GLOBAL MASTERMIND
環 球 大 通

Global Mastermind Holdings Limited
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Global Mastermind Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2016. This announcement, containing the full text of the 2016 Annual Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of annual results. Printed version of the Company's 2016 Annual Report will be delivered to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the Company's website at www.globalmholdings.com by end of March 2017.

ANNUAL REPORT 2016

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Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li

Independent Non-Executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

COMPLIANCE OFFICER

Mr. Mung Bun Man, Alan

COMPANY SECRETARY

Mr. Lee Chan Wah

AUDIT COMMITTEE

Mr. Law Kwok Ho, Kenward *(Committee Chairman)*
Mr. Tsai Yung Chieh, David
Mr. Fung Wai Ching

REMUNERATION COMMITTEE

Mr. Tsai Yung Chieh, David *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

NOMINATION COMMITTEE

Mr. Fung Wai Ching *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Tsai Yung Chieh, David

CORPORATE GOVERNANCE COMMITTEE

Mr. Mung Bun Man, Alan *(Committee Chairman)*
Mr. Fung Wai Ching
Mr. Lee Chan Wah

AUTHORIZED REPRESENTATIVES

Mr. Mung Bun Man, Alan
Mr. Lee Chan Wah

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
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STOCK CODE

8063

Financial Summary

RESULTS

For the year ended 31 December

	2016 HK$'000	(Note) 2015 HK$'000	(Note) 2014 HK$'000	2013 HK$'000	2012 HK$'000
Service income from provision of travel related products and services	**37,374**	41,243	47,320	52,516	58,108
Interest income from money lending business	**9,281**	–	–	–	–
Net realised (loss) gain on securities investment	**(3,643)**	99	(356)	–	–
Unrealised gain (loss) on securities investment	**174**	(2,705)	(349)	–	–
Sale of hotel rooms	**–**	15,498	1,649	–	–
Costs of sale of hotel rooms	**–**	(14,075)	(1,500)	–	–
Other income, other gains and losses	**6,713**	7,624	8,578	3,876	6,040
Gain on disposal of investments	**–**	–	12,309	–	–
Precious metal used	**–**	–	–	–	(2,435)
Staff costs	**(39,525)**	(41,121)	(37,680)	(39,057)	(39,502)
Depreciation and amortisation expenses	**(11,342)**	(10,079)	(11,227)	(12,944)	(13,855)
Impairment loss on intangible assets	**(19,000)**	(21,000)	–	–	–
Impairment loss on goodwill	**–**	–	(8,393)	(25,000)	(24,000)
Impairment loss on interest in a joint venture	**(2,845)**	–	–	–	–
Impairment loss on available-for-sale investments	**(13,886)**	(88,200)	–	–	–
Other expenses	**(20,739)**	(19,954)	(18,092)	(17,287)	(16,960)
Share of profit of a joint venture	**701**	1,853	2,071	1,100	–
Finance costs	**(2,755)**	(737)	(73)	–	–
Loss before taxation	**(59,492)**	(131,554)	(5,743)	(36,796)	(32,604)
Income tax credit/(expenses)	**3,700**	5,372	208	(173)	(981)
Loss for the year	**(55,792)**	(126,182)	(5,535)	(36,969)	(33,585)

Note: As a result of changes in presentation format of the consolidated statement of profit or loss and other comprehensive income, the figures in 2015 and 2014 have been reclassified to conform to the current year's presentation.

ASSETS AND LIABILITIES

As at 31 December

	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Total assets	**662,315**	437,869	653,883	362,440	385,862
Total liabilities	**(59,944)**	(80,438)	(85,019)	(86,149)	(65,007)
Equity attributable to owner of the Company	**602,371**	357,431	568,864	276,291	320,855

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board" and the "Directors", respectively), I am pleased to present the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 to the shareholders of the Company (the "Shareholders").

RESULTS

During the year under review, the Group recorded a consolidated revenue of HK$43,012,000 (31 December 2015: HK$56,840,000), comprised of (i) service income from provision of travel related products and services of HK$37,374,000 (31 December 2015: HK$41,243,000); (ii) interest income from money lending business of HK$9,281,000 (31 December 2015: Nil); (iii) net realised loss on securities investment of HK$3,643,000 (31 December 2015: net realised gain of HK$99,000); and (iv) sales of hotel rooms of HK$0 (31 December 2015: HK$15,498,000), representing a decrease of about 24.3% as compared to that of last year. The decrease was mainly attributed to the decrease in revenue of the travel business segment, especially the expiry of hotel rooms supply agreement with effect from 1 January 2016. Loss attributable to owners of the Company was approximately HK$55,792,000, representing a decrease of about 55.8 % as compared to that of last year. The improvement was mainly contributed by the decrease in the amount of impairment loss on available-for-sale of investments as compared to that of last year.

During the year, the Group began a money lending business. On 4 February 2016, Global Mastermind Financial Services Limited ("Global Mastermind Financial Services"), an indirect wholly-owned subsidiary of the Company was granted a license to carry on business as a money lender in Hong Kong. This new business segment contributed revenue of approximately HK$9,281,000 in the current year, representing approximately 21.6% of the total consolidated revenue.

