances through chain stores under the multiple brand names, including "Pricerite" and "TMF", in Hong Kong.

The ESG data that the Group has direct access to and is under the Group's direct operational control has been included in this report.

MATERIALITY ASSESSMENT

To identify the ESG issues relevant to the Group, we engaged our Management and staff to review our operations. Subsequently, the identified ESG issues have been assessed by considering their importance to our stakeholders as well as our Group. The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG Guide	**Material ESG issues for the Group**
A. Environmental	
A1 Emissions	Waste management and carbon emissions
A2 Use of resources	Use of electricity and packaging material
A3 The environment and natural resources	Light pollution
B. Social	
B1 Employment	Equal opportunity and diversity
B2 Health and safety	Health and safety workplace
B3 Development and training	Staff development and training
B4 Labour standards	Anti-child and forced labour
B5 Supply chain management	Supply chain management
B6 Product responsibility	Customer service, quality assurance, safeguarding customer assets, and handling of personal data
B7 Anti-corruption	Anti-corruption and money laundering
B8 Community investment	Supporting local community

The Group has complied with the "comply or explain" provisions set out in the ESG Guide for the Reporting Period.

A. Environmental

The Group upholds the belief of "Green CASH" in our business activities. The purpose of "Green CASH" is to promote the practice of minimising the depletion of natural resources (i.e. timber, electricity, etc.), while saving part of the operating cost of the Group. The Group advocates the corporate social responsibility to be aware of environmental protection and natural resources conservation, and bring mutual advantages to both the society and the Group.

In 2017, Pricerite received Silver award in Shops and Retailers sector under the Hong Kong Awards for Environmental Excellence 2016 and BOCHK Corporate Environment Leadership Awards: EcoChallenger Certificate from the Federation of Hong Kong Industries. CASH was granted HSBC Living Business of Sustainable Business Partner and The Best Ambassador by Business Environment Council. The awards recognised our efforts on environmental management, with continuously improving the performance on environmental protection.

During the Reporting Period, the Group did not note any cases of non-compliance relating to environmental laws and regulations in Hong Kong.

A1 Emissions

Waste management

Considering the principal business activities of the Group (i.e. retail management business), we have not produced a notable level of air or water pollutants.

We established environmental policies that introduce the desired environmental practices, and measurable objectives to our employees. To mitigate the impact of waste, the principles "reduce", "reuse" and "recycle" are applied. We are committed to promoting waste reduction at source, in the offices and retail stores. Waste should be properly handled and disposed by an authorised party to central waste processing facilities. Categorisation of waste is encouraged to facilitate efficient recycling.

Paper is considered the major form of waste generated by our offices and retail stores, of which, we consumed approximately 14,448.34 kg[1] (2016: 14,802.28 kg) during the Reporting Period.

To enhance our waste management techniques, we always monitor the latest environmental regulations, as well as market trends on new environmental practices. We continuously seek opportunities on improving the effectiveness of our current practices.

In our offices, we have set up waste separation facilities. We place recycle bags and tailor-made recycle bins designated for the collection of scrap paper, plastic bottles, aluminium cans, and recyclable toner cartridges. All of which, is later delivered to the recycling agents for further processing.

[1] Paper consumption intensity is not considered as an applicable performance indicator due to our nature of business.

In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis. Pallets used in logistics' activities are collected and reused by our non-governmental organisation partner.

The amount of recycling at our collection points in the Reporting Period is summarised as follows:

Issue	**Amount**		**Unit**
	2017	2016	
Paper	**9,269**	10,326	Kg
Aluminium cans	**1,155**	1,301	Pieces
Plastic bottles	**963**	720	Pieces
Toner cartridges	**335**	420	Pieces
Battery	**164.74**	196.12	Kg
Lighting tube	**1,600**	1,720	Pieces
Light bulb	**6,000**	3,030	Pieces
Pallet	**19,050**	12,050	Kg

Apart from recycling, a series of programmes and activities have been launched to encourage the participation of our stakeholders towards waste management, which include:

- Implementing Green Information and Communication Technology (ICT) Platform including systems such as E-workflow and CASHARE (Group's intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Achieving waste reduction goals set under Wastewi$e Certificate recognition scheme;
- Purchasing paper made from the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certified plantations to minimise logging in natural forest;
- Posting a "Green message" as a reminder around the office;
- Using e-channels to disseminate corporate information;
- Installing electronic product catalogues and promotions in retail stores;
- Providing reusable utensils to office staff to reduce the use of disposable utensils;
- Recommending duplex or 2-on-1 page copying on recycled paper; and
- Applying used envelopes for internal document circulation.

No particular hazardous waste was noted in our business activities during the Reporting Period.

In recognising our achievement in waste reduction, the Group and its subsidiary, including Pricerite, were awarded the Wastewi$e Certificate (Excellence Level) by Environmental Campaign Committee.

Carbon emissions

The major source of our carbon emissions is the use of electricity. There were 5,422.04 tonnes (2016: 4,970.79 tonnes) of carbon dioxide equivalent (CO_2e) generated[1] from our operations during the Reporting Period[2]. In order to reduce our carbon footprint, we have launched a series of programmes and activities. Please refer to the "A2 Use of resources" section below.

In the retail management business, transportation and deliveries of products are provided by external transportation service providers. To reduce the carbon emissions from the mobile transportation activities of our business partners, we aim to optimise the number of deliveries, which includes:

- Working closely with logistic partners in developing a better fuel-efficient transportation practice;
- Packing and loading products more efficiently to reduce the number of delivery journeys; and
- Continuously improving our transportation management system to achieve more efficient journey planning.

1 The carbon emission was calculated with reference to the Greenhouse Gas Protocol, and the carbon conversion factors published by CLP Holdings Limited and HK Electric Investment Limited.

2 Carbon emission intensity is not considered as an applicable performance indicator due to our nature of business.

A2 Use of resources

Use of electricity

Electricity is consumed during daily business operations in our offices and retail stores, through the use of indoor lighting, air-conditioning, functioning of office equipment, etc. During the Reporting Period, the total electricity consumption of the Group was 8,581,497 kWh[1] (2016: 8,484,256 kWh).

The Group has established guidelines on implementing green measures towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed in offices and retail stores;
- Staff are encouraged to switch off lighting while they are off duty;
- "Light-out" during lunch hour is highly recommended;
- A lighting and energy conservation programme is implemented in retail stores, which strictly switches off all power after business or operating hours; and
- Indoor lighting should be switched off if sufficient sunlight is available.

2) Office equipment

- Computers and other electronic equipment should be switched off while they are not in use for energy conservation; and
- Security guards patrol the offices at night to ensure all non-use equipment is switched off.

In addition to the aforesaid measures, Caring Committee sends messages related to "Green information" to staff with the aim to raise the consciousness of environmental protection. Furthermore, green posters have been framed along the corridor/pantries through which, the "green theme" of the environmental friendly atmosphere is promoted throughout the working space.

To enhance employee's awareness on low-carbon office and energy saving practices, we participated in "Earth Hour" events by turning off all non-essential lights for one hour at our retail stores and encouraged all staff to adopt the same practice at home.

Use of water

We do not consume significant amounts of water through our business activities. The majority of the water supply facilities are provided and managed by property managers on our rental premises, and the usage have been included in the management fees.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently.

1 Energy intensity is not considered as an applicable performance indicator due to our nature of business.

Use of packaging material

In the retail management business (i.e. Pricerite), packaging material is used for delivery of goods. The major packaging material used in the business is plastic bag, which is offered to customers upon request.

We strictly implement the Plastic Shopping Bag Charging enforced by the Government. Customers are required to pay a levy in requesting a plastic bag, hence restricting the consumption of plastic bags. Furthermore, promotion material of BYOB – Bring Your Own Bag is displayed in our retail stores to raise customer awareness in order to reduce plastic bag usage.

A3 The environment and natural resources

The Group is committed to controlling its operations' impact on the environment and natural resources. In addition to complying with environment-related laws and incorporating the concept of environmental protection into internal management and daily operation activities, we continuously assess and control the potential impacts of our business activities on the environment.

Light pollution

Due to the high building density in Hong Kong, external lighting at night may disturb nearby residents.

To reduce the impact of light pollution, Pricerite strictly follows the "Charter on External Lighting" which has been in effect since April 2016. Certain Pricerite's stores are committed to switching off decorative, promotional or advertising lighting, which affects the outdoor environment during the preset time (i.e. midnight to 7 am). This measure also helps reduce energy wastage.

B. Social

B1 Employment

Respect for the rights of everyone who works for us is fundamental to the sustainability of the Group and the communities in which we operate. Our commitment to operating with respect for individuals is reflected in all aspects of the Group's business operations and is integrated in our policies and relevant procedures. We are committed to providing a happy and family-friendly workplace.

The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

The Group is committed to developing, maintaining and supporting a culture of equality and diversity in employment, on the basis of age, race, colour, nationality, religious belief, disability, sexual orientation, political opinion and any other status protected by applicable legislations and ordinances. We believe that the diversity can enrich all employees by providing a more rewarding and less stressful environment. No one shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, training or development. Qualified individuals are employed to carry out our fiduciary duties based on their education, experience, and ability without discrimination.

Meanwhile, the Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes, providing fresh fruits, and organising health talks and joggling classes to promote employee well-being.

There were no non-compliance cases noted in relation to employment laws and regulations during the Reporting Period.

The total workforce of the Group is summarised as follows:

Gender	**No. of staff**	
	2017	2016
Male	**425**	426
Female	**493**	410
Total	**918**	836

Employment type	**No. of staff**	
	2017	2016
Full-time	**757**	615
Part-time	**148**	165
Temporary and contract	**13**	56
Total	**918**	836

Age	No. of staff 2017	2016
<30	**256**	269
30–50	**524**	428
>50	**138**	139
Total	**918**	836

Note: The above statistics represents the number of employees at the end of the Reporting Period.

B2 Health and safety

Ensuring the health and safety of our employees is an integral part of our business activities. Therefore, we are dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. We ensure all employees are competent at work, and are given adequate training to comply with all local legislations and ordinances with regard to health and safety.

The Group did not violate any health and safety laws and regulations of Hong Kong during the Reporting Period.

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange flu vaccination, and free medical and dental check-ups for our employees.

B3 Development and training

We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group has implemented various training policies and organised a number of training programmes aiming specifically at improving the skills and developing the talents of our employees and generally increasing the competitiveness, productivity and efficiency of the Group.

Our training programmes are developed based on business needs and competencies of employees. During the Reporting Period, we organised more than a hundred of in-house classes including training in areas such as language proficiency, knowledge on products, operational and selling techniques, career orientation, security awareness, risk and compliance, quality management, customer services, marketing skills, team building, communication, coaching, retail technology, graduate development, leadership transformation, Continuous Professional Training (CPT) of professional qualifications, and professional license examinations preparation.

B4 Labour standards

Our Group prohibits the use of all forms of forced labour. All legal regulations regarding employment of young persons whose age ranged between 15 and 18 shall be followed by the Group.

There were no material non-compliance issues noted regarding labour standards as required by related laws and regulations during the Reporting Period.

B5 Supply chain management

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and request them to comply with the same standards that have been set by the Group.

We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;
- Maintaining probity and accountability standards;
- Minimising discrimination against small and medium-sized enterprises or local vendors;
- Providing a healthy and safe working environment, not employing forced or child labour, and refraining from harassment or abuse of employees; and
- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

In the procurement process, we communicate with suppliers on their environmental and social responsibilities. The environmental friendliness of suppliers' practices and products are examined. Selected suppliers' performance is monitored through onsite factory assessments, quality reviews of products and customer feedback. Areas that do not adhere to the standard set forth by the Group are evaluated with the suppliers to identity opportunities to improve their current environmental and social practices.

B6 Product responsibility

The Group is committed to providing reliable products and services, by acting responsibly and protecting the interests of various stakeholder groups. We take responsibility in offering reliable products and services, through our principal activity of retail management business, in meeting stakeholders' expectations on quality and sustainability.

Customer service

Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

We aim to customise our solutions based on the unique needs of customers, in delivering sustainable value and fostering long-term relationship with our customers. During advertising, we ensure information and marketing materials are easily understood and provide all relevant information in facilitating the decision making of customers.

Quality assurance

In the sales of furniture and household items, we strive to achieve the highest standard in terms of quality, safety, and consistency. To safeguard our baseline, we involve an independent Quality Assurance Team in assuring the product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development – review of new designs, examination of product specifications, analysis of customer expectation conformance;

- Supplier assessment – inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;

- Pre-shipment inspection – inspection of functionality and safety of finished goods in conforming with required specifications; and

- Complaint handling – review of product defects and mismatch in customer expectation, provision of improvement plan on product quality.

Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006. The certification recognises our competency on providing high standards of service to customers.

Handling of personal data

The Group strictly adheres to regulatory requirements of data privacy, through fulfilling high security and confidentiality. We are committed to maintaining and protecting personal data.

Internal policy has been established to govern the collection and handling of personal data received from a data subject. Under our data protection principles, a Privacy Policy Statement ("PPS") is acknowledged to enable the public to ascertain the data user's general policies and practices in relation to the collection, holding and use of individual personal data.

Furthermore, in accordance with our data protection principles, a Personal Information Collection Statement ("PICS") is acknowledged whenever there is collection of personally identifiable information from individuals to notify data subjects of certain matters in relation to specific collections of personal information from them. The Group will not use or provide personal data to any person for use in direct marketing unless we have obtained the data subject's consent in writing. Meanwhile, the Group maintains a sound safety system and protective measures to prevent unauthorised use of personal data.

There were no material non-compliance issues noted regarding product responsibility as required by related laws and regulations during the Reporting Period.

B7 Anti-corruption

The Group strives to promote and maintain the highest standard of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption.

Apart from the internal guidelines for monitoring anti-money laundering, counter-terrorist financing as well as gifts or advantages received from or given to clients or suppliers, the Group has established an assessment form to evaluate high risk customers and whistle-blowing channels to enable staff to report on suspicious transactions. Any reporting suspicious transactions will be followed up timely and investigated by independent personnel.

During the Reporting Period, no legal case regarding corruption was brought against the Group or its employees. In addition, the Group was not aware of any cases of non-compliance with laws and regulations relating to anti-money laundering.

B8 Community investment

People-centric is one of our core corporate values that guide our business and day-to-day operation. We therefore care about the interests of the communities and people that we serve. We and our employees are dedicated to working hand-in-hand with the local communities in a variety of initiatives ranging from job creation to youth education and disaster reliefs.

In particular, it is the Group's belief that the future of our community lies in the hands of the next generation, which we have obligations to provide a good learning environment and quality education for. Therefore, during the Reporting Period, the Group donated a total sum of HK$1,392,800, of which more than 90% was donated on education purpose. The Group is also dedicated to nurturing young talents in the financial technology (FinTech) industry, by holding the inter-university algo trading contest in 2017 with several renowned universities in Hong Kong and Mainland China.

In this year, our Group is formally joining the "CLAP for Youth @ JC" program ("CLAP") which funded by The Hong Kong Jockey Club Charities Trust. The program aims to help provide practical training, skills-based curriculum and job opportunities to students, non-engaged and disabled youths in Hong Kong. Members of CLAP including Hong Kong Jockey Club, Hong Kong Young Women's Christian Association, Hong Kong Children & Youth Services and other charitable organisations.

During the Reporting Period, we provided employment to over 10 individuals who have hearing impairment. With jobs, they can resume a healthy life and integrate into the communities more quickly. In the long-term, the Group aims to increase the percentage of employees who are physically challenged in our workforce.

In addition, the Group also partnered with other charitable organisations, and organised donation programmes, such as "Toys, Books and Used Clothes Recycling", "Mooncake Donation", "Blood Donation" and "Red Pocket Envelope Recycling".

Directors' Report

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand name including "Pricerite" and "TMF" in Hong Kong; (b) mobile internet services business; (c) the financial services business carried out via CFSG (stock code: 510) that includes online and traditional brokerage of securities, futures and options as well as mutual funds and insurance-linked investment products, principal investments of debt and equity securities and derivatives, margin financing, money lending and corporate finance services; and (d) general investment holding including algorithmic trading business.

CFSG was a subsidiary of the Company from 1 January 2017 to 20 June 2017, and became an associate of the Company with effect from 20 June 2017 due to dilution of shareholding interests of the Company in CFSG upon issue of subscription shares by CFSG, details of which are set out in heading "Issue of securities by subsidiary" below in this section. The Group's financial services business which is carried out by CFSG was considered as discontinued during the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 74 to 75 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the section of "Financial Review", "Management Discussion and Analysis" and "Chairman's Letter" of this annual report and note 39 to the consolidated financial statements.

The financial risk management objectives and policies of the Group are shown in note 39 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the section of "Financial Review" of this annual report.

Save as disclosed in this annual report, there is no important event affecting the Group that have occurred since the end of the financial year ended 31 December 2017.

RELATIONSHIPS WITH STAKEHOLDERS

We fully understand that our business is built on the long-term well-being of the "people" in our service areas at large.

Throughout the course of our business development, we care about the needs of our key stakeholders, inter alia, our shareholders, our employees, our customers, our suppliers and our community. As such, we strive to become a "Total Caring Organisation" to embrace the all-round needs of our key stakeholders.

The Group upholds the "People-oriented" principle as our core belief and this forms the essence of our corporate culture. We respect the various needs of these "people" as our stakeholders and we strive to balance the different spectrum of interests for the development of a better future.

Our five core values namely "People", "Customers", "Quality", "Teamwork" and "Change" serve as the guiding principles for the whole team to move ahead.