PROSPECT

As disclosed in the Company's quarterly and interim reports, the Group announced to expand its business in financial services and had lodged applications to the Securities and Futures Commission ("SFC") for the licenses of (i) asset management (operation of which is Type 9 regulated activity under the Securities and Futures Ordinance (the "SFO"), the "Asset Management Business"); (ii) dealing in securities business (operation of which is Type 1 regulated activity under the SFO, the "Securities Business"); and (iii) advising on securities business (operation of which is Type 4 regulated activity under the SFO, the "Advising on Securities Business"). On 21 February 2017, Global Mastermind Asset Management Limited ("Global Mastermind Asset Management"), an indirect wholly-owned subsidiary of the Company was granted a license to carry on Asset Management Business. The management expects that the licenses for Securities Business and Advising on Securities Business will be granted in the second quarter of 2017 and the new business in financial services will be in full operation in the third quarter of 2017. The management expects that the new businesses will open up a new and stable income stream to the Group in the future.

In order to maintain the Group's sustainability and preservation of value over the longer term, the Group will continue to look for suitable investment opportunities in order to diversify its businesses and broaden its revenue base.

APPRECIATION

On behalf of the Board and management, I would like to express my sincere gratitude to all our clients, investors, suppliers, business partners and Shareholders for their continuous valuable support and trust. I would also like to take this opportunity to thank all of our staff for their tireless efforts, diligence and contribution during last year.

Cheung Kwok Wai, Elton
Chairman

Hong Kong, 27 March 2017

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded loss attributable to owners of the Company of HK$55,792,000 for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$126,182,000), representing basic loss per share of HK2.41 cents (for the year ended 31 December 2015: HK16.50 cents).

Revenue and profitability

For the year ended 31 December 2016, the consolidated revenue of the Group amounted to HK$43,012,000 (31 December 2015: HK$56,840,000), comprised of (i) service income from provision of travel related products and services of HK$37,374,000 (31 December 2015: HK$41,243,000); (ii) interest income from money lending business of HK$9,281,000 (31 December 2015: Nil); (iii) net realised loss on securities investment of HK$3,643,000 (31 December 2015: net realised gain of HK$99,000); and (iv) sales of hotel rooms of HK$0 (31 December 2015: HK$15,498,000), representing a decrease of about 24.3% as compared to that of last year. The decrease was mainly attributed to (i) the expiry of hotel rooms supply agreement with effect from 1 January 2016 and no revenue was generated from the sales of hotel rooms in the current year; and (ii) the decrease in revenue derived from the travel business in Singapore.

The revenue arising from travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related products and services, including airtickets, hotel rooms, Free Independent Traveler ("FIT") packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions ("MICE") customers refer to customers who are mainly corporate customers, convention organizers and special projects organizers who require one stop professional MICE/special project/event management services.

The revenue arising from travel agency operation in Hong Kong consists of rendering travel agency services related to air ticketing and air/hotel packages.

Approximately 86.9% or HK$37,374,000 of the total consolidated revenue was derived from the provision of travel related products and services of which HK$35,969,000 and HK$1,405,000 was generated from the market in Singapore and Hong Kong respectively.

The money lending business opened up a new income stream for the Group and the interest income revenue derived from the provision of money lending services amounted to HK$9,281,000 during the year under review (for the year ended 31 December 2015: Nil).

For treasury management business, net realised loss of HK$3,643,000 was generated from the securities investment (31 December 2015: net realised gain of HK$99,000).

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2016 amounted to HK$6,713,000, representing a decrease of 11.9% as compared to HK$7,624,000 for the corresponding period last year. Such decrease was mainly attributed to the decrease of employment credits from government grants and commercial credit card rebate.

Expenditure

For the reporting period, staff costs amounted to HK$39,525,000 (for the year ended 31 December 2015: HK$41,121,000). Depreciation and amortisation expenses amounted to HK$11,342,000 (for the year ended 31 December 2015: HK$10,079,000). Other expenses amounted to HK$20,739,000 (for the year ended 31 December 2015: HK$19,954,000).

Impairment loss on available-for-sale investments

During the year under review, the Group had disposed the investment in 60,000,000 shares of China Star Entertainment Limited ("China Star"), which was classified as available-for-sale investments, for an aggregate consideration of HK$33,000,000, an impairment loss of HK$13,886,000 on available-for-sale investments was recorded for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$88,200,000).

Impairment loss on intangible assets

The management performs regular review on the carrying values of intangible assets of the acquired business to determine any potential impairment loss according to Hong Kong Accounting Standard 36 "Impairment of Assets".

During the year under review, the Group recognized an impairment loss on intangible assets amounting to HK$19,000,000, comprised of the impairment loss on trade name and customer relationship of the travel business in Singapore of HK$16,425,000 and HK$2,575,000 respectively (for the year ended 31 December 2015: an impairment loss on intangible assets of HK$21,000,000, comprised of the impairment loss on trade name and customer relationship of the travel business in Singapore of HK$15,547,000 and HK$5,453,000 respectively).

The impairment loss on intangible assets is calculated based on the recoverable amounts of the cash generating units ("CGUs") of trade name and customer relationship in the travel business in Singapore. The recoverable amounts of the CGUs were based on their value in use and were determined with the assistance of Ascent Partners Valuation Service Limited ("Ascent Partners"), an independent professional qualified valuer not connected to the Group.

During the second quarter of 2016, an impairment loss on intangible assets of HK$8,000,000 had been recognised, with reference to the valuation report prepared by Ascent Partners.

As at the year end of 2016, the management further assessed the current and expected performance of travel business with reference to the valuation report prepared by Ascent Partners, which indicated the recoverable amounts of the CGUs, while as compared with the impairment test conducted in the second quarter of 2016, were below the respective carrying amounts of intangible assets. On this basis, an additional impairment loss on intangible assets of HK$11,000,000 was recognised.

Finance costs

For the year ended 31 December 2016, finance costs of HK$2,755,000 (for the year ended 31 December 2015: HK$737,000) was attributed to (i) the interest on other loan of approximately HK$2,537,000; and (ii) the interest on short term bank borrowings of approximately HK$218,000.

Impairment loss on interest in and share of profit of a joint venture

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), an indirect wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14,000,000. DOH engages principally in the business of operating as tours and travel agents in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the Directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013 and the details of the transaction were set out in the Company's announcement dated 30 July 2013.

Based on the unaudited management accounts of DOH, the Group shared a profit from the joint venture amounting to HK$701,000 for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$1,853,000).

At the end of the reporting period, the management of the Company, with the assistance of Ascent Partners, performed an impairment assessment on its interest in the joint venture. An impairment loss on interest in the joint venture of HK$2,845,000 was identified after taking into account of its recoverable amount which is based on its value in use (for the year ended 31 December 2015: Nil).

BUSINESS REVIEW

Major acquisition in relation to the acquisition of property holding companies

On 4 March 2016, Giant Code Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "Hope Master Acquisition Agreement") with vendor A (the "Vendor A"), pursuant to which Vendor A conditionally agreed to sell and the Purchaser conditionally agreed to purchase the 100% shareholding (the "Hope Master Sale Share") and the shareholder's loan (the "Hope Master Sale Loan") in Hope Master Investments Limited ("Hope Master") which holds a property located at Unit 3107, 31/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "Property A"), at the aggregate consideration of HK$63,370,687.10. On the even date, the Purchaser entered into an acquisition agreement (the "Famous Flamingo Acquisition Agreement") with vendor B (the "Vendor B"), pursuant to which Vendor B conditionally agreed to sell and the Purchaser conditionally agreed to purchase the 100% shareholding (the "Famous Flamingo Sale Share") and the shareholder's loan (the "Famous Flamingo Sale Loan") in Famous Flamingo Limited ("Famous Flamingo") which holds two properties located at Unit 3108 and 3109, 31/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "Property B") at the aggregate consideration of not exceeding HK$73,600,000.00 (collectively, the "Acquisition"). The Acquisition constituted a major acquisition of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. The Acquisition had been approved by the shareholders of the Company in the extraordinary general meeting held on 13 June 2016 and completed on 30 June 2016. After completion, Hope Master and Famous Flamingo became indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the financial statements of the Group. Both Property A and Property B had been used as the head office and principal place of business of the Group in Hong Kong. Details of the Acquisition were set out in the Company's announcement dated 29 January 2016, 4 March 2016 and 30 June 2016 and the Company's circular dated 24 May 2016.

Travel business

During the year under review, the performance of the segment in travel business was not satisfactory. The fierce competition in the industry exerted pressure on the Group's travel business in Singapore and the expiry of the hotel rooms supply agreement in 2016 led to a decrease in the revenue of travel business to HK$37,374,000 in the current year (for the year ended 31 December 2015: HK$56,741,000).

Money lending business

During the year, the Group commenced the money lending business which generated interest income on loans of HK$9,281,000 (for the year ended 31 December 2015: Nil). The Group granted new loans in the aggregate principal amount of HK$174,000,000 to its customers and received prepayment and repayment of HK$44,000,000 from its customers. At the end of the reporting period, the directors assessed the collectability of loans receivables. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loans receivables was recognised. As at 31 December 2016, the Group's loans receivables together with accrued interest receivables amounted to HK$131,588,000 (for the year ended 31 December 2015: Nil). Return on loans receivables (excluding accrued interest receivables) for the year ended 31 December 2016 is 7.8% (for the year ended 31 December 2015: Nil).

Treasury management business

During the year, the Group acquired Hong Kong equities with market value of HK$38,484,000. In addition, the Group disposed Hong Kong equities with market value of HK$33,296,000 (for the year ended 31 December 2015: HK$11,373,000) with a carrying amount of financial assets at fair value through profit or loss plus transation costs of HK$37,383,000 (for the year ended 31 December 2015: HK$11,274,000). Adding the dividend income from securities investment of HK$444,000 (for the year ended 31 December 2015: Nil), the Group's trading of financial assets at fair value recorded a net realised loss of HK$3,643,000 (for the year ended 31 December 2015: a net realised gain of HK$99,000). At 31 December 2016, the Group remeasured its equity portfolio at market prices and recorded an unrealised gain of HK$174,000 (for the year ended 31 December 2015: an unrealised loss of HK$2,705,000) arising on change in fair value of financial assets at fair value through profit or loss.