We are dedicated to creating an enjoyable work environment to highly engage our employees so as to maximise their potential, meeting the needs of our customers with quality products and innovative services and enhancing cooperation with our suppliers so as to provide high-quality products and services to our customers so as to ensure our sustainable development.

Shareholders

The Group is committed to communicating with our shareholders and the financial community proactively, transparently and effectively, and thereby ensuring consistent and timely dissemination of information to shareholders and potential investors.

We have established effective channels of communication with our shareholders to ensure that the corporate information is readily accessible. Corporate communications materials with regard to regulatory disclosures and notices of the Company, such as financial reports, results announcements, corporate announcements and circulars will be distributed according to the principles of continuous disclosure, and complies with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses such as press releases will be posted on the corporate website (www.cash.com.hk) and distributed to the media as soon as practicable. The Company adheres to its corporate policy of not disclosing unpublished or potentially price-sensitive information such as sales and profit forecasts.

Employees

Our staff is regarded as the most important resource of the Group. We offer a competitive remuneration package and great opportunities for career advancement based on performance-linked appraisal system. Our passion in fostering a learning culture is recognised. The Group has been honoured as "Manpower Developer 1st" at Employees Retraining Board ("ERB") Manpower Developer Award Scheme in recognition of the Group's efforts and commitment to training and development. We also provide our staff with regular trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses. Our retail business was once again honoured with a variety of awards, demonstrating the company's caring corporate culture and drive to lead by example. Staff members received the Distinguished Salesperson Award and Outstanding Young Salesperson Award from the Hong Kong Management Association, as well as the Frontline Staff Bronze Award in Outstanding QTS Merchant Service Staff Award 2017, organised by The Hong Kong Tourism Board. The recognitions, individually and collectively, strengthened the reputation of Pricerite and TMF in training and development and boosted the companies' profiles with the public and business community.

The Group is committed to the well-being of our employees as we believe that a healthy body and soul will have a positive impact on people's professional and personal lives.

Along with initiatives designed to improve the health, safety and well-being of our employees, the Group also offers recreational and educational activities in different topics such as professional growth, work-life balance, health and safety, rewards and recognitions, employees' families, amazing occasions to help staff to pursue their interests, explore their full potential and recharge after work. The Group has been awarded as "Family-Friendly Employer" by the Home Affairs Bureau and the Family Council in recognition of our family-friendly employment policies and practices which have positive impact to the Company and employees' family life.

We sincerely care about our employees' retirement needs and have gone the extra mile to provide additional retirement benefits for them. We have been awarded the accolade of "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority (MPFA).

Customers

We value the customers' interests as the first priority. It is our mission to provide customers with a meaningful experience when utilising our services.

We value the feedback from customers and always try to understand their thoughts through Internet, daily communication, customer services and after-sale services etc. In addition, we also set up website, e-portal, email, Facebook and customer service hotline to respond to the feedback of customers.

Pricerite.com.hk was accredited in the first batch of HKRMA Quality E-Shop Recognition Scheme and received the Top 10 Quality E-Shop Award. Pricerite was awarded Best.hk Website Award – Bronze Prize by Hong Kong Internet Registration Corporation and Outstanding eCommerce Exellence Award by Economic Digest for its website which brings convenience to its customers for better online shopping experience.

Recognising the heartfelt service provided by Pricerite in all these years, GS1 Hong Kong awarded the company the accolade of Consumer Caring Company. Pricerite also gained the Tenant Excellence Award from Link REIT and Q-Mark Elite Brand Award from the Hong Kong Q-Mark Council, which proves that the service provided by the company is excellent and well received by the public.

Suppliers

We firmly believe that our suppliers are equally important in building high-quality businesses. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services.

Community

The Group is devoted to supporting the community in which we operate through donation, education, volunteering and encourage others to give.

Over the past 10 years, we show our care about the community with unsparing support for wide-ranging community services and charities. We have also been encouraging our employees and their family members to take part in voluntary services after work and serve the disadvantaged in the community.

Showing the sustainability and breadth of our corporate social responsibility efforts, we have been awarded the accolade of "10 Years Plus Caring Company" by the Hong Kong Council of Social Service (HKCSS) in recognition of our achievements in "Caring for the Community", "Caring for the Employee" and "Caring for the Environment". It serves as a recognition for our contribution to community services and commitment to employee engagement.

ENVIRONMENTAL POLICY AND PERFORMANCE

As a total caring organisation, the Group is dedicated to keeping the environmental impact of our operations to a minimum, balancing business needs with conservation.

The Group adopted "Green Office Policy" with various measures regarding minimisation of energy and paper consumption and recycling being implemented. We also execute different types of "Green Office Campaign" in our office to enhance staff awareness and participation for environmental protection.

Over the years, the Group has participated in various environmental protection programmes and campaigns organised by reputable institutions and have been recognised with awards. The Group and its subsidiary (Pricerite) received Wastewi$e Certificates (Excellence Level) from Environmental Campaign Committee. Pricerite also received Sliver award in Shops and Retailers at 2016 Hong Kong Awards for Environmental Excellence and BOCHK Corporate Environmental Leadership Awards: EcoChallenger Certificate from the Federation of Hong Kong Industries. We have also been honoured as Sustainable Business Partner and The Best Ambassador in HSBC Living Business Awards. The achievements highlighted the Group's total caring culture and commitment to responsible business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those have significant impact on the Group. During the year, the Group has complied with the relevant laws and regulations on corporate level as well as those that have a significant impact on the operations of the Group namely, among other things, the Listing Rules, the Companies Ordinance, Cap. 622 of the laws of Hong Kong, the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong, the Trade Descriptions Ordinance, Cap. 362 of the laws of Hong Kong, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, Cap. 615 of the laws of Hong Kong and the Competition Ordinance, Cap. 619 of the laws of Hong Kong.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2017 is set out on pages 169 to 170 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements during the year in the property and equipment of the Group are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 46 to the consolidated financial statements.

ISSUE OF SECURITIES BY SUBSIDIARY

On 20 June 2017, CFSG (as issuer) issued 826 million new ordinary shares of nominal value of HK$0.02 each at a subscription price of HK$0.28 per share to an independent third party. The shares rank pari passu with the existing shares of CFSG in issue.

On 27 July 2017, CFSG issued three years 4% redeemable convertible bonds at a total principal amount of HK$620 million by cash. The bonds can be converted into ordinary shares of CFSG at the holder's option at conversion price of HK$0.31 per share during the period commencing on the expiry of 6 months from the issue date and ending on five business days before the maturity date. The maximum number of shares to be converted upon full conversion of the bonds is 2,000,000,000. The bonds may be early redeemed by CFSG at its discretion during the period commencing on the date immediately following the expiry of 3 months from the date of issue of the bonds to and including the maturity date at a redemption amount equal to 100% of the principal amount of the outstanding bonds together with all interest accrued thereon.

On 19 December 2017, CFSG early redeemed all redeemable convertible bonds with a total consideration of HK$629,920,000 (representing the principal amount and accrued interest). As at 31 December 2017, there were no convertible bonds of CFSG outstanding in issue.

Upon completion of issue of the abovementioned subscription shares by CFSG on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62%, and CFSG ceased as a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on pages 78 to 79 of this annual report.

Details of movements in the reserves of the Company during the year are shown in note 48 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CONTINUING CONNECTED TRANSACTIONS

Margin Financing Arrangement for three financial years up to 31 December 2018

Celestial Securities (a subsidiary of the Company held through CFSG as at the date of entering into the following agreements) entered into the following margin financing agreements with each of the connected clients:

Margin financing agreements all dated 24 November 2015 (as disclosed in the Company's announcement dated 24 November 2015 and circular dated 15 December 2015, and was approved by the independent Shareholders at a SGM held on 31 December 2015)

(a) Mr Kwan Pak Hoo Bankee

(b) Mr Law Ping Wah Bernard

(c) Ms Cheng Pui Lai Majone

(d) Mr Ng Kung Chit Raymond

(e) Mr Lam Man Michael

(f) Mr Law Ka Kin Eugene

(g) Mr Ng Hin Sing Derek

(h) Mr Kwan Pak Leung Horace

(i) Ms Chan Siu Fei Susanna

(j) Cash Guardian

Pursuant to the respective margin financing agreements, Celestial Securities granted margin financing facilities to each of the above connected clients at an annual cap of up to HK$30 million (which represents the maximum outstanding balance, including accrued outstanding interests of the margin financing facility) for each of the three financial years ending 31 December 2018. Each of the margin financing facilities granted to the connected client was a stand alone facility and will not be aggregated. The interest rates charged are in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

As at the date of the respective margin financing agreements, the above connected clients were either directors or substantial Shareholders of the Group or their respective associates or family members and were connected persons (as defined under the Listing Rules) of the Company. The granting of margin financing facilities by the Group under the margin financing arrangement under the margin financing arrangement constituted continuing connected transactions relating to financial assistance for the Company under the Listing Rules.

The margin financing agreements for the above connected clients were approved by the independent Shareholders at a SGM held on 31 December 2015. Details of the transactions were disclosed in the Company's announcement dated 24 November 2015 and circular dated 15 December 2015.

As at 31 December 2017, Mr Ng Kung Chit Raymond, Ms Cheng Pui Lai Majone, Mr Lam Man Michael (items (c), (d) and (e) above) had resigned as directors of the CFSG Group.

On 20 June 2017, CFSG ceased to be a subsidiary of the Company and became an associate of the Company due to dilution of shareholding interest in CFSG held by the Company from 40.34% to 33.62% following the issue of 826 million new subscription shares in CFSG. Upon cessation of CFSG as subsidiary of the Company on 20 June 2017, the aforesaid granting of margin financing facilities by CFSG under the Margin Financing Arrangement to the Connected Clients were no longer continuing connected transactions of the Company under the Listing Rules.

During the period from 1 January 2017 to 20 June 2017, the maximum amount of margin financing facilities utilised by each of the above connected clients did not exceed the annual cap of HK$30 million.

The aforesaid continuing connected transactions of the Company for the financial year ended 31 December 2017 have been reviewed by the INEDs. The INEDs have confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the aforesaid Group's continuing connected transactions of the Company for the financial year ended 31 December 2017 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the auditor and the Company to the Stock Exchange.

RELATED PARTIES TRANSACTIONS

The Group has entered into related parties transactions under the applicable accounting standards as disclosed in note 43 to the consolidated financial statements. Such related party transactions were either (i) not connected transaction of the Group; or (ii) related to the continuing connected transactions of the Group as disclosed in the above section; or (iii) connected transactions exempted from reporting, announcement, annual review and independent shareholders' approval requirements of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group during the year.

RAISING OF FUNDS AND USE OF PROCEEDS

The Company did not have any fund raising activity during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's turnover attributable to the five largest customers accounted for less than 30% of the Group's total turnover.

In the year under review, the Group's purchases attributable to the five largest suppliers accounted for less than 30% of the Group's total purchases.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were as follows:

Executive Directors:

Kwan Pak Hoo Bankee
Law Ping Wah Bernard
Chan Chi Ming Benson *(was appointed on 16 March 2018)*
Kwok Lai Ling Elaine
Law Ka Kin Eugene
Ng Hin Sing Derek

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM:

(i) Mr Ng Hin Sing Derek, being ED, shall retire at least once in every 3 years at the AGM in accordance with the Company's bye-laws and corporate governance code;

(ii) Mr Chan Chi Ming Benson, being newly appointed ED, shall retire at the AGM in accordance with the Company's bye-laws; and

(iii) Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being INEDs, shall retire at the AGM in each year in accordance with their terms of office of directorship.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as margin financing arrangement as disclosed under the heading of "Continuing Connected Transactions" in this section above, no Director had a materially interested in, either directly or indirectly, any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 41 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2017, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

1. Long positions in the Shares

		Number of Shares		
Name	**Capacity**	**Personal**	**Corporate interest**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	—	3.29
		31,605,312	281,767,807	37.70

* The Shares were held by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

2. Long positions in the underlying Shares

Options under share option scheme

Name	Date of grant	Option period	Exercise price per Share (HK$)	Notes	Number of options outstanding as at 1 January 2017	Number of options outstanding as at 31 December 2017	Percentage to issued Shares as at 31 December 2017 (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014–31/8/2018	0.478	(1) & (3)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015–31/12/2019	0.460	(1), (2) & (3)	8,000,000	8,000,000	0.96
Law Ping Wah Bernard	2/9/2014	2/9/2014–31/8/2018	0.478	(3)	6,480,000	6,480,000	0.77
	18/12/2015	18/12/2015–31/12/2019	0.460	(2) & (3)	4,800,000	4,800,000	0.57
Law Ka Kin Eugene	18/12/2015	18/12/2015–31/12/2019	0.460	(2) & (3)	4,800,000	4,800,000	0.57
Ng Hin Sing Derek	2/9/2014	2/9/2014–31/8/2018	0.478	(3)	5,184,000	5,184,000	0.62
	18/12/2015	18/12/2015–31/12/2019	0.460	(2) & (3)	4,800,000	4,800,000	0.57
					40,544,000	40,544,000	4.83

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the substantial Shareholder of the Company.

(2) The options are vested in 4 tranches as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

(3) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(4) No option was granted, exercised, lapsed or cancelled during the year.

(5) The options were held by the Directors in the capacity of beneficial owners.

B. Associated corporations (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.02 each

Name	Capacity	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	1,667,821,069*	33.62

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Mr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares – options under share option scheme

Name	Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2017	Number of options: granted during the year (Notes (2) & (3))	Number of options: outstanding as at 31 December 2017	Percentage to issued shares as at 31 December 2017 (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	40,000,000	—	40,000,000	0.80
	31/8/2017	1/1/2018–31/12/2020	0.253	(2)	—	49,000,000	49,000,000	0.99
Law Ping Wah Bernard	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	40,000,000	—	40,000,000	0.80
	31/8/2017	1/1/2018–31/12/2020	0.253	(2)	—	49,000,000	49,000,000	0.99
Law Ka Kin Eugene	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	20,000,000	—	20,000,000	0.40
Ng Hin Sing Derek	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	16,000,000	—	16,000,000	0.32
					116,000,000	98,000,000	214,000,000	4.30

Notes:

(1) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively, and is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the CFSG Board. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(3) The closing price of the share immediately before the date of grant of options on 31 August 2017 was HK$0.255.

(4) The value of the options granted during the year ended 31 December 2017 was zero as the performance targets set for the options had not been achieved by the end of the year under review, thus no share-based compensation expense was recognised in the financial year ended 31 December 2017.

(5) No option was exercised, lapsed or cancelled during the year.

(6) The options were held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at 31 December 2017, none of the Directors, chief executive or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

THE SHARE OPTION SCHEMES

(A) The Company

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at the AGM held on 21 May 2012. Particulars of the terms of the Share Option Scheme are set out in note 40(A) to the consolidated financial statements.

Details of the movements in the share options to subscribe for Shares granted under the Share Option Scheme during the year are set out below:

Name of scheme	Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2017	lapsed during the year (Note (6))	outstanding as at 31 December 2017
Directors							
The Share Option Scheme	2/9/2014	2/9/2014–31/8/2018	0.478	(1)	18,144,000	—	18,144,000
	18/12/2015	18/12/2015–31/12/2019	0.460	(1)	22,400,000	—	22,400,000
					40,544,000	—	40,544,000
Employees and other grantees							
The Share Option Scheme	2/9/2014	2/9/2014–31/8/2018	0.478	(2) & (4)	20,088,000	(4,278,000)	15,810,000
	18/12/2015	18/12/2015–31/12/2019	0.460	(3) & (4)	26,200,000	(6,800,000)	19,400,000
	18/12/2015	18/12/2015–31/12/2019	0.460	(5)	6,800,000	—	6,800,000
					53,088,000	(11,078,000)	42,010,000
					93,632,000	(11,078,000)	82,554,000

Notes:

(1) Details of the options granted to the directors are set out in the section headed "Directors' Interests in Securities".

(2) The options are vested in 4 tranches period as to 25% each exercisable from 2 September 2014 (the date of grant), 1 September 2015, 1 September 2016 and 1 September 2017 respectively and is subject to the vesting conditions as set out in (4) below.

(3) The options are vested in 4 tranches period as to 25% each exercisable from 18 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (4) below.

(4) The vesting conditions of the options is the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(5) The options must be exercised within one month from the date on which the Board's approval of the vesting of the options and upon satisfactory delivery of services.

(6) The lapsed options were due to cessation of employment of participants with members of the Group.

(7) No option was granted, exercised or cancelled during the year.

(B) The subsidiary

Netfield

The share option scheme of Netfield was adopted on 6 June 2008. Particulars of the terms of the share option scheme of Netfield are set out in note 40(C) to the consolidated financial statements. No option has been granted under the share option scheme of Netfield since the adoption of the scheme.

(C) The associate

CFSG

During the period from 1 January 2016 to 20 June 2017, CFSG was a non-wholly-owned subsidiary of the Company and became an associate of the Company with effect from 20 June 2017.

The CFSG Option Scheme was adopted pursuant to an ordinary resolution passed at a special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008. Particulars of the terms of the CFSG Option Scheme are set out in note 40(B) to the consolidated financial statements.