Discloseable Transaction in relation to the disposal of shares in China Star Entertainment Limited

On 15 September 2016, Long Joy Investments Limited ("Long Joy"), a direct wholly-owned subsidiary of the Company, entered into two bought and sold notes (the "Bought and Sold Notes") with two purchasers (the "Purchaser(s)"), pursuant to which Long Joy sold an aggregate of 60,000,000 shares (the "China Star Sale Share(s)") of China Star held by it to the Purchasers at an aggregate consideration of HK$33,000,000 at the subscription price of HK$0.55 (the "China Star Subscription Price") per China Star Sale Share (the "China Star Disposal"). According to the Bought and Sold Notes, each Purchaser had acquired 30,000,000 China Star Sale Shares respectively. The China Star Disposal constituted a discloseable transaction of the Company. Details of the China Star Disposal were set out in the Company's announcements dated 15 September 2016 and 20 September 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the period. As at 31 December 2016, the working capital, calculated by current assets less current liabilities, of the Group was of HK$315,172,000 compared to HK$251,914,000 as at 31 December 2015.

As at 31 December 2016, the Group's current ratio was 6.6 times (as at 31 December 2015: 4.5 times), calculated by current assets of HK$371,580,000 (as at 31 December 2015: HK$324,169,000) divided by current liabilities of HK$56,408,000 (as at 31 December 2015: HK$72,255,000).

As at 31 December 2016, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 1.7%, as compared with 5.3% as at 31 December 2015. The significant decrease was mainly contributed by the completion of the fund raising activities conducted by the Company during the year which broadened the equity base of the Company.

During the year under review, net cash used in operating activities amounted to HK$163,613,000 (for the year ended 31 December 2015: net cash used in operating activities of HK$65,233,000). Net cash used in investing activities for the year was HK$88,093,000 (for the year ended 31 December 2015: net cash generated from investing activities of HK$22,687,000). Net cash generated from financing activities amounted to HK$293,172,000 (for the year ended 31 December 2015: net cash generated from financing activities of HK$7,522,000). As a result, cash and cash equivalents of the Group as at 31 December 2016 was HK$154,163,000, compared with HK$112,724,000 as at 31 December 2015. The increase in cash and cash equivalent was mainly contributed by the fund raising activities conducted by the Company during the year.

CAPITAL STRUCTURE

As at 31 December 2016, the Company has 3,552,417,050 shares of HK$0.01 each (the "Shares") in issue.

(a) Rights Issue of 1,529,144,700 shares

On 29 February 2016, the Company issued and allotted 1,529,144,700 new shares by way of rights issue at the subscription price of HK$0.10 per rights share on the basis of two rights shares for every one existing share held on the record date (the "Rights Issue"). The gross proceeds from the Rights Issue was amounted to HK$152.9 million. The actual net proceeds from the Rights Issue after deducting all relevant expenses was approximately HK$147.2 million. Details of the Rights Issue were set out in the Company's circular dated 24 December 2015 and prospectus dated 28 January 2016.

(b) Share subscription under general mandate

On 23 June 2016, the Company and two independent third parties (the "Subscribers") entered into the two subscription agreements (the "Subscription Agreements"), pursuant to which the Subscribers had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 458,700,000 subscription shares (the "Subscription Shares") under general mandate at the subscription price (the "Subscription Price") of HK$0.1 per Subscription Share (the "Subscription"). The gross proceeds from the Subscription was amounted to approximately HK$45.87 million and the actual net proceeds from the Subscription was amounted to approximately HK$45.77 million. The Subscription was completed on 8 July 2016. Details of the Subscription were set out in the Company's announcements dated 23 June 2016 and 8 July 2016.

(c) Share subscription under specific mandate

On 12 October 2016, the Company and China Healthwise Holdings Limited (formerly known as Haier Healthwise Holdings Limited) ("China Healthwise"), a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange under stock code: 348, entered into a subscription agreement (the "China Healthwise Subscription Agreement"), pursuant to which China Healthwise had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 800,000,000 shares of the Company (the "China Healthwise Subscription Share(s)") at the price of HK$0.14 (the "China Healthwise Subscription Price") per China Healthwise Subscription Share (the "China Healthwise Subscription") under specific mandate (the "Specific Mandate"). The gross proceeds from the Subscription was amounted to approximately HK$112.0 million and the actual net proceeds from the Subscription was amounted to approximately HK$111.5 million. The Specific Mandate had been approved by the shareholders of the Company at the extraordinary general meeting held on 5 December 2016 and the issue and allotment of 800,000,000 China Healthwise Subscription Shares had been completed on 13 December 2016. Details of the China Healthwise Subscription were set out in the Company's announcements dated 12 October 2016 and 13 December 2016 and circular dated 17 November 2016.

(d) As at 31 December 2016, the total borrowings of the Group amounted to HK$10,426,000 (31 December 2015: HK$19,046,000), representing the short term secured bank borrowings, which are repayable within one year.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

(a) Rights issue of 1,529,144,700 new shares

According to the Company's prospectus dated 28 January 2016, the net proceeds from the Rights Issue was estimated to be approximately HK$146.5 million. Such proceeds were intended to be applied in the following manner: (i) approximately HK$30 million was intended to be used for the development of money lending business; (ii) HK$20 million was intended to be used for investment in the securities in Hong Kong; (iii) HK$20 million was intended to be used for the development of the provision of financial services, including the Asset Management Business and the future development of other Group's business in that segment; (iv) HK$74 million was intended to be used for acquiring an office premises in Hong Kong for the Group as head office and principal place of business in Hong Kong; (v) the remaining balance of HK$2.5 million was intended to be used for general working capital.