Details of the movements in the share options to subscribe for shares of HK$0.02 each in CFSG granted under the CFSG Option Scheme during the year are set out below:

					Number of options			
Name of scheme	Date of grant	Option period	Exercise price per share (HK$)	Notes	outstanding as at 1 January 2017	lapsed during the year (Note (6))	granted during the year (Notes (7) & (8))	outstanding as at 31 December 2017
Directors								
CFSG Option Scheme	3/12/2015	3/12/2015–31/12/2019	0.315	(1)	116,000,000	—	—	116,000,000
	31/8/2017	1/1/2018–31/12/2020	0.253	(1)	—	—	98,000,000	98,000,000
					116,000,000	—	98,000,000	214,000,000
Employees and other grantees								
CFSG Option Scheme	3/12/2015	3/12/2015–31/12/2019	0.315	(2) & (3)	192,000,000	(80,000,000)	—	112,000,000
	3/12/2015	3/12/2015–31/12/2019	0.315	(4)	30,000,000	—	—	30,000,000
	31/8/2017	1/1/2018–31/12/2020	0.253	(5)	—	—	121,000,000	121,000,000
	31/8/2017	1/1/2018–31/12/2020	0.253	(4)	—	—	194,400,000	194,400,000
					222,000,000	(80,000,000)	315,400,000	457,400,000
					338,000,000	(80,000,000)	413,400,000	671,400,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' interests in securities" above.

(2) The options are vested in 4 tranches as to 25% each exercisable from 3 December 2015 (the date of grant), 1 January 2017, 1 January 2018 and 1 January 2019 respectively and is subject to the vesting conditions as set out in (3) below.

(3) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the CFSG Board. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options and upon satisfactory delivery of services.

(5) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion. The options must be exercised within one month from the date on which the CFSG Board's approval of the vesting of the options.

(6) The lapsed options were due to cessation of employment of participants with members of the Group.

(7) The closing price of the share immediately before the date of grant of options on 31 August 2017 was HK$0.255.

(8) The value of the options granted during the year ended 31 December 2017 was zero as the performance targets set for the options had not been achieved by the end of the year under review, thus no share-based compensation expense was recognised in the financial year ended 31 December 2017.

(9) No option was exercised or cancelled during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, so far as is known to the Directors and chief executive of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	**Capacity**	**Number of Shares**	**Shareholding** (%)
Hobart Assets Limited (Notes (1) & (2))	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian (Notes (1) & (2))	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	77,404,926	9.31

Notes:

(1) This refers to the same number of the Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Mr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in the section "Directors Interests in Securities" above.

(3) The Shares were held as to 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all these Shares.

Save as disclosed above, as at 31 December 2017, the Directors and chief executive of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of its Shares in the hands of the public in accordance with the Listing Rules as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' REPORT

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 in existence during the year ended 31 December 2017.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the financial year.

DONATIONS

During the year, the Group made charitable donations amounted to approximately HK$1.4 million.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the INEDs in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

AUDITOR

There have been no changes of auditor in the preceding three years.

The consolidated financial statements of the Company for the year were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Bankee P. Kwan, JP
Chairman & CEO

Hong Kong, 22 March 2018

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 74 to 168, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

100 Making another century of impact
德勤百年慶 開創新紀元

Independent Auditor's Report

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Dilution of equity interests in CASH Financial Services Group Limited ("CFSG") and discontinued operation	
We identified the dilution of equity interests in CFSG as a key audit matter due to the critical judgement in determining whether the Group has lost control over CFSG as a subsidiary of the Group under HKFRS 10, the quantification of financial impact arising from the loss of control of CSFG, the disclosures in the consolidated financial statements in relation to the discontinued operation and the assessment for impairment of the investment in CFSG. On 20 June 2017, CFSG issued 826 million new shares to an independent third party and the shareholding interest of the Company in CFSG was diluted from 40.34% to 33.62%. The directors of the Company considered that the Company is no longer in a position to dominate the voting interests and exercise control but maintains significant influence over CFSG. Accordingly, CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017. The Group's financial services operation which is carried out by CFSG was considered as discontinued during the year ended 31 December 2017. The loss of control over CFSG resulted in a gain of approximately HK$262,615,000 during the year ended 31 December 2017. Management of the Group carried out impairment assessment on the carrying amount of its interests in CFSG as a single asset as at 31 December 2017. Further details are set out in notes 4, 22 and 42 to the consolidated financial statements.	Our procedures in relation to the dilution of equity interests in CFSG and discontinued operation included: • reviewing the management's assessment of control over CFSG based on whether the Group has the practical ability to direct the relevant activities of CFSG unilaterally under HKFRS 10 or exercise significant influence over CFSG under HKAS 28; • evaluating the mathematical accuracy of the gain on loss of control over CFSG; • assessing the adequacy and completeness of the disclosures of the discontinued operation; and • understanding the method used to assess impairment of investment in associate, evaluating the impairment assessment of interests in CFSG performed by management of the Group and checking the impairment calculations.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on sales of furniture and household goods and electrical appliances	
We identified revenue recognition on sales of furniture and household goods and electrical appliances as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income. In addition, due to the significant volume of transactions and the heavy reliance on the supporting computer systems, minor errors could, in aggregate, have a material impact on the consolidated financial statements An analysis of the Group's revenue for the year is set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition on sales of furniture and household goods and electrical appliances included: • understanding the revenue business process and controls regarding the retailing segment; • testing the key controls over the recognition of sales of furniture and household goods and electrical appliances; • testing the general automated controls surrounding major technology applications and critical interfaces of computer systems related to the sales of furniture and household goods and electrical appliances; • testing the completeness and accuracy of information capture; and • using regression analysis techniques based on historical data on sales and cost of sales to perform substantive analytical procedures on revenue.

Other Information

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lui Chi Wang.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000 (Restated)
Continuing operations			
Revenue	5	**1,333,041**	1,443,055
Cost of inventories	13	**(748,200)**	(821,073)
Other income	7	**10,503**	8,294
Other gains and losses	8	**14,459**	74,427
Salaries, allowances and related benefits	9	**(243,648)**	(213,468)
Other operating, administrative and selling expenses		**(403,573)**	(443,092)
Depreciation of property and equipment		**(22,841)**	(26,100)
Finance costs	10	**(7,085)**	(6,501)
(Loss) profit before loss arising from an associate and taxation		**(67,344)**	15,542
Share of loss of an associate	22	**(2,938)**	—
Impairment loss recognised on interests in an associate	22	**(125,760)**	—
(Loss) profit before taxation		**(196,042)**	15,542
Income tax expense	12	**(3,715)**	(6,597)
(Loss) profit for the year from continuing operations	13	**(199,757)**	8,945
Discontinued operation			
Profit (loss) for the year from discontinued operation	14	**223,645**	(68,112)
Profit (loss) for the year		**23,888**	(59,167)
Other comprehensive (expense) income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(941)**	1,591
Reclassification of translation reserve upon loss of control of a subsidiary		**552**	—
Share of other comprehensive income of an associate		**276**	—
		(113)	1,591
Total comprehensive income (expense) for the year		**23,775**	(57,576)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 HK$'000 (Restated)
(Loss) profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**(201,220)**	6,428
— from discontinued operation		**246,702**	(37,567)
		45,482	(31,139)
Non-controlling interests			
— from continuing operations		**1,463**	2,517
— from discontinued operation		**(23,057)**	(30,545)
		(21,594)	(28,028)
		23,888	(59,167)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**45,369**	(28,833)
Non-controlling interests		**(21,594)**	(28,743)
		23,775	(57,576)
Earnings (loss) per share	15		
From continuing and discontinued operations			
— Basic (HK cents)		**5.47**	(3.75)
— Diluted (HK cents)		**5.47**	(3.74)
From continuing operations			
— Basic (HK cents)		**(24.21)**	0.77
— Diluted (HK cents)		**(24.21)**	0.77

Consolidated Statement of Financial Position

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property and equipment	17	**42,352**	63,911
Investment properties	18	**—**	16,508
Goodwill	19	**39,443**	60,049
Intangible assets	20	**43,460**	53,212
Interests in an associate	22	**363,585**	—
Available-for-sale financial assets	23	**—**	8,415
Rental and utilities deposits		**31,660**	43,138
Other assets	24	**—**	8,567
Deferred tax assets	12	**6,550**	5,550
		527,050	259,350
Current assets			
Inventories — finished goods held for sale		**40,791**	56,605
Accounts and other receivables	25	**160,352**	645,108
Loans receivable	26	**9,618**	7,881
Amount due from an associate	22	**1,764**	—
Tax recoverable		**3,163**	1,948
Investments held for trading	28	**11,025**	33,317
Bank deposits subject to conditions	29	**41,974**	66,601
Bank balances — trust and segregated accounts	27	**—**	819,803
Bank balances (general accounts) and cash	27	**209,031**	629,553
		477,718	2,260,816
Current liabilities			
Accounts payable	30	**187,180**	1,168,913
Accrued liabilities and other payables	31	**118,712**	168,064
Taxation payable		**13,452**	14,968
Obligations under finance leases — amount due within one year	32	**39**	407
Borrowings — amount due within one year	33	**195,175**	395,055
		514,558	1,747,407
Net current (liabilities) assets		**(36,840)**	513,409
Total assets less current liabilities		**490,210**	772,759

Consolidated Statement of Financial Position (continued)

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital	34	**83,122**	83,122
Reserves		**425,001**	378,798
Equity attributable to owners of the Company		**508,123**	461,920
Non-controlling interests	35	**(24,562)**	293,270
Total equity		**483,561**	755,190
Non-current liabilities			
Deferred tax liabilities	12	**6,649**	6,689
Obligations under finance leases — amount due after one year	32	**—**	235
Borrowings — amount due after one year	33	**—**	10,645
		6,649	17,569
		490,210	772,759

The consolidated financial statements on pages 74 to 168 were approved and authorised for issue by the board of directors on 22 March 2018 and are signed on its behalf by:

KWAN PAK HOO BANKEE
DIRECTOR

LAW PING WAH BERNARD
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

		Attributable to owners of the Company											
	Notes	Share capital HK$'000	Share premium HK$'000 (Note (a))	Contributed surplus HK$'000 (Notes (b)&(c))	General reserve HK$'000	Other reserve HK$'000 (Note (d))	Translation reserve HK$'000	Share option reserve HK$'000	Revaluation reserve HK$'000 (Note (e))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000 (note 35)	Total HK$'000
At 1 January 2016		83,122	591,437	88,926	1,160	59,649	9,406	4,458	11,164	(359,423)	489,899	322,013	811,912
Loss for the year		—	—	—	—	—	—	—	—	(31,139)	(31,139)	(28,028)	(59,167)
Other comprehensive income (expense) for the year		—	—	—	—	—	2,306	—	—	—	2,306	(715)	1,591
Total comprehensive income (expense) for the year		—	—	—	—	—	2,306	—	—	(31,139)	(28,833)	(28,743)	(57,576)
Recognition of equity-settled share-based payments	40	—	—	—	—	—	—	854	—	—	854	—	854
Effect of lapsed share options	40	—	—	—	—	—	—	(280)	—	280	—	—	—
At 31 December 2016		83,122	591,437	88,926	1,160	59,649	11,712	5,032	11,164	(390,282)	461,920	293,270	755,190
Profit for the year		—	—	—	—	—	—	—	—	45,482	45,482	(21,594)	23,888
Other comprehensive expense for the year		—	—	—	—	—	(113)	—	—	—	(113)	—	(113)
Total comprehensive (expense) income for the year		—	—	—	—	—	(113)	—	—	45,482	45,369	(21,594)	23,775
Recognition of equity-settled share-based payments	40	—	—	—	—	—	—	761	—	—	761	—	761
Effect of lapsed share options	40	—	—	—	—	—	—	(648)	—	648	—	—	—
Issue of new shares by a subsidiary		—	—	—	—	—	—	—	—	—	—	231,281	231,281
Elimination upon loss of control of a subsidiary	42	—	—	—	—	—	—	—	—	—	—	(527,407)	(527,407)
Acquisition of additional interest in a non-wholly owned subsidiary	36	—	—	—	—	73	—	—	—	—	73	(112)	(39)
At 31 December 2017		**83,122**	**591,437**	**88,926**	**1,160**	**59,722**	**11,599**	**5,145**	**11,164**	**(344,152)**	**508,123**	**(24,562)**	**483,561**

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2017

Notes:

(a) Under the Companies Act 1981 of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) Under the Companies Act 1981 of Bermuda, contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

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

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

(c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1994 and the nominal value of the issued share capital of the Company issued in exchange thereof, and the net amount arising from the reduction of share premium account, capital reduction and the amounts transferred to set-off accumulated losses.

(d) The other reserve of the Group represents the reserve arising from the distribution of shares of CASH Financial Services Group Limited ("CFSG") (formerly known as CASH on-line Limited) in year 2000 and the effect arising from the change in the Group's ownership interest in existing subsidiaries without losing control.

  Movement of other reserves arose from the effect due to changes in the Group's ownership interests in existing subsidiaries without losing control. Details of change in shareholding in subsidiaries without losing control during the year ended 31 December 2017 are disclosed in note 36.

(e) Revaluation reserve of HK$11,164,000 represented the adjustment to the fair value of trademark (included in the intangible assets) related to previously held interest in an associate when the Group acquired additional interest and obtained control over the associate.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Operating activities			
Profit (loss) before taxation		**27,603**	(54,772)
Adjustments for:			
Allowance of impaired accounts receivable, net	14	**15,372**	1,553
Impairment of other receivables	14	**—**	1,632
Depreciation of property and equipment	17	**26,116**	35,644
Share-based payments		**761**	854
Write-down of inventories	13	**4,873**	4,540
Fair value change on investment properties	18	**—**	13,593
Interest expense	10 & 14	**9,711**	11,545
Interest income	7 & 14	**(12,311)**	(18,811)
Dividend income	7 & 14	**(1,113)**	(1,231)
Loss on disposal/write-off of property and equipment	8 & 14	**351**	2,592
Gain on losing control/disposal of a subsidiary	42	**(262,615)**	(2,623)
Share of loss of an associate	22	**2,938**	—
Impairment loss recognised on interests in an associate	22	**125,760**	—
Operating cashflow before movements in working capital		**(62,554)**	(5,484)
Decrease in inventories		**10,941**	2,237
(Increase) decrease in of statutory and other deposits		**(597)**	1,712
Decrease in accounts receivable		**120,629**	174,284
Decrease (increase) in loans receivable		**13**	(32)
Increase in prepayments, deposits and other receivables		**(115,851)**	(1,323)
Decrease in listed investments held for trading		**7,370**	35,554
Decrease in financial assets designated at FVTPL		**—**	13,161
(Increase) decrease in bank balances – trust and segregated accounts		**(12,254)**	127,007
Increase (decrease) in accounts payable		**15,573**	(469,495)
Increase (decrease) in accrued liabilities and other payables		**23,894**	(29,956)
Decrease in financial liabilities designated at FVTPL		**—**	(13,161)
Net cash used in operations		**(12,836)**	(165,496)
Interest income received		**12,010**	18,225
Income taxes refunded		**1,457**	23
Income taxes paid		**(7,189)**	(14,601)
Net cash used in operating activities		**(6,558)**	(161,849)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Investing activities			
Interest received		**339**	426
Dividend received		**1,113**	1,231
Placement of bank deposits subject to conditions		**(423)**	(26,601)
Refund of bank deposits subject to conditions		**—**	4,000
Advance of loan receivable		**(5,764)**	(4,000)
Repayment of loan receivable		**2,126**	820
Proceeds from disposal of property and equipment		**362**	48
Purchase of property and equipment		**(15,402)**	(24,434)
Proceeds from disposal of investment properties		**—**	17,103
Deposit received from disposal of subsidiary	31	**—**	50,000
Deposit refunded in relation to disposal of subsidiary	31	**(50,000)**	—
Net cash (outflow) inflow from loss of control/disposal of a subsidiary	42	**(551,222)**	139,765
Repayment from an associate		**600**	—
Net cash (used in) from investing activities		**(618,271)**	158,358
Financing activities			
Purchase of additional interest in a non-wholly owned subsidiary	36	**(39)**	—
Proceeds on issue of shares to non-controlling interest		**231,281**	—
Increase (decrease) in bank borrowings for margin financing	44	**30,241**	(14,571)
Drawdown of borrowings	44	**473,462**	635,888
Repayment of borrowings	44	**(521,275)**	(612,600)
Repayment of obligations under finance leases	44	**(603)**	(396)
Interest paid on obligations under finance leases	44	**(12)**	(22)
Interest paid on borrowings	44	**(9,699)**	(11,523)
Net cash from (used in) financing activities		**203,356**	(3,224)
Net decrease in cash and cash equivalents		**(421,473)**	(6,715)
Cash and cash equivalents at beginning of year		**629,553**	636,632
Effect of foreign exchange rate changes		**951**	(364)
Cash and cash equivalents at end of year		**209,031**	629,553
Being:			
Bank balances (general accounts) and cash		**209,031**	629,553

Notes to the Consolidated Financial Statements
For the year ended 31 December 2017

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of this annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 46.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of annual improvements to HKFRSs 2014–2016 cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 44. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 44, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance contracts[4]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) – Int 23	Uncertainty over income tax treatments[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014–2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 "Financial instruments" (continued)

The directors of the Company has reviewed the Group's financial assets as at 31 December 2017 and expect all financial assets are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, except for financial assets that are subject to expected credit loss measurement, the Group's financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its accounts receivable under HKFRS 9. With regard to the receivables from securities brokers and bank balances and deposits as disclosed in notes 26, 27 and 29, the directors of the Company consider that they have low credit risk given their strong credit rating and hence expect to recognise 12 month expected credit losses.