On 29 February 2016, the Company issued 1,529,144,700 new shares by the Rights Issue with actual net proceeds of HK$147.2 million. As at 31 December 2016, HK$30 million had been used for the development of money lending business as intended; HK$40 million had been used for the development of money lending business (details of the change of use of proceeds had been set out in the Company's announcement dated 3 May 2016); HK$74 million had been used for financing the acquisition of an office premises in Hong Kong; and HK$3.2 million had been utilized as general working capital.

(b) Share subscription under general mandate

On 23 June 2016, the Company issued 458,700,000 new shares by the Subscription. The net proceeds from the Subscription was amounted to approximately HK$45.77 million which was intended to be used for repayment of the borrowings of the Group. As at 31 December 2016, HK$40 million had been used for financing the loan pursuant to the loan agreement dated 3 August 2016 and HK$5.77 million has been utilized as general working capital (details of the change of use of proceeds had been set out in the Company's announcement dated 5 October 2016).

(c) Share subscription under specific mandate

According to the Company's circular dated 17 November 2016, the net proceeds from the China Healthwise Subscription was estimated to be approximately HK$111.2 million which was intended to be used for: (i) approximately HK$62 million was intended to be used for the repayment of the borrowings of the Group; (ii) approximately HK$40 million was intended to be used for the development of the Securities Business, Advising on Securities Business and Asset Management Business; and (iii) approximately HK$9.2 million was intended to be utilized for general working capital of the Group's operation in Hong Kong.

On 13 December 2016, the Company issued 800,000,000 new shares by the China Healthwise Subscription with the actual net proceeds of HK$111.5 millions. As at 31 December 2016, HK$62 million had been utilized for the repayment of the borrowings of the Group; and HK$49.5 million had not been utilized.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognized in the profit or loss.

In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers and payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

As at 31 December 2016, trade receivables amounting to Singapore Dollar ("SG$") 23,324,000 (equivalent to approximately HK$124,850,000) (31 December 2015: SG$24,505,000 equivalent to approximately HK$134,234,000) have been pledged to a bank by way of a floating charge. In addition, bank deposits of SG$791,000 (equivalent to approximately HK$4,230,000) (31 December 2015: SG$3,681,000 equivalent to approximately HK$20,162,000), and other cash collateral included in other receivables of approximately SG$560,000 (equivalent to approximately HK$2,998,000) (31 December 2015: Nil) of the Group were pledged to secure credit facility as at 31 December 2016.

The bank has provided banker's guarantee, invoice financing and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$6,500,000 (equivalent to approximately HK$34,793,000) (31 December 2015: SG$16,000,000 (equivalent to approximately HK$87,644,000)) of which the amounts utilised as at 31 December 2016 were approximately SG$3,840,000 (equivalent to approximately HK$20,552,000) (31 December 2015: SG$6,393,000 (equivalent to approximately HK$35,022,000)). As at 31 December 2015, another bank had provided banker's guarantee to a subsidiary of the Company of approximately SG$49,000 (equivalent to approximately HK$268,000)). The banker's guarantee had been given in favour to international airlines.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2016.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the Acquisition as mentioned in the sub-section headed "Major acquisition in relation to the acquisition of property holding companies" in the section headed "Business Review", the Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2016.

FUTURE BUSINESS STRATEGIES

Looking ahead to 2017, the travel business environment is continuing to be challenging. The Group's profitability in travel business is facing pressure from the rising costs of operations and stiff price driven competition. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The management expects that the global financial market is still volatile. The management will cautiously monitor Hong Kong equity market, change the Group's equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate. The Group will continue to adopt a conservative investment approach towards its treasury management business in 2017.

For the money lending business, the management adopts a more cautious approach during its assessment and approval of loans in order to mitigate its credit risk.

EVENTS AFTER THE REPORTING PERIOD

On 21 February 2017, Global Mastermind Asset Management Limited ("Global Mastermind Asset Management"), an indirect wholly-owned subsidiary of the Company was granted a license to carry on Asset Management Business.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2016 and up to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to a number of risks, including those outlined below,

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition facing by the travel business which could impact the Group's performance.	• Continual review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Regularly review forward looking indicators to identify economic conditions.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Fully understand to customers and carry out credit quality assessment on customers before granting loans. • Regularly monitor loans receivables and assess of the customers' loans recoverability.
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	• Regularly monitor liquidity and statement of financial position of the Group. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing in securities listed on stock exchanges.

Principal risks	Description	Mitigating actions
Price risk	Price risk is the risk that changes in equity prices will affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates will affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.
People risk	People risk is the risk of loss arising from the services rendered by any directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group needs. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings incurred and reputational damage.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement on any compulsory changes. • Seek legal or other specialist advice as appropriate.