Based on the assessment by the directors of the Company, the application of the expected credit loss model is not likely to have material impact on the results and consolidated financial position of the Group.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In April 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group sells goods directly to customers within their retail stores. Currently under HKAS 18, revenue from the sale of goods arising from retailing business is recognised upon transfer of significant risks and rewards of ownership of the goods, which is when the goods are delivered and titles have passed. Under HKFRS 15, revenue will be recognised when control over the goods is transferred to the customer. Furthermore, rights of return by customers (contractual or otherwise established through customary business practices) are subject to variable consideration constraint upon application of HKFRS 15.

The Group has assessed the impact of HKFRS 15 and expects that application of the standard will have no significant impact on the recognition of revenue from the sale of goods arising from retailing business. However, the application may result in more disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 "Leases"

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced with a single model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease lability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitment of HK$325,069,000 as disclosed in note 37. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits paid as at 31 December 2017 of HK$53,612,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments care considered as additional lease payments. Adjustments to refundable rental deposit paid would be included in the initial measurement of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as disclosed above, the directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (or any of the cash-generating unit with group of cash-generating units in which the Group monitors goodwill).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate

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 over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue or income arising from financial services are recognised on the following basis:

- Commission income for broking business is recorded as income on a trade date basis;

- Underwriting commission income, sub-underwriting income and placing commission are recognised as income in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed;

- Advisory and other fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from the sale of goods arising from retailing business is recognised when the goods are delivered and titles have passed.

Service income from online game business are recognised when services are provided.

Other interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

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.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchanges prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution plans including state-managed benefit scheme and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the amount as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property 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 the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on nature and purpose of financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designed as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 39.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's rights to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, loans receivable, deposits and other receivables, amount due from an associate, bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of loans and receivables, such as loans receivable and accounts receivable, amounts that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised costs, the amount of impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For AFS equity investments carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of accounts receivable and loans receivable where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a 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
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 39.

Financial liabilities at amortised cost

Other financial liabilities (including accounts payable, other payables and borrowings) are subsequently measured at amortised, cost using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Share options granted to employees of the Group for their services to the Group

The fair value of services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted at the grant date without taking into account any service and non-market performance vesting conditions. Services and non-market performance vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option reserve.

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

In case of share options granted by a subsidiary, the share option reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction in accordance with HKFRS 10 "Consolidated financial statements" if the exercise of share options does not constitute a loss of the Group's control over the subsidiary. 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 option reserve will be transferred to retained profits of the Group and non-controlling interests' share of net assets of that subsidiary according to the proportion of interests held by the Group and non-controlling shareholders on consolidation.

Share options granted to other service providers

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Control over CFSG

The Group's shareholding in CFSG was approximately 40.34% for the period from 1 January 2017 to 20 June 2017 (2016: 40.34% throughout the year). On 20 June 2017, CFSG issued 826 million new shares to an independent third party and the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62%. The directors of the Company assessed whether the Group has control over CFSG based on whether the Group has the practical ability to direct the relevant activities of CFSG unilaterally. In making their judgement, the directors of the Company considered the Group's dominant voting interest relative to the size and dispersion of holdings of the other vote holders, rights arising from other contractual arrangements, participation rates of shareholders and voting patterns in previous shareholders' meetings. The directors of the Company concluded that the Group had control over CFSG despite its voting rights being less than 50% and that CFSG qualified as a subsidiary of the Group under HKFRS 10 for the period from 1 January 2017 to 20 June 2017 and the year ended 31 December 2016. Upon issuance of new shares by CFSG to an independent party on 20 June 2017, which constitutes 16.65% of enlarged interests in CFSG, the directors of the Company considered that the Group is no longer in a position to dominate the voting interest and exercise control but maintains significant influence over CFSG. Accordingly, CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017.

Classification of interests in an associate

On 7 and 29 November 2017, the Company made an announcement and issued a circular relating to the possible disposal of 1,667,821,069 shares of CFSG (entire shares of CFSG held by the Group) at not less than HK$0.31 per share, or approximately HK$517,025,000 in aggregate (the "Disposal Mandate"). The Disposal Mandate has been approved by a special general meeting held on 18 December 2017. Up to the date of approval for issuance of the consolidated financial statements, the Group has not entered into any formal agreement or commitment to sell the shares of CFSG. In addition, the share price of CFSG since the date of approval of Disposal Mandate by CFSG's shareholders is significantly lower than HK$0.31 per share. As a result, the directors of the Company considered that the disposal of CFSG's shares is not highly probable and continue to present interests in an associate as non-current assets in the consolidated statement of financial position as at 31 December 2017.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position in relation to deductible temporary differences and estimated unused tax losses of approximately HK$49,716,000 and HK$847,826,000 respectively (2016: HK$51,474,000 and HK$872,028,000) due to the unpredictability of future profit streams of the relevant subsidiaries and the Company. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are different to expected, or changes in facts and circumstances which result in revision of future taxable profits estimation, future recognition of deferred tax assets in relation to deductible temporary differences and unutilised tax losses may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill and intangible assets with indefinite life

Determining whether goodwill and intangible assets with indefinite life are impaired requires an estimation of recoverable amounts of relevant intangible assets and the respective cash generating units ("CGU") in which the goodwill and intangible assets with indefinite life have been allocated, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, 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 belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGU and a suitable discount rate in order to calculate the present value. The discount rate reflects current market assessments of time value of money and the risks specific to the asset or 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, a material impairment loss may arise. Details of the recoverable amount calculation of assets or CGU are disclosed in note 21.

Impairment assessment of interests in CFSG

Determining whether interests in CFSG are impaired requires an estimation of the recoverable amount of the interests in CFSG which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate its share of the present value of the future cash flows expected to be generated by CFSG based on the cash flows from the operations of CFSG, the proceeds on the ultimate disposal of CFSG and a suitable discount rate in order to calculate the present value. The fair value less costs of disposal of CFSG was determined based on the closing price of shares of CFSG listed on the Stock Exchange. Where the value in use or fair value less costs of disposal are less than or more than expected, or upon the management's revision of estimated cash flows for the purpose of determining the value in use due to changes in conditions, facts and circumstances, an additional impairment loss or reversal of impairment loss may arise.

As at 31 December 2017, the carrying amount of the Group's interests in CFSG was approximately HK$363,585,000 (2016: nil). An impairment loss of approximately HK$125,760,000 (2016: nil) was recognised in profit or loss during the year. Details of the recoverable amount calculation are disclosed in note 22.

5. REVENUE

	2017 **HK$'000**	2016 HK$'000 (Restated)
An analysis of the Group's revenue for the year is as follows:		
Sales of furniture and household goods and electrical appliances, net of discounts and returns	**1,332,015**	1,440,493
Online game subscription income and licensing income	**1,026**	2,562
	1,333,041	1,443,055

6. SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments for continuing operations are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Online game services	Provision of online game services, sales of online game auxiliary products and licensing services

The financial services segment was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 14. Accordingly, the segment information for the year ended 31 December 2016 has been re-presented.

Segment revenue and results

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

For the year ended 31 December 2017

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Continuing operations			
Revenue	**1,332,015**	**1,026**	**1,333,041**
Segment profit (loss)	**19,367**	**(1,936)**	**17,431**
Unallocated other income, gain and losses			**18,513**
Corporate expenses			**(102,965)**
Share of loss of an associate			**(2,938)**
Impairment loss recognised on interests in an associate			**(125,760)**
Unallocated finance costs			**(323)**
Loss before taxation			**(196,042)**

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2016 (Re-presented)

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Continuing operations			
Revenue	1,440,493	2,562	1,443,055
Segment profit (loss)	34,475	(1,996)	32,479
Unallocated other income, gain and losses			78,860
Corporate expenses			(95,588)
Unallocated finance costs			(209)
Profit before taxation			15,542

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses, share of loss of an associate, impairment loss recognised on interests in an associate and certain finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

As at 31 December 2017

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	**474,491**	**1,939**	**476,430**
Unallocated property and equipment			**5,770**
Interests in an associate			**363,585**
Tax recoverable			**3,163**
Deferred tax assets			**6,550**
Loans receivable			**9,618**
Amount due from an associate			**1,764**
Investments held for trading			**11,025**
Unallocated prepayments, deposits and other receivables			**104,570**
Unallocated bank balances and cash			**22,293**
Total assets			**1,004,768**
LIABILITIES			
Segment liabilities	**452,422**	**3,266**	**455,688**
Unallocated accrued liabilities and other payables			**45,379**
Taxation payable			**13,452**
Deferred tax liabilities			**6,649**
Obligations under finance leases			**39**
Total liabilities			**521,207**

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2016 (Re-presented)

	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS			
Segment assets — continuing operations	491,309	2,140	493,449
— discontinued operation			1,704,522
Total segment assets			2,197,971
Investment properties			16,508
Unallocated property and equipment			9,224
Available-for-sale financial assets			8,415
Tax recoverable			1,948
Deferred tax assets			5,550
Unallocated accounts and loans receivable			169,334
Investments held for trading			11,591
Unallocated prepayments, deposits and other receivables			7,261
Unallocated bank balances and cash			92,364
Total assets			2,520,166
LIABILITIES			
Segment liabilities — continuing operations	450,589	3,539	454,128
— discontinued operation			1,155,229
Total segment liabilities			1,609,357
Unallocated accrued liabilities and other payables			86,360
Taxation payable			11,968
Deferred tax liabilities			6,649
Obligations under finance leases			642
Unallocated borrowings			50,000
Total liabilities			1,764,976

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

- all assets are allocated to the reportable and operating segment other than certain property and equipment, investment properties, available for-sale financial assets, interests in an associate, tax recoverable, deferred tax assets, certain accounts and loans receivable, investments held for trading, amount due from an associate, certain prepayments, deposits and other receivables and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, taxation payable, deferred tax liabilities, obligations under finance leases and certain borrowings.

6. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2017

	Retailing HK$'000	**Online game services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	**15,490**	**—**	**64**	**15,554**
Interest income	**271**	**2**	**28**	**301**
Depreciation of property and equipment	**19,693**	**9**	**3,139**	**22,841**
Finance costs	**6,762**	**—**	**323**	**7,085**
Net gain on investments held for trading	**—**	**—**	**13,223**	**13,223**
Write-down on inventories	**4,873**	**—**	**—**	**4,873**
Loss on disposal/write-off of property and equipment	**351**	**—**	**—**	**351**

For the year ended 31 December 2016 (Re-presented)

	Retailing HK$'000	Online game services HK$'000	Unallocated HK$'000	Total HK$'000
Continuing operations				
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	13,640	—	490	14,130
Interest income	227	—	359	586
Depreciation of property and equipment	22,625	43	3,432	26,100
Finance costs	6,292	—	209	6,501
Net gain on investments held for trading	—	—	83,869	83,869
Write-down on inventories	4,540	—	—	4,540
Loss (gain) on disposal/write-off of property and equipment	1,930	—	(37)	1,893

6. SEGMENT INFORMATION (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Sales of furniture and household goods	**1,196,572**	1,276,098
Sales of electrical appliances	**135,443**	164,395
Income from online game services	**1,026**	2,562
	1,333,041	1,443,055

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding those relating to discontinued operation and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2017 HK$'000	2016 HK$'000 (Restated)	**2017 HK$'000**	2016 HK$'000 (Restated)
Continuing operations				
Hong Kong	**1,332,007**	1,440,470	**519,934**	191,022
PRC	**1,034**	2,585	**566**	528
	1,333,041	1,443,055	**520,500**	191,550

No customers individually contributed over 10% of the Group's revenue during both years.

7. OTHER INCOME

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Dividends from listed investments held for trading	**798**	529
Interest income	**301**	586
Sundry income	**9,404**	7,179
	10,503	8,294

8. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Net gain on investments held for trading	**13,223**	83,869
Loss on disposal/write-off of property and equipment	**(351)**	(1,893)
Net foreign exchange gain (loss)	**1,587**	(7,549)
	14,459	74,427

9. SALARIES, ALLOWANCES AND RELATED BENEFITS

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Salaries, allowances and related benefits represent the amounts paid and payable to the directors of the Company and employees comprises of:		
Salaries and allowances	**203,702**	170,518
Sales commission	**28,965**	33,142
Contributions to retirement benefits schemes	**10,220**	8,954
Share-based payments	**761**	854
	243,648	213,468

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Interest on:		
— Bank overdrafts and borrowings	**7,073**	6,479
— Finance lease	**12**	22
	7,085	6,501

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration

Directors' and Chief Executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Executive directors					Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Law Ping Wah Bernard HK$'000	Kwok Lai Ling Elaine HK$'000	Law Ka Kin Eugene HK$'000	Ng Hin Sing Derek HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2017									
Fee	—	—	—	—	—	150	150	—	300
Other remuneration:									
Salaries and allowances	1,728	1,128	2,160	2,928	1,620	—	—	—	9,564
Performance related bonuses	2,000	1,000	400	500	400	—	—	—	4,300
Contributions to retirement benefit scheme	73	56	108	120	81	—	—	—	438
Total remuneration	3,801	2,184	2,668	3,548	2,101	150	150	—	14,602

Note:

(1) Mr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's remuneration (continued)

	Executive directors					Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Law Ping Wah Bernard HK$'000	Kwok Lai Ling Elaine HK$'000 (Note (2))	Law Ka Kin Eugene HK$'000	Ng Hin Sing Derek HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2016									
Fee	—	—	—	—	—	150	150	—	300
Other remuneration:									
Salaries and allowances	1,791	1,488	764	2,858	1,470	—	—	—	8,371
Performance related bonuses	—	—	—	460	260	—	—	—	720
Contributions to retirement benefit scheme	90	74	38	120	77	—	—	—	399
Total remuneration	1,881	1,562	802	3,438	1,807	150	150	—	9,790

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

(2) Ms Kwok Lai Ling Elaine was appointed as director of the Company on 23 August 2016.

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors are mainly for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

The performance related bonuses (if any) of executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to the performance in discharging their duties and responsibilities within the Group, the Group's performance and prevailing market situation.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Employees' remuneration

The five highest paid employees of the Group during the year included five directors (2016: two directors), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining nil (2016: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and allowances	—	4,110
Contributions to retirement benefit scheme	—	282
Performance related bonuses (Note)	—	1,294
	—	5,686

Note: The performance related bonuses are based on the performance of individuals and market trends.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of Employees	
	2017	2016
HK$1,500,001 to HK$2,000,000	—	2
HK$2,000,001 to HK$2,500,000	—	1

12. INCOME TAX EXPENSE

	2017	2016
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	**4,150**	6,700
Under(over)provision in prior years	**565**	(753)
Deferred tax (credit) charge	**(1,000)**	650
	3,715	6,597

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

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC income tax has been made as they incurred tax losses in both years.

12. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the (loss) profit before taxation from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
(Loss) profit before taxation from continuing operations	**(196,042)**	15,542
Tax at domestic income tax rate of 16.5% (2016: 16.5%)	**(32,347)**	2,564
Tax effect of share of loss of an associate	**485**	—
Under(over)provision in prior years	**565**	(753)
Tax effect of expenses not deductible for tax purpose	**31,797**	13,242
Tax effect of income not taxable for tax purpose	**(4,702)**	(12,388)
Tax effect of deductible temporary difference not recognised	**464**	522
Tax effect of utilisation of deductible temporary difference previously not recognised	**(754)**	—
Tax effect of estimated tax losses not recognised	**8,559**	5,195
Tax effect of utilisation of estimated tax losses previously not recognised	**(312)**	(2,071)
Others	**(40)**	286
Income tax expense	**3,715**	6,597

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

Deferred tax assets

	Decelerated tax depreciation HK$'000
At 1 January 2016	6,200
Charge to profit or loss for the year	(650)
At 31 December 2016	5,550
Credit to profit or loss for the year	1,000
At 31 December 2017	6,550

12. INCOME TAX EXPENSE (continued)

Deferred tax liabilities

	Revaluation of investment properties	**Fair value adjustment on intangible assets under business combination**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2016	(5,786)	(6,649)	(12,435)
Derecognised on disposal of a subsidiary (note 42)	3,377	—	3,377
Credit to profit or loss for the year	2,369	—	2,369
At 31 December 2016	(40)	(6,649)	(6,689)
Eliminated on loss of control of CFSG (note 42)	40	—	40
At 31 December 2017	—	(6,649)	(6,649)

As at 31 December 2017, the Group has deductible temporary differences in respect of decelerated tax depreciation and estimated unused tax losses of approximately HK$49,716,000 and HK$847,776,000 (2016: HK$51,474,000 and HK$872,028,000) available for offset against future profits, while HK$69,992,000 (2016: HK$39,134,000) of estimated unused tax losses from certain subsidiaries operating in the PRC expired and HK$4,242,000 was reduced due to loss of control of CFSG during the year ended 31 December 2017 (2016: HK$3,290,000 was reduced due to disposal of a subsidiary). No deferred tax asset has been recognised as at 31 December 2017 and 31 December 2016 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised, and it is also uncertain whether sufficient future taxable profits will be available in future to offset the amount.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$106,955,000 (2016: HK$174,682,00) will expire in various dates up to 2021 (2016: 2020). The remaining unrecognised tax losses of the Group can be carried forward indefinitely.

13. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2017	2016
	HK$'000	HK$'000
		(Restated)
(Loss) profit for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**2,080**	2,080
Operating lease rentals in respect of land and buildings:		
Minimum lease payments	**201,537**	230,933
Contingent rents (Note)	**2,638**	2,203
Handling expenses for securities dealing	**7,825**	22,175
Advertising and promotion expenses	**31,203**	31,957
Utilities expenses	**22,846**	26,427
Telecommunication expenses	**11,151**	15,421
Legal and professional fees	**20,110**	16,359
Other selling and distribution expenses	**49,943**	52,706
Cost of inventories in retailing business (including write-down of inventories of HK$4,873,000 (2016: HK$4,540,000))	**748,200**	821,073

Note: The contingent rents are determined based on certain percentage of the gross sales of the relevant shops when the sales meet certain specified level.