ENVIRONMENTAL POLICIES

The Group is committed to acting in an environmentally responsible manner in our business operations and promoting green measures towards environmental protection to our employees. Our Group adheres to the principle of Recycling, Reducing and Reusing. Double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are implemented by the Group. In order to enhance environmental sustainability, our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's business operation.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, the Group has complied with (i) Travel Agents Ordinance and Travel Agents Regulations applicable for its travel business in Singapore and in Hong Kong; and (ii) Money Lenders Ordinance and Money Lenders Regulations for its money lending business in Hong Kong.

For the year ended 31 December 2016, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH EMPLOYEE, CUSTOMERS, SUPPLIERS AND OTHERS

During the year under review, the Group's aggregate sales attributable to its five largest customers was less than 30% of the Group's total revenue.

In addition, the Group's aggregate purchase attributable to its five largest suppliers was also less than 30% of the Group's total purchases.

Saved as disclosed above, none of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their merits, qualifications and competence.

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted the share option scheme ("Option Scheme") as an incentive to Directors and eligible participants, details of the Option Scheme is set out in note 29 of the consolidated financial statements.

COMPETING INTERESTS

Neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause significant competition with the business of the Group.

MANAGEMENT CONTRACT

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

EMPLOYEES INFORMATION

As at 31 December 2016, the total number of employees of the Group was 117.

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and provident funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund Scheme in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.

FINANCIAL KEY PERFORMANCE INDICATORS

We assess our performance against the following financial key performance indicators ("KPIs").

KPIs		For the year ended 31 December 2016	2015
The Group			
1. LBITDA	HK$'000	**(9,664)**	(11,538)
2. Operating cash outflow per share	HK cents	**7.08**	8.53
3. Losses per share – basic and diluted	HK cents	**2.41**	16.50
4. Current ratio	times	**6.6**	4.5
5. Gearing ratio	%	**1.7**	5.3
Travel Business			
6. Service revenue per staff	HK$'000	**593**	589
Treasury Management Business			
7. Return on financial assets at fair value through profit or loss	%	**12.8**	8.7
Money Lending Business			
8. Return on loans receivables	%	**7.8**	N/A

1. LBITDA

LBITDA is a valuable indicator of the ability to generate operating cash flow to fund working capital and capital expenditures and to service debt obligations. The LBITDA of the Group had been improved by HK$1.88 million from LBITDA of HK$11.54 million for the year ended 31 December 2015 to LBITDA of HK$9.66 million for the year ended 31 December 2016. The improvement was mainly contributed by a new income stream from money lending business and decrease in the staff cost of the travel business in Singapore.

2. Operating cash outflow per share

This indicator is the cash utilized in operating activities, divided by the weighted average of the number of shares in issue. It helps measure the ability to utilization of cash from the whole business per share of the Company. The operating cash outflow per share was narrowed down from HK cents 8.53 for the year ended 31 December 2015 to HK cents 7.08 for the year ended 31 December 2016.

3. Losses per share – basic and diluted

It is calculated by dividing the net earnings (losses) by the weighted average of the number of shares in issue. It indicates the profitability of the Group and is often used as an indicator to determine the Company's share price and its value. The basic and diluted losses per share decreased significantly by 85.39% to HK cents 2.41 for the year ended 31 December 2016 (31 December 2015: HK cents 16.50). The improvement was mainly contributed by the decrease in the impairment loss on available-for-sale investments and the broadening of shareholder base during the year under review.

4. **Current ratio**

   This indicator is calculated by dividing the current assets by the current liabilities of the Group. It measures the financial strength of the Group and the ability whether the Group has enough resources to pay its debts over the next twelve months. The current ratio has been improved from 4.5 as at 31 December 2015 to 6.6 as at 31 December 2016. The improvement in current ratio was mainly due to decrease in bank borrowings, increase in loan receivables from money lending business and bank balances and cash.

5. **Gearing ratio**

   This indicator is calculated by dividing the total borrowing of the Group by the total equity attributable to owners of the Company. It measures the financial risk to which the Group is subjected. The gearing ratio had been improved from 5.3% as at 31 December 2015 to 1.7% as at 31 December 2016. The decrease in gearing ratio was mainly due to decrease in bank borrowings and the completion of the fund raising activities conducted by the Company in the current year which broadened the equity base of the Company.

6. **Service revenue per staff**

   This indicator is defined as revenue derived from travel business divided by number of sales staff. It is a key indicator to measure the ability of the Group to achieve the objective in the development of the travel business. The revenue per sale staff for travel business increased slightly from HK$589,000 for the year ended 31 December 2015 to HK$593,000 for the year ended 31 December 2016.

7. **Return on financial assets at fair value through profit or loss**

   Return on financial assets at fair value through profit or loss is measured as a percentage of gains and losses arising on change in fair value, gains and losses on disposal and dividend income against the opening fair value of financial assets at fair value through profit or loss and the total investments made at cost for the reporting period. Securities investment recorded a negative return of 12.8% for the year ended 31 December 2016 (31 December 2015: negative return of 8.7%).

8. **Return on loans receivables**

   Return on loan receivables is measured as a percentage of interest income and impairment loss recognised, if applicable, from money lending business against average loan receivables, excluding accrued interest receivables. For the year ended 31 December 2016, the return on loan receivables is 7.8% (for the year ended 31 December 2015: Nil).

EXECUTIVE DIRECTORS

Mr. Cheung Kwok Wai, Elton ("Mr. Cheung"), aged 51, was appointed as the chairman and an executive Director on 16 December 2016. He has over 27 years of experience in the area of corporate finance and securities industries. He holds a Master Degree in Accounting and Finance from the University of Lancaster in the United Kingdom. Mr. Cheung has been appointed as an executive director of Eternity Investment Limited ("Eternity Investment", Stock Code: 764) and an executive director of Man Sang International Limited (Stock Code: 938) since 1 February 2011 and 26 June 2015 respectively, both companies are listed on the Main Board of the Stock Exchange. During the period from 11 October 2016 to 15 December 2016, Mr. Cheung was an executive director of China Healthwise Holdings Limited (formerly known as Haier Healthwise Holdings Limited) (Stock Code: 348), a company listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Cheung did not hold any directorships in other listed public companies in the last three years and did not hold any position with the Company and other members of the Group.

Mr. Cheung has not entered into any service contract with the Company. There is no agreement between the Company and Mr. Cheung in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as the chairman and the executive Director. He is subject to retirement at the next following general meeting of the Company after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles"). He is entitled to a director's fee of HK$120,000 per annum which is determined by the Board with reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the remuneration committee of the Company (the "Remuneration Committee").

As at the date of this report, Mr. Cheung was indirectly interested in 211,416,000 shares of Eternity Investment, representing approximately 6.57% of the issued share capital of Eternity Investment, which held 800,000,000 shares of China Healthwise, representing approximately 13.52% of the issued share capital of China Healthwise, which in turn held 800,000,000 shares of the Company, representing approximately 22.52% of the issued share capital of the Company. Save as disclosed above, Mr. Cheung does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company and he does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Mung Kin Keung ("Mr. Mung"), aged 56, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He has been appointed as an executive director of Global Mastermind Capital Limited ("GMCL", Stock Code: 905), a company listed on the Main Board of the Stock Exchange, since 9 March 2007. He was an executive director of Tai United Holdings Limited (formerly known as Bestway International Holdings Limited) ("Tai United", Stock Code: 718), a company listed on the Main Board of the Stock Exchange, for the period from 22 October 2013 to 18 June 2015. Mr. Mung was appointed as an executive director of HNA Holding Group Co. Limited (formerly known as HNA International Investment Holdings Limited, "HNA", Stock Code: 521), a company listed on the Main Board of the Stock Exchange, on 16 February 2009. He was redesignated as the vice-chairman and the chairman of HNA on 10 May 2010 and 24 October 2013 respectively. Mr. Mung has resigned as an executive director and the co-chairman of HNA with effect from 3 June 2015. Mr. Mung was also appointed as a co-chairman and an executive director of China Star Entertainment Limited (Stock Code: 326), a company listed on the Main Board of the Stock Exchange, for the period from 8 July 2014 to 30 April 2015. Save as disclosed above, Mr. Mung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Mung entered into an appointment letter with the Company on 19 June 2014 for an initial term of one year commencing from the date of appointment and shall continue unless and until terminated by either party giving not less than three months' prior notice. He is subject to retirement by rotation at least once every three years in accordance with the Articles. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee.

Mr. Mung is the father of Mr. Mung Bun Man, Alan ("Mr. Alan Mung"), an executive Director and the managing Director of the Company. As at the date of this report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 14.98% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung and 40% by Mr. Alan Mung.

Save as disclosed above, Mr. Mung does not have any relationship with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company. Mr. Mung does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Alan Mung, aged 30, was appointed as an executive Director on 24 March 2014 and the managing Director on 16 December 2016. He is also the compliance officer, a director of certain subsidiaries of the Company, a member of each of Remuneration Committee and nomination committee (the "Nomination Committee") and the chairman of corporate governance committee (the "Corporate Governance Committee") of the Company. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung has extensive working experience in investment and asset management. Mr. Alan Mung was appointed as an executive director of GMCL for the period from 12 November 2010 to 3 April 2013 and has been re-appointed as executive director of GMCL since 31 March 2014. He was an executive director of Tai United for the period from 22 October 2013 to 29 June 2015. He was an executive director of HNA for the period from 24 October 2013 to 6 February 2015. Save as disclosed above, Mr. Alan Mung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Alan Mung has not entered into any service contract with the Company or its subsidiaries. There is no agreement between the Company or its subsidiaries and Mr. Alan Mung in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as the executive Director and the managing Director. He is subject to retirement by rotation at least once every three years and in accordance with the Articles. Mr. Alan Mung is entitled to a director's fee of HK$60,000 per annum which is determined by the Board with reference to his duties and responsibilities and the prevailing market condition and the recommendation from the Remuneration Committee.

Mr. Alan Mung is the son of Mr. Mung Kin Keung, an executive Director of the Company. As at the date of this report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 14.98% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung and 40% by Mr. Alan Mung.