14. DISCONTINUED OPERATION

On 20 June 2017, CFSG issued 826,000,000 new shares to an independent third party and the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62%. Upon completion of the issuance of new shares by CFSG, the directors of the Company considered that the Group was no longer in a position to dominate the voting interest and exercise control but maintains significant influence over CFSG. Accordingly, CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017. The Group's financial services operation which is carried out by CFSG was considered as discontinued during the year ended 31 December 2017.

14. DISCONTINUED OPERATION (continued)

The loss for the period/year from the financial services operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the financial services business as a discontinued operation.

	1.1.2017 to 20.6.2017 HK$'000	1.1.2016 to 31.12.2016 HK$'000
Loss of financial services operation for the period/year	**(38,970)**	(68,112)
Gain on disposal of financial services operation (see note 42)	**262,615**	—
Profit (loss) for the period/year from discontinued operation	**223,645**	(68,112)
Profit (loss) for the period/year attributable to:		
Owners of the Company	**246,702**	(37,567)
Non-controlling interests	**(23,057)**	(30,545)
Profit (loss) for the period/year from discontinued operation	**223,645**	(68,112)

The results of the discontinued operation for the period from 1 January 2017 to 20 June 2017, which have been included in the consolidated statement of comprehensive income, are as follows:

	1.1.2017 to 20.6.2017 HK$'000	1.1.2016 to 31.12.2016 HK$'000
Revenue	**61,246**	149,916
Other income	**582**	3,267
Other gains and losses	**(12,088)**	(3,078)
Salaries, allowance and related benefits	**(34,496)**	(62,104)
Commission expenses	**(19,995)**	(51,373)
Other operating and administrative expenses	**(28,318)**	(78,761)
Depreciation of property and equipment	**(3,275)**	(9,544)
Finance costs	**(2,626)**	(5,044)
Fair value change on investment properties	**—**	(13,593)
Loss before taxation	**(38,970)**	(70,314)
Income tax credit	**—**	2,202
Loss for the period/year	**(38,970)**	(68,112)

14. DISCONTINUED OPERATION (continued)

	1.1.2017 to 20.6.2017 HK$'000	1.1.2016 to 31.12.2016 HK$'000
Loss for the period/year from discontinued operation has been arrived at after charging (crediting):		
Interest income (included in revenue of discontinued operation)	**(12,010)**	(18,225)
Dividends from listed investments held for trading	**(315)**	(702)
Net (gain) loss on investments held for trading	**(3,284)**	693
Loss on disposal/write-off of property and equipment	**—**	699
Net foreign exchange (gain) loss	**(986)**	1,124
Allowance of impaired accounts receivable, net	**15,372**	1,553
Impairment on other receivables	**—**	1,632
Gain on disposal of a subsidiary (note 42)	**—**	(2,623)
Salaries and allowances	**33,007**	58,126
Contributions to retirement benefits schemes	**1,489**	3,978
	34,496	62,104
Auditor's remuneration	**960**	1,920
Operating lease rentals in respect of land and buildings		
— Minimum lease payments	**11,817**	23,820
Handling expenses for securities dealing	**34,916**	12,741
Advertising and promotion expenses	**1,483**	4,897
Utilities expenses	**746**	1,804
Telecommunication expenses	**2,345**	13,112
Legal and professional fees	**1,865**	4,910

No tax charge or credit arose on gain on discontinuance of the operation.

During the year ended 31 December 2017, financial services operation paid HK$39.4 million (2016: HK$123.3 million) from the Group's net operating cash flows, paid HK$1.0 million (2016: contributed HK$128.2 million) in respect of investing activities and contributed HK$257.2 million (2016: paid HK$40.5 million) in respect of financing activities.

15. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2017 HK$'000	2016 HK$'000
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**45,482**	(31,139)

The denominators used are the same as those detailed below for the (loss) earnings per share from continuing operation.

15. EARNINGS (LOSS) PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the owners of the Company is based on the following information:

	2017	2016
	HK$'000	HK$'000
(Loss) profit figures are calculated as follow:		
Profit (loss) for the year attributable to the owners of the Company	**45,482**	(31,139)
Less: (Profit) loss for the year from discontinued operation	**(246,702)**	37,567
(Loss) profit for the purposes of basic and diluted (loss) earnings per share from continuing operations	**(201,220)**	6,428

	2017	2016
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share from continuing operations	**831,222**	831,222
Effect of dilutive potential ordinary shares:		
Share options	**—**	1,973
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share from continuing operations	**831,222**	833,195

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the year ended 31 December 2017 because they are antidilutive in calculating the diluted loss per share.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK29.68 cents per share (2016: Basic and diluted loss per share from the discontinued operation is HK4.52 cents and HK4.51 cents, respectively), based on the profit for the year from discontinued operation of HK$246,702,000 (2016: loss of HK$37,567,000). The denominators used are the same as these detailed above for the (loss) earnings per share from continuing operations.

16. DIVIDENDS

No dividend was paid or proposed during 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

17. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2016	157,175	122,144	5,637	284,956
Additions	10,048	8,047	415	18,510
Disposals/written off	(15,449)	(32,701)	(1,992)	(50,142)
Exchange adjustments	(125)	(367)	—	(492)
At 31 December 2016	151,649	97,123	4,060	252,832
Additions	8,851	7,704	—	16,555
Eliminated on loss of control of CFSG	(18,975)	(43,569)	—	(62,544)
Disposals/written off	(15,360)	(20,560)	(749)	(36,669)
Exchange adjustments	122	334	—	456
At 31 December 2017	126,287	41,032	3,311	170,630
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2016	111,022	85,912	4,271	201,205
Provided for the year	22,423	12,786	435	35,644
Eliminated on disposals/written off	(13,832)	(31,678)	(1,992)	(47,502)
Exchange adjustments	(125)	(301)	—	(426)
At 31 December 2016	119,488	66,719	2,714	188,921
Provided for the year	15,454	10,294	368	26,116
Eliminated on loss of control of CFSG	(17,010)	(34,230)	—	(51,240)
Eliminated on disposals/written off	(15,356)	(20,213)	(387)	(35,956)
Exchange adjustments	122	315	—	437
At 31 December 2017	102,698	22,885	2,695	128,278
CARRYING AMOUNTS				
At 31 December 2017	23,589	18,147	616	42,352
At 31 December 2016	32,161	30,404	1,346	63,911

The above property and equipment are depreciated on a straight-line basis over the following years:

Leasehold improvements	The shorter of the lease terms and 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

The carrying amounts of motor vehicles include amounts of approximately HK$326,000 (2016: HK$972,000) in respect of assets held under finance leases as at 31 December 2017.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2016	188,583
Disposal	(17,103)
Net decrease in fair value recognised in profit or loss	(13,593)
Disposals arising from disposal of a subsidiary (note 42)	(140,400)
Exchange adjustments	(979)
At 31 December 2016	16,508
Eliminated on loss of control of CFSG (note 42)	(16,508)
At 31 December 2017	—
Unrealised gain on property revaluation included in fair value change on investment properties:	
For the year ended 31 December 2016	1,215

The Group's property interests held under operating leases to earn rental income or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment property as at 31 December 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Peak Vision Appraisals Limited, the independent qualified professional valuer not connected to the Group who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

In estimating the fair value of the property, the highest and best use of the property is their current use.

The Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the management's findings to the board of directors of the Company every half year to explain the cause of fluctuations in the fair value of the investment property.

The fair value of property, which is classified as level 3 fair value hierarchy, was determined based on the direct comparison approach assuming sale of the property interest in its existing state with the benefit of vacant procession and by making reference to recent comparable sales evidence as available in the relevant market.

18. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair value of the investment property was determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurement was categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurement were observable.

Investment properties held by the Group	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
At 31 December 2016				
Residential and commercial property units	Level 3	Direct comparison method based on market observable transactions of the same location and adjust to reflect the conditions of the subject properties The key inputs are: (1) Level adjustment (2) View adjustment	Level adjustment on individual floors of the property of range of 1% View adjustment on the site view of the property of 0%	The higher level, the higher the fair value The better view, the higher the fair value

There were no transfers into or out of Level 3 during the prior year.

The investment property was situated outside Hong Kong.

19. GOODWILL

	HK$'000
COST	
At 1 January 2016 and 31 December 2016	261,707
Eliminated on loss of control of CFSG	(23,267)
At 31 December 2017	238,440
IMPAIRMENT	
At 1 January 2016 and 31 December 2016	201,658
Eliminated on loss of control of CFSG	(2,661)
At 31 December 2017	198,997
CARRYING AMOUNTS	
At 31 December 2017	39,443
At 31 December 2016	60,049

The carrying amounts of goodwill allocated to the CGUs are as follows:

	2017 **HK$'000**	2016 HK$'000
Financial services	—	20,606
Retailing	**39,443**	39,443
	39,443	60,049

Particulars regarding impairment testing on goodwill as at 31 December 2017 and 2016 are disclosed in note 21.

20. INTANGIBLE ASSETS

	Trading rights HK$'000 (Note (a))	Club debenture HK$'000 (Note (b))	Online game development costs HK$'000	Domain name HK$'000 (Note (c))	Trademark HK$'000 (Note (d))	Gaming licences HK$'000	Total HK$'000
COST							
At 1 January 2016 and 31 December 2016	9,392	660	63,271	5,460	38,000	40,295	157,078
Eliminated on loss of control of CFSG	(9,392)	(660)	—	—	—	—	(10,052)
At 31 December 2017	—	—	63,271	5,460	38,000	40,295	147,026
AMORTISATION AND ACCUMULATED IMPAIRMENT							
At 1 January 2016 and 31 December 2016	300	—	63,271	—	—	40,295	103,866
Eliminated on loss of control of CFSG	(300)	—	—	—	—	—	(300)
At 31 December 2017	—	—	63,271	—	—	40,295	103,566
CARRYING AMOUNTS							
At 31 December 2017	—	—	—	5,460	38,000	—	43,460
At 31 December 2016	9,092	660	—	5,460	38,000	—	53,212

Notes:

(a) At 31 December 2016, intangible assets amounting to HK$9,092,000 represented trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange.

(b) At 31 December 2016, intangible assets amounting to HK$660,000 represented club debenture.

(c) At 31 December 2017, intangible assets with carrying amounts of HK$5,460,000 (2016: HK$5,460,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life. The domain name is considered by management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name at 31 December 2017 and 2016, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs of disposal at 31 December 2017 and 2016 was supported by a valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(d) At 31 December 2017, trademark amounting to HK$38,000,000 (2016: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademark are disclosed in note 21.

21. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS

For the purpose of impairment testing, the carrying amounts of goodwill, trading rights and trademark set out in notes 19 and 20 have been allocated to the following CGUs respectively:

	Goodwill		Trading rights		Trademark	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial services	**—**	20,606	**—**	9,092	**—**	—
Retailing	**39,443**	39,443	**—**	—	**38,000**	38,000
	39,443	60,049	**—**	9,092	**38,000**	38,000

Retailing CGU

Goodwill of HK$39,443,000 (2016: HK$39,443,000) and trademark of HK$38,000,000 (2016: HK$38,000,000) are allocated to CGU of retailing business in Hong Kong. The recoverable amount of the CGU of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period having an annual growth rate of 3% and discount rate of 12% (2016: five-year period, annual growth rate of 3% and discount rate of 12%) and projection of terminal value using the perpetuity method at a growth rate of 3% (2016: 3%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong. No impairment on this CGU is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

Financial services CGU

As at 31 December 2016, goodwill of HK$20,606,000 and trading rights of HK$9,092,000 are allocated to CGU of broking of securities. The recoverable amount of the CGU of broking of securities as at 31 December 2016 has been determined by reference to a fair value less cost of disposal calculation. The fair value was determined by reference to the consideration of HK$765,000,000 of the Disposal as disclosed in note 42 in which the fair value measurement is categorised as Level 2. No impairment on this CGU was made for the year ended 31 December 2016.

22. INTERESTS IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

Interests in an associate

	2017 HK$'000
Cost of investment in an associate	
Listed in Hong Kong	**492,007**
Share of post-acquisition loss and other comprehensive income	**(2,662)**
Less: Impairment loss recognised on interests in an associate	**(125,760)**
	363,585
Fair value of listed investments	**363,585**

As at 31 December 2017, the Group has interests in the following associate:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Proportion of voting power held %	Principal activities
CFSG	Incorporated	Bermuda	Hong Kong	Ordinary	33.62	33.62	Investment holding with its subsidiaries engaged in provision of financial services

Note: CFSG's shares are listed on the Stock Exchange.

On 20 June 2017, CFSG ceased to be a subsidiary upon issuance of new shares and became an associate of the Company, details of which are disclosed in notes 14 and 42. On the same date, the fair value of the interests in CFSG held by the Company was approximately HK$492,007,000, which is determined based on quoted market price of CFSG on the same date, and has been regarded as the cost of interests in an associate from the date on which the Group ceased to have control.

At 31 December 2017, the carrying amount of the Group's interests in CFSG was higher than their fair value determined based on the quoted market price of CFSG on the same date. Management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. In determining the value in use of the investment, the Group estimated the present value of the future cash flows expected to be generated by CFSG based on the cash flows from the operations of CFSG and the proceeds on the ultimate disposal of CFSG, by using discount rate of 12%. The fair value less cost of disposal has been determined by reference to the quoted market price of CFSG's shares available on the Stock Exchange which is within level 1 fair value hierarchy. Accordingly, the management of the Group determined that the recoverable amount, which represented the fair value less costs of disposal, is estimated to be less than the carrying amount of the interests in CFSG. Impairment loss of HK$125,760,000 in respect of interests in an associate is recognised in profit or loss during the year ended 31 December 2017.

22. INTERESTS IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Interests in an associate (continued)

Summarised financial information of associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs.

CFSG

	2017 **HK$'000**
Non-current assets	**54,716**
Current assets	**1,811,349**
Current liabilities	**(1,129,686)**
Non-current liabilities	**(7,351)**
Net assets	**729,028**

	21.6.2017 to **31.12.2017** **HK$'000**
Revenue	**70,744**
Loss for the period	**(7,434)**
Other comprehensive income for the period	**821**
Total comprehensive expense for the period	**(6,613)**
The Group's share of loss	**(2,938)**
The Group's share of other comprehensive income	**276**
	(2,662)

22. INTERESTS IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE (continued)

Interests in an associate (continued)

Summarised financial information of associate (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associate recognised in the consolidated financial statements:

	2017 **HK$'000**
Net assets	**729,028**
Proportion of the Group's ownership interest	**33.62%**
The Group's share of net assets of CFSG	**245,099**
Unrecognised share of loss of CFSG for the year	**(438)**
Goodwill	**244,684**
Accumulated impairment loss recognised on interests in an associate	**(125,760)**
Carrying amount of the Group's interests	**363,585**

Amount due from an associate

Amount is non-trade nature, unsecured, interest-free and repayable on demand.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 **HK$'000**	2016 HK$'000
Unlisted investments		
— equity securities (at cost)	**—**	8,415

At 31 December 2016, the unlisted investment represents equity interest in Infinity Investment Holding Group ("Infinity Holding").

Infinity Equity Management Company Limited ("Infinity") is a private entity incorporated in Hong Kong and is engaged in the business of venture capital and private equity management in PRC. At the date of acquisition of Infinity in 2013, the Group obtained 20% equity interest in Infinity and the Group signed an agreement with Infinity under which the Group surrendered its rights to vote at both meetings of shareholders and directors relating to financial and operating decisions of Infinity. In December 2013, the Group's equity interest was diluted to 18% as a result of capital injection from a new third party investor to Infinity. On 3 February 2015, the 18% shareholding in Infinity was swapped into shares of Infinity Holding, a company incorporated in Cayman Islands and the new holding company of Infinity pursuant to a group restructuring. The Group's equity interest in Infinity Holding dropped to 7.2% as a result of disposal of 10.8% equity interest in Infinity Holding.

The unlisted investment was measured at cost at 31 December 2016 because the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that fair value could not be measured reliably.

24. OTHER ASSETS

	2017 HK$'000	2016 HK$'000
Statutory and other deposits with exchanges and clearing houses	—	8,567

The above deposits were non-interest bearing.

25. ACCOUNTS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Accounts receivable arising from the business of retailing	1,666	2,995
Accounts receivable arising from financial services business	—	432,300
Receivables from securities brokers	95,765	163,317
Prepayments	13,539	11,403
Rental and other deposits	47,891	28,625
Other receivables	1,491	6,468
	160,352	645,108

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2017 HK$'000	2016 HK$'000
0–30 days	549	1,885
31–60 days	695	226
61–90 days	68	74
Over 90 days	354	810
	1,666	2,995

Included in the Group's accounts receivable arising from the business of retailing are debtors with a carrying amount of HK$1,117,000 (2016: HK$1,110,000) as at 31 December 2017 which are past due at the end of the reporting period for which the Group has not provided for impairment as there has not been a significant change in credit quality. The Group believes that the amounts are still considered recoverable given the substantial settlement after the end of the reporting period.

25. ACCOUNTS AND OTHER RECEIVABLES (continued)

	2017	2016
	HK$'000	HK$'000
0–30 days	**695**	226
31–60 days	**68**	74
61–90 days	**103**	16
Over 90 days	**251**	794
Total accounts receivable from retailing business	**1,117**	1,110

Other deposits and other receivables are non-interest bearing and repayable on demand or within one year.

The accounts receivable arising from financial services business as at 31 December 2016 are related to the Group's financial services operation, which is carried out by CFSG and became discontinued operation during the year ended 31 December 2017.

As at 31 December 2016, accounts receivable arising from financial services business includes (i) business of dealing in securities of HK$317,714,000; (ii) business of dealing in futures and options of HK$112,525,000; (iii) commission receivable from brokerage of mutual funds and insurance-linked investment products of HK$1,521,000 and (iv) accounts receivable arising from the business of provision of corporate finance services of HK$540,000.

The credit quality of accounts receivable arising from financial services business is summarised as follows:

	2016
	HK$'000
Neither past due nor impaired	401,362
Past due but not impaired	23,077
Impaired	11,161
	435,600
Less: Allowance for impairment	(3,300)
	432,300

The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date or at specific terms agreed and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

25. ACCOUNTS AND OTHER RECEIVABLES (continued)

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously. Details are set out in note 39.

The Group allows a credit period of 30 days for commission receivable from brokerage of mutual funds and insurance-linked investment products as well as accounts receivable arising from the business of provision of corporate finance services. At 31 December 2016, the ageing analysis (from the completion date of the services) of such receivables is as follows:

	2016 HK$'000
0–30 days	415
31–60 days	125
61–90 days	—
Over 90 days	1,521
	2,061

As at 31 December 2016, accounts receivable arising from financial services business include margin clients receivables of HK$233,271,000, which are secured by clients pledged securities with fair value of approximately HK$730,254,000. For accounts receivable from margin clients that were included in "Neither past due nor impaired" category as at 31 December 2016, the fair value of each client's listed securities was higher than the carrying amount of each individual loan to margin client in this category.

At 31 December 2016, the clients' listed securities could be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group was able to use clients' securities up to the amount of 140% of the accounts receivable from margin clients as collateral of the Group's borrowing (with client's consent). The accounts receivable from margin clients were repayable on demand and bore interest at commercial rates. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.

As at 31 December 2016, included in the Group's accounts receivable arising from financial services business are debtors (excluding margin clients), with a carrying amount of HK$23,077,000 which are past due at the end of the reporting period for which the Group has not provided for impairment as there has not been a significant change in credit quality. The Group believes that the amounts are still considered recoverable given the amount is fully secured by clients' listed securities or the substantial settlement after the end of the reporting period.

25. ACCOUNTS AND OTHER RECEIVABLES (continued)

In respect of accounts receivable arising from financial services business which are past due but not impaired at the respective reporting date, the ageing analysis (from due date) is as follows:

	2016 HK$'000
0–30 days	12,866
31–60 days	8,540
61–90 days	—
Over 90 days	1,671
Total accounts receivable from financial services	23,077

Accounts receivable from financial services business include margin clients and past due cash clients of approximately HK$11,161,000 which were not fully secured by the respective clients' listed securities, were considered to be impaired and included in "Impaired" category as at 31 December 2016.

At 31 December 2016, accounts receivable were netted off by allowance for impairment of HK$3,300,000, which included individual allowance of HK$2,933,000 and collective allowance of HK$367,000 respectively.

Movements in the allowance for impairment are as follows:

	2017 HK$'000	2016 HK$'000
Balance at the beginning of the year	**3,300**	3,497
Charge for the year	**15,372**	1,553
Amounts written off during the year	**—**	(1,750)
Eliminated on loss of control of CFSG	**(18,672)**	—
Balance at the end of the year	**—**	3,300

The Group has a policy for determining the allowance for impairment based on the evaluation of collectability and age analysis of accounts and on management's judgement, including the current creditworthiness, collateral repayment subsequent to the year end and the past collection history of each client.

In addition to the individually assessed allowance for impairment, the Group has also provided, on a collective basis, impairment allowance for accounts receivable arising from the business of dealing in securities that are individually insignificant or accounts receivable where no impairment has been identified individually. Objective evidence of the collective impairment includes the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

At 31 December 2016, the concentration of credit risk was limited due to the customer base was large and unrelated. Accordingly, the directors of the Company believed that no further allowance for impairment was required.

25. ACCOUNTS AND OTHER RECEIVABLES (continued)

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from certain related parties, the details of which are as follows:

Name	Balance at 1 January	Balance at 31 December	Maximum amount outstanding during the year	Market value of pledged securities at fair value at 31 December
	HK$'000	HK$'000	HK$'000	HK$'000
Directors of the Company				
Mr Kwan Pak Hoo Bankee (Note (1))				
2016	—	—	6,000	—
2017	—	N/A	—	N/A
Mr Law Ping Wah Bernard (Note (1))				
2016	—	—	6,909	—
2017	—	N/A	1,082	N/A
Directors of CFSG				
Ms Cheng Pui Lai Majone (Notes (1) and (3))				
2016	—	—	8,637	—
2017	—	N/A	8,223	N/A
Mr Ng Kung Chit Raymond (Notes (1) and (4))				
2016	—	N/A	10,364	—
2017	N/A	N/A	N/A	N/A
Mr Ho Tsz Cheung Jack (Notes (1) and (2))				
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	43	N/A

Notes:

(1) The business of dealing in securities is carried out by CFSG, where CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017. The maximum amount outstanding during the year covers from 1 January 2017 up to 20 June 2017.

(2) Mr Ho Tsz Cheung Jack were appointed as executive directors of CFSG during the year ended 31 December 2017.

(3) Ms Cheng Pui Lai Majone resigned as an executive director of CFSG during the year ended 31 December 2017.

(4) Mr Ng Kung Chit Raymond resigned as an executive director of CFSG during the year ended 31 December 2016.

Balances with the above parties, if any, were repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

26. LOANS RECEIVABLE

	2017 HK$'000	2016 HK$'000
Loans receivable denominated in Hong Kong dollars	**9,618**	7,881

The credit quality of loans receivable is summarised as follows:

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**9,618**	7,480
Past due but not impaired	**—**	401
	9,618	7,881

The loans receivable bear variable-rate interest of Hong Kong Prime Rate plus a spread for both years.

The Group has policy for assessing the impairment of loans receivable that are unsecured, those are secured but without sufficient collateral and those with default or delinquency in interest or principal payment, on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the aging analysis of receivables and the current creditworthiness, collateral value and the past collection history of each client.

At the end of each reporting date, the Group's loans receivable were individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date. As at 31 December 2017 and 2016, management of the Group considered no impairment allowance is necessary.

The loans receivable included a total carrying amount of HK$9,618,000 (2016: HK$7,480,000) which is neither past due nor impaired at end of the reporting period, which the Group believes is recoverable after taking account the current creditworthiness of the borrowers and the past collection history of each individual borrower. The loans receivable are unsecured except for an amount of HK$455,000 as at 31 December 2016 which was fully secured by a residential property at a fair value of approximately HK$2,100,000. There is no recent history of default from the borrowers.

The Group has concentration of credit risk from five highest borrowers of HK$9,618,000 (2016: five highest borrowers of HK$7,483,000) in total at 31 December 2017.

The carrying amount of variable-rate loans receivable has remaining contractual maturity dates as follows:

	2017 HK$'000	2016 HK$'000
On demand or within one year	**9,618**	7,881

27. BANK BALANCES

Bank balances – trust and segregated accounts

As at 31 December 2016, the Group received and held money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. Such monies were maintained in one or more segregated bank accounts. The Group has recognised the corresponding liabilities to respective clients and other institutions as accounts payable (note 30). However, the Group did not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates in a range of 0.01% to 1.35% (2016: 0.01% to 0.92%) per annum with an original maturity of three months or less.

28. INVESTMENTS HELD FOR TRADING

	2017 **HK$'000**	2016 HK$'000
Equity securities listed in Hong Kong (Note (a))	**2,047**	20,311
Equity securities listed outside Hong Kong (Note (a))	**8,978**	766
Unlisted investment fund (Note (b))	**—**	12,240
	11,025	33,317

Notes:

(a) The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges.

(b) The fair value of the unlisted investment fund was based on broker's quotes which reflect the Group's share of fair value of the net asset value of the fund, being the price that the fund is willing to pay to redeem the units in the fund at 31 December 2016. The fund was redeemed during the year.

29. BANK DEPOSITS SUBJECT TO CONDITIONS

	2017 HK$'000	2016 HK$'000
Pledged bank deposits	**41,974**	66,601

The bank deposits subject to conditions carried fixed rate in a range of 0.01% to 0.43% (2016: 0.01% to 0.22%) per annum, which was the effective interest rate on the Group's bank deposits. Pledged bank deposits of HK$39,000,000 (2016: HK$64,025,000) and HK$2,974,000 (2016: HK$2,576,000) are pledged to secure short-term loan and short-term undrawn facilities, respectively, and are therefore classified as current assets.

The pledged bank deposits will be released upon the repayment of relevant bank borrowings or expiration of the facilities.

30. ACCOUNTS PAYABLE

	2017 HK$'000	2016 HK$'000
Trade creditors arising from retailing business	**187,180**	210,064
Accounts payable arising from financial services business	**—**	958,557
Accounts payable arising from the online game services	**—**	292
	187,180	1,168,913

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an aging analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
0–30 days	**73,655**	74,679
31–60 days	**51,873**	57,146
61–90 days	**45,266**	50,588
Over 90 days	**16,386**	27,651
	187,180	210,064

The accounts payable arising from the financial services business as at 31 December 2016 are related to the Group's financial services operation, which is carried out by CFSG and became discontinued operation during the year ended 31 December 2017.

30. ACCOUNTS PAYABLE (continued)

As at 31 December 2016, accounts payable arising from financial services business includes business of dealing in securities of HK$707,410,000 and business of dealing in futures and options of HK$251,147,000.

The settlement terms of accounts payable arising from the business of dealing in securities were two days after trade date, and accounts payable arising from the business of dealing in futures and options contracts were one day after trade date. Accounts payable to margin clients were repayable on demand. No ageing analysis was disclosed as in the opinion of directors of the Company, the ageing analysis did not give additional value in view of the nature of this business.

At 31 December 2016, accounts payable to clients arising from the business of dealing in futures and options were margin deposits received from clients for their trading of these contracts. The required margin deposits were repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated were repayable to clients on demand.

Except for the accounts payable to clients arising from the business of dealing in securities which bear interest at a fixed rate as at 31 December 2016, all the accounts payable are non-interest bearing.

At 31 December 2016, accounts payable amounting to HK$819,803,000 were payable to external clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group did not have a currently enforceable right to offset these payables with the deposits placed.

31. ACCRUED LIABILITIES AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Accrued liabilities		
— Salaries and commission payables	**38,508**	42,639
— Other accrued liabilities	**29,394**	33,033
Deposits received (Note)	**—**	50,000
Other payables	**50,810**	42,392
	118,712	168,064

Note: The Group has received a deposit of HK$50,000,000 from the Offeror related to the Disposal (see note 42) as at 31 December 2016. The deposit was refunded upon the termination of the sale and purchase agreement during the year ended 31 December 2017.

32. OBLIGATIONS UNDER FINANCE LEASES

	2017 HK$'000	2016 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**39**	407
Non-current liabilities	**—**	235
	39	642

Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 2.7% (2016: ranging from 2.5% to 2.7%) per annum. No arrangements had been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Amount payable under finance leases				
Within one year	**39**	418	**39**	407
Within a period of more than one year but not more than two years	**—**	223	**—**	215
Within a period of more than two years but not more than five years	**—**	15	**—**	20
Less: Future finance charges	**—**	(14)	**—**	—
Present value of lease obligations	**39**	642	**39**	642
Less: Amount due for settlement within one year (shown under current liabilities)			**(39)**	(407)
Amount due for settlement after one year			**—**	235

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

33. BORROWINGS

	2017 HK$'000	2016 HK$'000
Secured bank overdrafts	—	431
Secured bank borrowings	**29,000**	212,690
Unsecured bank borrowings	**26,600**	60,809
Secured trust receipt loans	**47,555**	68,274
Unsecured trust receipt loans	**92,020**	63,496
	195,175	405,700
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**139,575**	135,457
More than one year but not exceeding two years	—	3,351
More than two years but not exceeding five years	—	7,294
	139,575	146,102
Carrying amount of borrowings (shown under current liabilities) containing a repayment on demand clause:		
Within one year	**53,200**	255,598
More than one year but not exceeding two years	**1,600**	1,600
More than two years but not exceeding five years	**800**	2,400
	195,175	405,700
Less: Amount due within one year shown under current liabilities	**(195,175)**	(395,055)
Amount shown under non-current liabilities	—	10,645

As at 31 December 2017, the Group's secured bank borrowings of HK$76,555,000 (2016: HK$281,395,000) were secured and guaranteed by:

(a) corporate guarantees from the Company for both years;

(b) corporate guarantees from certain subsidiaries of the Company (2016: certain subsidiaries of the Company and CFSG);

(c) marketable securities of the Group's clients with fair value of HK$296,169,000 as at 31 December 2016 (with clients' consent);

(d) pledged bank deposits of HK$39,000,000 (2016: HK$64,025,000) for short-term bank borrowings as disclosed in note 29.

As at 31 December 2017, bank borrowings amounting to approximately HK$55,600,000 (2016: HK$273,499,000) are variable-rate borrowings which carry interest at either Hong Kong Interbank Offered Rate ("HIBOR") or Hong Kong Prime Rate plus a spread. Bank overdrafts amounting to HK$431,000 at 31 December 2016 carried interest at Hong Kong Prime Rate. Trust receipts loans amounting to HK$139,575,000 (2016: HK$131,770,000) carry interest at either HIBOR or Hong Kong Prime Rate plus a spread.

33. BORROWINGS (continued)

The unsecured bank borrowings amounting to approximately HK$26,600,000 (2016: HK$60,809,000) and unsecured trust receipt loans amounting to approximately HK$86,909,000 (2016: HK$63,496,000) are guaranteed by the Company.

The effective interest rates on the Group's borrowings ranged from 2.25% to 5.25% (2016: 1.25% to 5.25%) per annum.

34. SHARE CAPITAL

	Par value of each ordinary share	**Number of shares**	**Amount**
	HK$	'000	HK$'000
Ordinary shares			
Authorised:			
At 1 January 2016, 31 December 2016 and 31 December 2017	0.1	3,000,000	300,000
Issued and fully paid:			
At 1 January 2016, 31 December 2016 and 31 December 2017	0.1	831,222	83,122

All the shares in issue rank pari passu in all respects.

35. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries
	HK$'000
At 1 January 2016	322,013
Share of loss and total comprehensive expense for the year	(28,743)
At 31 December 2016	293,270
Share of loss and total comprehensive expense for the year	(21,594)
Issue of new shares by CFSG	231,281
Transfer upon loss of control of CFSG (note 42)	(527,407)
Acquisition of additional interest in a non-wholly owned subsidiary	(112)
At 31 December 2017	(24,562)

36. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

Year ended 31 December 2017

During the year, the Group acquired 0.09% equity interest of CASH Retail Management (HK) Limited ("CRM (HK)"), a non-wholly owned subsidiary, from the non-controlling shareholders at a consideration of HK$39,000. The difference between the proportionate share of net assets attributable to non-controlling interests of CRM (HK) and the consideration paid by the Group is HK$73,000 and was credited to other reserve and accumulated in equity.

37. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**143,439**	169,415
In the second to fifth year inclusive	**181,630**	191,476
Over five years	**—**	7,089
	325,069	367,980

Operating lease commitments represent rental payable by the Group for office premises, warehouse and retail shops at the end of both reporting periods. Leases are mainly negotiated for lease term of one to five years and rentals are fixed over the relevant lease terms. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group paid rental of approximately HK$2,638,000 (2016: HK$2,203,000), based on certain percentage of the gross sales of the relevant shop when the sales meet certain specified level.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 33 and equity attributable to owners of the Company, comprising issued share capital disclosed in note 34, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Certain group entities, held by CFSG and the Group after loss of control over CFSG, are regulated by the Hong Kong Securities and Futures Commission ("SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout both years.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017	2016
	HK$'000	HK$'000
Financial assets		
Investments held for trading	**11,025**	33,317
Available-for-sale financial assets	**—**	8,415
Loans and receivables (including cash and cash equivalents)	**373,997**	2,144,054
Financial liabilities		
Amortised cost	**433,165**	1,667,005
Obligations under finance leases	**39**	642

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, deposits and other receivables, amount due from an associate, investments held for trading, available-for-sale financial assets, bank balances and cash, bank deposits, loans receivable, other payables, obligations under finance leases and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's exposure in respect of the risks associated with these financial instruments or the manner in which it manages and measures the risks up to the date of losing control over CFSG. After losing control of CFSG, the Group's exposure to interest rate risk, credit risk and liquidity risk is significantly reduced. Details of the change in exposure to respective risks are disclosed below.

Market risk

Equity price risk

As at 31 December 2017 and 2016, the Group held a portfolio of investments held for trading which are carried at fair value and expose the Group to price risk. As at 31 December 2016, the Group was also exposed to price risk through the unlisted investment in equity securities. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of investments and imposing trading limits on individual trades.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. The analysis is prepared assuming the listed equity investments outstanding at the end of reporting period were outstanding for the whole year.

As at 31 December 2017, if the quoted prices of the Group's listed equity investments had been 15 percent (2016: 15 percent) higher/lower, the Group's profit after tax would increase/decrease by approximately HK$1,381,000 (2016: loss after tax would decrease/increase by approximately HK$4,173,000). This is attributable to the changes in fair values of the listed equity investments.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits. The Group currently does not have fair value hedging policy. The Group considers that the fair value interest rate risk is not significant given the amounts of bank deposits held at the year end. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, loans receivable and bank balances (2016: variable-rate bank borrowings, loans receivable, loans to margin clients and bank balances). The Group currently does not have a cash flow interest rate hedging policy. However, management of the Group closely monitors its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

A 50 basis points (2016: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as these are subject to minimal interest rate fluctuation for both years. As at 31 December 2017, if the interest rate had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately HK$775,000 (2016: loss after tax would increase/decrease by approximately HK$478,000). This is mainly attributable to the Group exposure to the interest rates on variable-rate bank borrowings and loan receivables (2016: variable-rate bank borrowings, loans receivable and loans to margin clients).

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

The group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets and liabilities denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks, equity securities listed outside Hong Kong and accounts payable to clients denominated in United Stated dollars ("USD") and Renminbi ("RMB"). The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**—**	172,287	**64,853**	263,304
RMB	**—**	8,844	**19,203**	157,744

As at 31 December 2017, if RMB had strengthened/weakened by 5% (2016: 5%) against HK$ and all other variables were held constant, the Group's profit after tax would increase/decrease by approximately HK$802,000 (2016: loss after tax would decease/increase by approximately HK$6,217,000). Under the pegged exchange rate system, the financial impact in exchange fluctuation between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk

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 counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee was set up by CFSG to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on delinquent receivables. In addition, the Credit and Risk Management Committee reviews the recoverable amount of accounts receivable and loans receivable as disclosed in notes 25 and 26 respectively on an individual and collective basis at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk as the exposure is spread over a number of counterparties and customers, except for the loans receivable as disclosed in note 26 and receivables from three securities brokers in a total amount of HK$95,765,000 (2016: HK$163,317,000) as disclosed in note 25.

Bank balances and deposits are placed in various authorised institutions with good reputation and the directors of the Company consider the credit risk of such authorised institutions is low.

Liquidity risk

The Group has net current liabilities of approximately HK$36,840,000 (2016: nil) as at 31 December 2017. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the cashflows from operations.

As part of the ordinary broking activities of CFSG, the Group was exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and customers. To address the risk, treasury team worked closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities were put in place.

For continuing operations, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with all the loan covenants.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed settlement dates.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2017							
Accounts payable	N/A	187,180	—	—	—	187,180	187,180
Other payables	N/A	50,810	—	—	—	50,810	50,810
Borrowings	Note	195,175	—	—	—	195,175	195,175
Obligations under finance leases	2.6%	39	—	—	—	39	39
		433,204	—	—	—	433,204	433,204
At 31 December 2016							
Accounts payable	N/A	1,168,913	—	—	—	1,168,913	1,168,913
Other payables	N/A	92,392	—	—	—	92,392	92,392
Borrowings	Note	395,957	3,611	7,521	—	407,089	405,700
Obligations under finance leases	2.6%	418	223	15	—	656	642
		1,657,680	3,834	7,536	—	1,669,050	1,667,647

Note: Variable-rate borrowings carry interest at HIBOR plus a spread or Hong Kong Prime Rate. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

Borrowings with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. As at 31 December 2017, the aggregate carrying amounts of these bank loans amounted to approximately HK$55,600,000 (2016: HK$259,598,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2017, assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank loans amount to approximately HK$56,123,000 (2016: HK$264,567,000), as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**53,676**	260,444
More than one year but not exceeding two years	**1,640**	1,676
More than two years but not exceeding five years	**807**	2,447
	56,123	264,567

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

39. FINANCIAL INSTRUMENTS (continued)

Fair value measurement of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value as at 31 December 2017 HK$'000	31 December 2016 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Equity securities listed in Hong Kong	**2,047**	20,311	Level 1	Quoted prices in an active market
Equity securities listed outside Hong Kong	**8,978**	766	Level 1	Quoted prices in an active market
Unlisted investment fund classified as held for trading	**—**	12,240	Level 2	Broker's quote

There were no transfers between Levels 1 and 2 during both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial asset and financial liabilities offsetting

The financial asset and financial liabilities offsetting is related to the Group's financial services operation, which is carried out by CFSG and became discontinued operation during the year ended 31 December 2017.

The disclosures set out in the tables below include financial assets and financial liabilities that were subject to an enforceable master netting arrangement or similar agreement that were either:

- offset in the Group's consolidated statement of financial position as at 31 December 2016; or
- not offset in the consolidated statement of financial position as at 31 December 2016 as the offsetting criteria were not met.

Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group had a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

39. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting (continued)

In addition, the Group had a legally enforceable right to set off the accounts receivable and payable with cash clients that were due to be settled on the same date and the Group intended to settle these balances on a net basis. The Group had a legally enforceable right to set off the accounts receivable and payable with margin clients and the Group intended to settle the balances on a net basis. Cash and margin clients collectively referred to as the brokerage clients.

Except for balances which were due to be settled on the same date which were being offset, amounts due from/to HKSCC, brokers and brokerage clients that were not to be settled on the same date, financial collateral including cash and securities received by the Group and deposits placed with HKSCC and brokers did not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts was only enforceable following an event of default.

As at 31 December 2016

	Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated the statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK$'000
				Financial instruments HK$'000	Collateral received* HK$'000	
Financial assets						
Amount due from HKSCC, brokers and brokerage clients	469,466	(151,752)	317,714	(11,855)	(268,664)	54,557
Deposit placed with HKSCC	2,951	—	2,951	—	—	2,951

Note: The directors of the Company consider that the net amount of accounts payable to HKSCC, brokers and brokerage clients as at 31 December 2016 presented in the consolidated statement of financial position of HK$707,410,000 did not expose the Group to significant risk. Accordingly, the relevant offsetting disclosures for accounts payable are not presented.

* Amount represented market value of shares pledged by customers, which were capped at the outstanding balances of respective customers.

The gross amounts of financial assets and their net amounts as presented in the consolidated statement of financial position as at 31 December 2016, both of which have been disclosed in the above tables, are measured as follows:

- Amounts due from HKSCC, brokers and brokerage clients – amortised cost
- Financial liabilities held for trading – fair value
- Deposits placed with HKSCC – amortised cost

The collateral pledged by the Group which was eligible for set off the Group's financial liabilities held for trading in the event of default was measured at amortised cost. Other than this, the amounts which had been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position as at 31 December 2016 or subject to enforceable master netting arrangements or similar agreements were measured on the same basis as the recognised financial assets and financial liabilities.

40. SHARE OPTION SCHEMES

(A) Share option scheme of the Company

Share Option Scheme

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012 and took effect on the same date.

The major terms of the Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company, its subsidiaries and associates, including CFSG and its subsidiaries ("Group"); or

- attract potential candidates to serve the Group for the benefit of the development of the Group.

(ii) The participants include any employee, director, consultant, adviser or agent of any members of the Group.

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 83,122,167 shares, representing 10% of the issued share capital of the Company as at 31 December 2017. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;

- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and

- the nominal value of the share.

(ix) The life of the Share Option Scheme is effective for 10 years from the date of adoption until 20 May 2022.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

40. SHARE OPTION SCHEMES (continued)

(A) Share option scheme of the Company (continued)

Share Option Scheme (continued)

The following table discloses details of the Company's share options held by the directors, employees and other service providers of the Group and movements in such holdings:

				Number of share options				
Name of scheme	Date of grant/ arrangement	Exercise price per share HK$	Exercise period	outstanding as at 1.1. 2016	Lapsed in 2016	outstanding as at 31.12. 2016	Lapsed in 2017	outstanding as at 31.12.2017
Directors								
Share Option Scheme	2.9.2014	0.478	(Note (1))	18,144,000	—	18,144,000	—	18,144,000
	18.12.2015	0.460	(Note (2))	22,400,000	—	22,400,000	—	22,400,000
				40,544,000	—	40,544,000	—	40,544,000
Employees								
Share Option Scheme	2.9.2014	0.478	(Note (1))	22,548,000	(2,460,000)	20,088,000	(4,278,000)	15,810,000
	18.12.2015	0.460	(Note (2))	26,200,000	—	26,200,000	(6,800,000)	19,400,000
				48,748,000	(2,460,000)	46,288,000	(11,078,000)	35,210,000
Other service providers								
Share Option Scheme	18.12.2015	0.460	(Note (2))	6,800,000	—	6,800,000	—	6,800,000
				96,092,000	(2,460,000)	93,632,000	(11,078,000)	82,554,000
Exercisable at 31 December						33,210,000		33,954,000

Notes:

(1) The options were granted to directors and employees of the Group on 2 September 2014 for the provision of services to the Group. The options would vest upon achievement of performance target (based on non-market condition) and/or provision of services to the Group for the financial year ended 31 December 2014. During the year ended 31 December 2017, 4,278,000 (2016: 2,460,000) options with aggregate fair value of HK$648,000 (2016: HK$280,000) lapsed due to cessation of employment of employees of the Group and had been transferred to accumulated losses.

For the options granted to directors, the options must be exercised within one month from the date of the board of directors of the Company approves the vesting of the options. For the options granted to employees, the options must be exercised subject to 4 tranches period as to (i) 25% exercisable from 2 September 2014; (ii) 25% exercisable from 1 September 2015; (iii) 25% exercisable from 1 September 2016; and (iv) 25% exercisable from 1 September 2017, subject to continuation of employment and provision of services to the Group. The directors of the Company considered that the performance target is achieved by the grantees in the year of grant and thus share-based compensation expense of HK$761,000 (2016: HK$854,000) was recognised during the year ended 31 December 2017. The corresponding amount of HK$761,000 (2016: HK$854,000) has been credited to share option reserve. No liabilities were recognised due to share-based payment transactions.

40. SHARE OPTION SCHEMES (continued)

(A) Share option scheme of the Company (continued)

Share Option Scheme (continued)

Notes: (continued)

(2) The options were granted to the directors and employees of the Group on 18 December 2015 for the provision of satisfactory services to the Group and will only be vested subject to the achievement of performance targets for the financial years ended/ending 31 December 2016 to 2019. At 31 December 2017 and 2016, performance targets have not been achieved or do not expect to be achieved and thus no share-based compensation expense was recognised in the financial years ended 31 December 2017 and 2016. During the year ended 31 December 2017, 6,800,000 (2016: nil) options lapsed before vesting due to cessation of employment of employees of the Group.

In addition, the Group entered into arrangement with other service providers in respect of options on 18 December 2015 for the provision of satisfactory services to the Group for the financial years ended/ending 31 December 2016 to 2019. The service providers will be entitled to the options upon the satisfactory delivery of services to the Group and determined at the sole discretion of the board of directors of the Company. The options must be exercised within one month from the date the board of directors of Company approves the entitlement of the options. At 31 December 2017 and 2016, there were no satisfactory delivery of services to the Group and thus no share-based compensation expense was recognised in the financial year ended 31 December 2017 and 2016.

No liabilities were recognised due to share-based payment transactions.

The Black-Scholes Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(B) Share option scheme of CFSG

CFSG's share option scheme ("CFSG Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 22 February 2008, which took effect on 3 March 2008.

The major terms of the CFSG Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Group, including CFSG and its subsidiaries ("CFSG Group"); or
- attract potential candidates to serve the Group for the benefit of the development of the Group.

40. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

(ii) The participants include any employees (whether full time or part time), executives and officers (including executive and non-executive directors) and business consultants, agents and legal and financial advisers of the Group.

(iii) The maximum number of shares in respect of which options might be granted under the CFSG Option Scheme must not exceed 10% of the issued share capital of CFSG as at the date of approval of the CFSG Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 496,035,958 (2016: 413,435,958) shares, representing around 10% (2016: 10%) of the issued share capital of CFSG as at 31 December 2017. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the CFSG Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the CFSG Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There is no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of CFSG and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of CFSG upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to CFSG.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;
- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the share.

(ix) The life of the CFSG Option Scheme is effective for 10 years from the date of adoption until 21 February 2018.

40. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

All share-based compensation will be settled in equity. The Group, including CFSG, has no legal or constructive obligation to repurchase or settle the options other than by issuing CFSG's ordinary shares.

Share options to employees, directors and other service providers of the Group and weighted average exercise price are as follows for the reporting periods presented:

	2017			2016	
	Number of share options	**Weighted average exercise price HK$**	Notes	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January	**338,000,000**	**0.315**	(b)	338,000,000	0.315
Additions	**413,400,000**	**0.253**	(a)	—	—
Lapsed	**(80,000,000)**	**—**	(b)	—	—
Outstanding at 31 December	**671,400,000**	**0.277**		338,000,000	0.315
Exercisable at 31 December	**—**	**—**		—	—

Notes:

(a) During the year ended 31 December 2017, 219,000,000 options were granted to directors and employees of the CFSG Group on 31 August 2017 for the provision of satisfactory services to the CFSG Group and will only be vested subject to the achievement of performance targets for the financial years ended/ending 31 December 2017 to 2020. At 31 December 2017, the performance targets have not been achieved or do not expect to be achieved. In addition, the CFSG Group entered into arrangement with other service providers in respect of 194,400,000 options on 31 August 2017 for the provision of satisfactory services to the CFSG Group up to 31 December 2020. The service providers will be entitled to the options upon the satisfactory delivery of services to the CFSG Group determined at the sole discretion of the board of directors of CFSG. The options must be exercised within one month from the date the board of directors of CFSG approves the entitlement of the options. At 31 December 2017, there was no satisfactory delivery of services to the CFSG Group.

(b) During the year ended 31 December 2015, a total of 338,000,000 options were granted to directors and employees of the Group and were arranged with other service providers of the Group on 3 December 2015 for the provision of satisfactory services to the Group and will only be entitled to subject to the achievement of performance targets (for directors and employees) and satisfactory delivery of services to the Group (for other service providers) determined at the sole discretion of the board of directors of CFSG for the financial years ended/ending 31 December 2016 to 2019. At 31 December 2017 and 31 December 2016, the performance targets have not been achieved or do not expect to be achieved by the directors and employees of the Group and there was no satisfactory delivery of services to the Group by other service providers. During the year ended 31 December 2017, 80,000,000 options lapsed as the relevant employees resigned from the Group.

The weighted average remaining contractual life of share options outstanding as at 31 December 2017 is 2.3 years (2016: 2 years).

40. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

No share-based compensation expenses has been recognised in profit or loss for the year ended 31 December 2017 (2016: nil). No liabilities were recognised due to share-based payment transactions.

The Black-Scholes Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(C) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group

The Netfield share option scheme ("Netfield Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 June 2008. During the years ended 31 December 2017 and 2016, no option has been granted under the Netfield Share Option Scheme nor outstanding as at 31 December 2017 and 2016. The major terms of the Netfield Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to Netfield and its subsidiaries ("Netfield Group"); or
- attract potential candidates to serve the Netfield Group for the benefit of the development of the Netfield Group.

(ii) The participants include any employee, executive, officer, consultant, adviser or agent of any member of the Netfield Group.

(iii) The maximum number of shares in respect of which share options might be granted under the Netfield Share Option Scheme must not exceed 10% of the issued share capital of Netfield as at the date of approval of the Netfield Share Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the Netfield Share Option Scheme and any other share option scheme must not exceed 30% of the Netfield shares in issue from time to time.

(iv) The maximum number of shares in respect of which share options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the share options cancelled) under any share option granted to the same participant under the Netfield Share Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the relevant class of securities of Netfield in issue from time to time.

(v) There is no requirement for a grantee to hold the share option for a certain period before exercising the share option save as determined by the board of directors of Netfield and provided in the offer of grant of share option.

(vi) The exercise period should be any period fixed by the board of directors of Netfield upon grant of the option but in any event the share option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of a share option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to Netfield.

40. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group (continued)

(viii) The exercise price of a share option shall be such price as the board of directors of Netfield at its absolute discretion shall determine, save that such price must not always be less than the nominal value of Netfield's share, which is currently of HK$0.10 each.

(ix) The exercise price of a share option granted at any time after Netfield has resolved to seek a separate listing of Netfield and up to the listing date or during the period commencing 6 months before the lodgement of listing application and up to the listing date, shall not be less than the new issue price at listing.

(x) After Netfield's shares have been listed, the exercise price of a share option must be the highest of:

- the closing price of the Netfield's shares on the date of grant which day must be a trading day;
- the average closing price of the Netfield's shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the Netfield's share.

(xi) The life of the Share Option Scheme is effective for 10 years from the date of adoption until 5 June 2018.

41. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme. The cap of contribution amount is HK$1,500 per employee per month.

The Group operates various benefits schemes for its full-time employees in the PRC in accordance with the relevant PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 5%, 17%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

The employer's contributions to the MPF Schemes and various benefits schemes in the PRC are disclosed in note 9.

42. LOSS OF CONTROL/DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2017

As referred to in note 14, upon the completion of issuance of new shares by CFSG on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62% and CFSG ceased to be a subsidiary of the Company and became an associate of the Company.

The fair value of the interests in CFSG held by the Company of approximately HK$492,007,000 as at 20 June 2017, determined based on quoted market price of CFSG's shares at the same date, has been regarded as cost of interests in an associate from the date on which the Group ceased to have control, and accounted for in the consolidated financial statements using the equity method of accounting. The net assets of CFSG at the date of losing control were as follows:

	HK$000
Analysis of assets and liabilities over which control was lost:	
Property and equipment (note 17)	11,304
Investment properties (note 18)	16,508
Goodwill (note 19)	20,606
Intangible assets (note 20)	9,752
Other assets	9,164
Rental and utility deposits	5,514
Available-for-sale financial assets	8,415
Accounts receivable	460,945
Loans receivable	1,850
Prepayments, deposits and other receivables	9,625
Tax recoverable	1,286
Investments held for trading	14,922
Bank deposits subject to conditions	25,050
Bank balances – trust and segregated accounts	832,057
Bank balances (general accounts) and cash	551,222
Accounts payable	(997,306)
Accrued liabilities and other payables	(26,310)
Taxation payable	(3,000)
Bank borrowing	(192,953)
Amounts due to subsidiaries of the Company	(2,364)
Deferred tax liabilities	(40)
Net assets disposed of	756,247
Gain on losing control of a subsidiary:	
Net assets derecognised	(756,247)
Non-controlling interest	527,407
	(228,840)
Cumulative exchange differences in respect of the net assets of CFSG reclassified from equity to profit or loss	(552)
Reclassified as interests in associates at fair value	492,007
Gain on losing control	262,615
Net cash outflow arising on loss of control:	
Bank balances and cash derecognised	551,222

42. LOSS OF CONTROL/DISPOSAL OF A SUBSIDIARY (continued)

Year ended 31 December 2017 (continued)

The impact of loss of control of CFSG on the Group's results and cash flows in the current and prior periods is disclosed in note 14.

Year ended 31 December 2016

On 15 July 2016, the Group completed the disposal of its wholly-owned subsidiary, Cheer Wise Investments Limited, at a cash consideration of HK$140,500,000. The net assets of Cheer Wise Investments Limited at the date of disposal were as follow:

	HK$'000
Consideration received:	
Total cash consideration received	140,500
Analysis of assets and liabilities over which control was lost:	
Investment property (note 18)	140,400
Deposits	150
Accrued liabilities	(31)
Deferred tax liability	(3,377)
Net assets disposed of	137,142
Consideration received	140,500
Net assets disposed of	(137,142)
Transaction costs	(735)
Gain on disposal	2,623
Net cash inflow arising on disposal:	
Cash consideration	140,500
Less: Transaction costs	(735)
	139,765

On 8 September 2016, the Group entered into a sale and purchase agreement with an independent third party ("Offeror") pursuant to which the Group agreed to sell 36.28% equity interest in CFSG ("Disposal") for a total consideration of HK$765,000,000. Details for the Disposal are set out in the announcements issued by the Company on 14 September 2016, 23 September 2016, 30 December 2016, 23 January 2017 and 1 March 2017 (collectively, the "Announcements") and the circular issued by the Company on 12 October 2016 ("Circular"). During the year ended 31 December 2017, certain conditions stated in the sale and purchase agreement as set out in the Announcements and Circular were not fulfilled and the transaction was terminated.

43. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	Notes	**2017** **HK$'000**	2016 HK$'000
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hao Bankee		**—**	18
Mr Law Ping Wah Bernard		**2**	7
Mr Ng Hin Sing Derek		**—**	1
		2	26
Commission and interest income received from the following directors of CFSG			
Ms Cheng Pui Lai Majone	(a)	**9**	16
Mr Ng Kung Chit Raymond	(b)	**N/A**	13
		9	29
Management fee income received from CFSG	(c)	**1,304**	—

Notes:

(a) Ms Cheng Pui Lai Majone resigned as an executive director of CFSG during the year ended 31 December 2017.

(b) During the year ended 31 December 2016, Mr Ng Kung Chit Raymond resigned as an executive director of CFSG.

(c) The business of dealing in securities is carried out by CFSG, where CFSG ceased to be a subsidiary of the Company and became an associate of the Company with effect from 20 June 2017. Amount represented the management fee income received from CFSG from the date it became an associate of the Group up to 31 December 2017.

Compensation of key management personnel

The remuneration of directors of the Company and chief executive which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000 (note 33)	Obligations under finance leases HK$'000 (note 32)	Total HK$'000
At 1 January 2017	**405,700**	**642**	**406,342**
Financing cash flows (Note)	**(27,271)**	**(615)**	**(27,886)**
Eliminated on loss of control of CFSG (note 42)	**(192,953)**	**—**	**(192,953)**
Interest expense	**9,699**	**12**	**9,711**
At 31 December 2017	**195,175**	**39**	**195,214**

Note: The financing cash flows include the drawdown of borrowings, repayments of borrowings, decrease in bank borrowings for margin financing, repayment of obligations under finance leases and related interest paid.

45. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2017, part of the consideration for the purchase of property and equipment amounting to approximately HK$3,915,000 (2016: HK$2,762,000) were not settled and included in the consolidated statement of financial position as other payables.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Year 2017 and 2016

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2017 %	2016 %	Principal activities
CASH Group Limited	BVI	Ordinary US$1	**100**	100	Investment holding
CRM (HK)	BVI	Ordinary HK$3,877,860	**91.07**	90.98	Investment holding
Celestial Investment Group Limited ("CIGL")	BVI	Ordinary US$10,000	**100**	100	Investment holding
Libra Capital Management (HK) Limited	BVI	Ordinary US$1	**100**	100	Trading of securities

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Year 2017 and 2016 (continued)

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2017 %	2016 %	Principal activities
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	BVI	Ordinary US$10,000	**89.7**	89.7	Investment holding
Mov2Gather (HK) Limited	Hong Kong	Ordinary HK$1	**89.7**	89.7	Provision of mobile digital services
Joy2Gather Limited	BVI	Ordinary US$1	**89.7**	89.7	Investment holding
Praise Joy Limited	BVI	Ordinary US$1	**100**	100	Investment holding
Pricerite Home Limited	Hong Kong	Ordinary HK$201,170,000	**91.07**	90.98	Retailing of furniture and household goods
Wealthy View Investment Limited	BVI	Ordinary US$10	**91.07**	90.98	Investment holding
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**100**	100	Provision of management services for group companies
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
Marvel Champ Investments Limited ("Marvel Champ")	BVI	Ordinary US$100	**65**	65	Investment holding
CASH Dynamic Opportunities Investment Limited	BVI	Ordinary HK$5,000,000	**100**	100	Investment holding
CDOI Securities Limited	Hong Kong	Ordinary HK$5,000,000	**100**	100	Investment trading
CASH Algo Finance Group Limited	Hong Kong	Ordinary HK$2,000,000	**100**	100	Provision of management services and investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Frontier Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Quant-Finance Lab Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Year 2016

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company %	Principal activities
Subsidiaries of CFSG				
CASH Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	40.34	Provision of asset management services
CASH Wealth Management Limited	Hong Kong	Ordinary HK$15,000,000	40.34	Financial advisory consultancy
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	40.34	Provision of payment gateway services
Celestial Asset Management Limited	Hong Kong	Ordinary HK$6,781,401	40.34	Provision of treasury management functions and investment holding and trading
Celestial Capital Limited	Hong Kong	Ordinary HK$30,000,000	40.34	Provision of corporate finance, investment and financial advisory services
Celestial Finance Limited	Hong Kong	Ordinary HK$121,000,002	40.34	Money lending
Celestial Commodities Limited	Hong Kong	Ordinary HK$50,000,000	40.34	Brokerage of futures and options
Celestial Securities Limited	Hong Kong	Ordinary HK$140,000,000	40.34	Brokerage of securities and equity options
Agostini Limited	Hong Kong	Ordinary HK$1	40.34	Investment holding and trading
Think Right Investments Limited	BVI	Ordinary US$1	40.34	Properties holding
Celestial Financial Services Limited	BVI	Ordinary US$10,000	40.34	Investment holding
CASH Mobile Financial Services Limited	Hong Kong	Ordinary HK$10,000,000	40.34	Provision of management services for group companies

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

None of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiaries	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				HK$'000	HK$'000	**HK$'000**	HK$'000
CRM (HK) (Note (1))	BVI/ Hong Kong	**8.93%**	9.02%	**1,463**	2,517	**14,948**	13,597
MMDE	BVI/Hong Kong	**10.3%**	10.3%	**—**	—	**(40,045)**	(40,045)
CFSG (Note (2))	Bermuda/Hong Kong	**—**	59.66%	**(23,057)**	(30,545)	**—**	319,183
Individual immaterial subsidiaries with non-controlling interests				**—**	—	**535**	535
				(21,594)	(28,028)	**(24,562)**	293,270

Notes:

(1) CRM (HK) is 91.07% (2016: 90.98%) owned by the Company.

(2) As referred to in notes 14 and 42, upon the issuance of new shares by CFSG on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from approximately 40.34% to 33.62% and CFSG ceased to be a subsidiary of the Company and became an associate of the Company.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CRM (HK)

	2017	2016
	HK$'000	HK$'000
Non-current assets	**112,394**	121,899
Current assets	**509,153**	482,509
Non-current liabilities	**(6,649)**	(6,649)
Current liabilities	**(453,666)**	(452,264)
	161,232	145,495
Equity attributable to owners of the Company	**146,284**	131,898
Non-controlling interests of CRM (HK)	**14,948**	13,597
	161,232	145,495
Revenue	**1,332,015**	1,440,493
Expenses	**(1,316,364)**	(1,412,591)
Profit and total comprehensive income for the year	**15,651**	27,902
Profit and total comprehensive income for the year attributable to		
— the owners of the Company	**14,188**	25,385
— non-controlling interests of CRM (HK)	**1,463**	2,517
Profit and total comprehensive income for the year	**15,651**	27,902
Net cash inflow from operating activities	**33,224**	53,752
Net cash outflow from investing activities	**(42,588)**	(6,205)
Net cash outflow from financing activities	**(3,386)**	(12,019)
Net cash (outflow) inflow	**(12,750)**	35,528

There are no significant restrictions on the ability of CRM (HK) to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

MMDE

	2017 HK$'000	2016 HK$'000
Non-current assets	**6,187**	6,193
Current assets	**1,541**	1,755
Current liabilities	**(405,717)**	(404,026)
	(397,989)	(396,078)
Equity attributable to owners of the Company	**(357,944)**	(356,033)
Non-controlling interests of MMDE	**(40,045)**	(40,045)
	(397,989)	(396,078)
Revenue	**1,026**	2,562
Expenses	**(2,962)**	(4,558)
Loss for the year	**(1,936)**	(1,996)
Loss for the year attributable to		
— the owners of the Company	**(1,936)**	(1,996)
— non-controlling interests of MMDE	**—**	—
Loss for the year	**(1,936)**	(1,996)
Other comprehensive income (expense) for the year attributable to		
— the owners of the Company	**25**	(228)
— non-controlling interests of MMDE	**—**	—
Other comprehensive income (expense) for the year	**25**	(228)
Total comprehensive expense for the year attributable to		
— the owners of the Company	**(1,911)**	(2,224)
— non-controlling interests of MMDE	**—**	—
Total comprehensive expense for the year	**(1,911)**	(2,224)
Net cash outflow from operating activities	**(2,116)**	(2,299)
Net cash inflow from financing activities	**1,691**	2,320
Net cash (outflow) inflow	**(425)**	21

There are no significant restrictions on the ability of MMDE to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

CFSG and subsidiaries

	20.6.2017 HK$'000	31.12.2016 HK$'000
Non-current assets	**60,657**	62,333
Current assets	**1,896,957**	1,648,590
Non-current liabilities	**(9,012)**	(10,685)
Current liabilities	**(1,212,961)**	(1,157,060)
Net assets of CFSG	**735,641**	543,178
Equity attributable to owners of the Company	**208,234**	223,995
Non-controlling interests of CFSG	**527,407**	319,183
	735,641	543,178

	1.1.2017 to 20.6.2017 HK$'000	1.1.2016 to 31.12.2016 HK$'000
Revenue	**62,863**	166,830
Expenses	**(101,510)**	(218,028)
Loss for the period/year	**(38,647)**	(51,198)
Loss for the period/year attributable to		
— the owners of the Company	**(15,590)**	(20,653)
— non-controlling interests of CFSG	**(23,057)**	(30,545)
Loss for the period/year	**(38,647)**	(51,198)
Other comprehensive expense for the period/year attributable to		
— the owners of the Company	**(69)**	(484)
— non-controlling interests of CFSG	**(101)**	(715)
Other comprehensive expense for the period/year	**(170)**	(1,199)
Total comprehensive expense for the period/year attributable to		
— the owners of the Company	**(15,659)**	(21,137)
— non-controlling interests of CFSG	**(23,158)**	(31,260)
Total comprehensive expense for the period/year	**(38,817)**	(52,397)

Details of cash flows of CFSG for the year ended 31 December 2016 are disclosed in note 14. There were no significant restrictions on the ability of CFSG to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

47. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2017 HK$'000	2016 HK$'000
Non-current asset		
Amounts due from subsidiaries	**421,819**	424,680
Current assets		
Other receivables	**227**	227
Bank balance and cash	**113**	254
	340	481
Current liabilities		
Other payables and accruals	**580**	987
Amounts due to subsidiaries	**41,137**	41,281
	41,717	42,268
Net current liabilities	**(41,377)**	(41,787)
Net assets	**380,442**	382,893
Capital and reserves		
Share capital	**83,122**	83,122
Reserves (Note)	**297,320**	299,771
Total equity	**380,442**	382,893

Note: Reserves

	Share premium HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2016	591,437	149,719	4,458	(443,836)	301,778
Loss and total comprehensive expense for the year	—	—	—	(2,861)	(2,861)
Recognition of equity-settled share-based payments	—	—	854	—	854
Effect of lapsed share options	—	—	(280)	280	—
At 31 December 2016	591,437	149,719	5,032	(446,417)	299,771
Loss and total comprehensive expense for the year	—	—	—	(3,212)	(3,212)
Recognition of equity-settled share-based payments	—	—	761	—	761
Effect of lapsed share options	—	—	(648)	648	—
At 31 December 2017	591,437	149,719	5,145	(448,981)	297,320

Appendix – Five-Year Financial Summary

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements as appropriate, is set out below:

	Year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
RESULTS					
Revenue					
Continuing operations	**1,333,041**	1,443,055	1,390,716	1,173,545	1,111,928
Discontinued operation	**61,246**	149,916	243,897	198,063	194,565
	1,394,287	1,592,971	1,634,613	1,371,608	1,306,493
Profit (loss) before taxation					
Continuing operations	**(196,042)**	15,542	12,647	10,577	(69,853)
Discontinued operation	**223,645**	(70,314)	13,410	54,327	(62,415)
	27,603	(54,772)	26,057	64,904	(132,268)
Income tax (expense) credit	**(3,715)**	(4,395)	(7,852)	(21,302)	3,903
Profit (loss) for the year	**23,888**	(59,167)	18,205	43,602	(128,365)
Attributable to:					
Equity holders of the Company	**45,482**	(31,139)	15,229	2,422	(87,835)
Non-controlling interests	**(21,594)**	(28,028)	2,976	41,180	(40,530)
	23,888	(59,167)	18,205	43,602	(128,365)

Appendix – Five-Year Financial Summary (continued)

	As at 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**42,352**	63,911	83,751	74,486	60,600
Investment property	**—**	16,508	188,583	213,666	57,112
Goodwill	**39,443**	60,049	60,049	60,049	62,710
Interests in an associate	**363,585**	—	—	1,434	158,154
Intangible assets	**43,460**	53,212	53,212	53,212	53,212
Other non-current assets	**38,210**	65,670	52,617	76,183	107,901
Current assets	**477,718**	2,260,816	2,614,213	2,058,903	2,012,378
Total assets	**1,004,768**	2,520,166	3,052,425	2,537,933	2,512,067
Current liabilities	**514,558**	1,747,407	2,149,024	1,740,356	1,816,458
Long term borrowings	**—**	10,645	78,412	91,516	22,575
Other non-current liabilities	**6,649**	6,924	13,077	14,509	8,218
Total liabilities	**521,207**	1,764,976	2,240,513	1,846,381	1,847,251
Net assets	**483,561**	755,190	811,912	691,552	664,816
Equity attributable to equity holders of the Company	**508,123**	461,920	489,899	366,626	357,258
Non-controlling interests	**(24,562)**	293,270	322,013	324,926	307,558
	483,561	755,190	811,912	691,552	664,816

Definitions

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"AGM(s)"	the annual general meeting(s) of the Company
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CASH Algo Finance Group"	CASH Algo Finance Group International Limited and its subsidiaries. It is a company incorporated in the British Virgin Islands with limited liability and is a subsidiary of the Company
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands; a substantial Shareholder of the Company and an associate of Mr Kwan Pak Hoo Bankee
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity. It was a then subsidiary of the Company, and is now an associate of the Company held through CFSG
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board. CFSG was a then subsidiary of the Company, and is now an associate of the Company
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Option Scheme"	the share option scheme adopted by CFSG pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008
"CG Code"	the Corporate Governance Code as contained in the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board
"Company Secretary"	the company secretary of the Company
"COO"	the chief operating officer of the Company
"CRMG" or "CRMG Group"	CRMG Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (including Pricerite Home Limited and TMF Company Limited), which mainly conduct the retail management business in Hong Kong under multi-brand name including "Pricerite" and "TMF"
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company

Definitions (continued)

"ESG Guide"	the Environmental, Social and Governance Reporting Guide as contained in Appendix 27 of the Listing Rules
"Group" or "CASH Group"	the Company and its subsidiaries
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Net2Gather" or "Netfield"	Netfield Technology Limited, a company incorporated in Bermuda with limited liability. It is a wholly-owned subsidiary of the Company and the holding company of mobile internet services business
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFC"	the Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary shares of HK$0.10 each in the share capital of the Company
"Share Option Scheme"	the existing share option scheme of the Company adopted by the Shareholders at an AGM of the Company held on 21 May 2012
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"PRC"	the People's Republic of China
"UK"	United Kingdom
"US"	United States