Save as disclosed above, Mr. Alan Mung does not have any relationships with any Directors, senior management or substantial or controlling shareholder (as respectively defined in the GEM Listing Rules) of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tse Ke Li ("Mr. Tse"), aged 60, was appointed as an executive Director on 26 October 2007. He is also a director of several subsidiaries of the Company. Mr. Tse has over 12 years' business management experience in a food and beverage company in Canada and investment experience in automobile trading in Canada. He also has several years' experience in property investment and trading. He specializes in marketing and business development. Mr. Tse did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Tse has not entered into any service contract with the Company or its subsidiaries. There is no agreement between the Company or its subsidiaries and Mr. Tse in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as the executive Director. He is subject to retirement by rotation at least once every three years and in accordance with the Articles. Mr. Tse is entitled to a director's fee of HK$360,000 per annum which is determined with reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He is also entitled to any discretionary bonus which shall be determined by reference to comments of the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. He is interested in 1,150,000 Shares within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward ("Mr. Law"), aged 44, has been appointed as an independent non-executive Director and the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee on 11 December 2015. Mr. Law graduated from University of New South Wales, Australia with a Bachelor of Commerce in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has experiences in auditing, taxation and finance for over 17 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong. Mr. Law did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Law has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the Articles. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tsai Yung Chieh, David ("Mr. Tsai"), aged 49, has been appointed as an independent non-executive Director and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 11 December 2015. He graduated from University of Hong Kong with a LLB Degree. He is a practicing solicitor in Hong Kong since 2001 and is presently a partner of a firm of solicitors in Hong Kong. Mr. Tsai did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Tsai has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the Articles. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Fung Wai Ching ("Mr. Fung"), aged 47, was appointed as an independent non-executive Director on 23 June 2014. He is also the chairman of Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 17 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung has been appointed as an independent non-executive director of GMCL, since 10 October 2014. He was also an independent non-executive director of Lajin Entertainment Network Group Limited (Stock Code: 8172), a company listed on GEM for the period from 25 May 2012 to 30 June 2015. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Fung has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the Articles. He is entitled to a director's fee of HK$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationships with any Directors, senior management or substantial or controlling shareholder of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the value of the Shareholders of the Company (the"Shareholders").

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

During the year ended 31 December 2016, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

- Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.

- Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the"Articles").

- Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

- Code provision E.1.2 of the CG Code provides that chairman of the board should attend the annual general meeting and he should invite the chairmen of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. During the year, the annual general meeting of the Company held on 3 June 2016 (the "2016 AGM"), although the Company has not appointed chairman of the Company at the relevant time, all Directors attended the 2016 AGM, except Mr. Mung Kin Keung who did not attend the 2016 AGM due to his other business engagement.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 December 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the year ended 31 December 2016.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, quarterly, interim and annual results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The executive Board and senior management were delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Cheung Kwok Wai, Elton
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li

Independent Non-executive Directors

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

Mr. Mung Kin Keung (an executive Director) is the father of Mr. Mung Bun Man, Alan (the managing Director and an executive Director). Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the necessary of balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 19 to 22 herein under the section headed "Biographies of Directors".

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting and appropriate expertise. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers these Directors are independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Articles.

Chairman and Chief Executive Officer

The Board has appointed Mr. Cheung Kwok Wai, Elton as the chairman of the Company and an executive Director on 16 December 2016. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.

The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Board Diversity Policy

The Board has adopted on 14 August 2013 a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will review and adopt the above measurements when it reviewed the composition of the Board. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2016 to the Company. The Company has also continuously updated Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 31 December 2016 is set out below:

Name of Director	Types of training (Note 1)	Subject of training (Note 2)
Mr. Cheung Kwok Wai, Elton	1	A
Mr. Mung Kin Keung	1	A
Mr. Mung Bun Man, Alan	1	A
Mr. Tse Ke Li	1	A
Mr. Tsai Yung Chieh, David	1	A
Mr. Law Kwok Ho, Kenward	1&2	A
Mr. Fung Wai Ching	1	A

Note 1:

1: Relevant reading, video or audio
2: Courses, seminars or workshops

Note 2:

A: Corporate governance and regulatory
B: Business and management

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the Directors review the operation and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2016, the Board held 20 meetings. All Directors are given an opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director		Number of meetings attended
Executive Directors:		
Mr. Cheung Kwok Wai, Elton	(Appointed on 16 December 2016) (Note 1)	N/A
Mr. Mung Kin Keung		16/20
Mr. Mung Bun Man, Alan		20/20
Mr. Tse Ke Li		16/20
Mr. Leung Wai Man	(Resigned on 16 December 2016) (Note 2)	20/20
Independent Non-executive Directors:		
Mr. Fung Wai Ching		20/20
Mr. Tsai Yung Chieh, David		20/20
Mr. Law Kwok Ho, Kenward		20/20

Notes:

1. Mr. Cheung Kwok Wai, Elton was appointed on 16 December 2016. No meeting was held during his tenure.

2. Mr. Leung Wai Man resigned with effect from the conclusion of the Board Meeting on 16 December 2016. His attendance above was stated by reference to the number of Board meetings held during his tenure.

Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

Board minutes are kept by the company secretary of the Company ("Company Secretary") and are open for inspection by the Directors. Every Board member is entitled to have access to the Board's papers and related materials and has unrestricted access to the advices and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

General Meeting

During the year ended 31 December 2016, 4 general meetings of the Company were held, being the 2016 AGM held on 3 June 2016 and 3 extraordinary general meeting (the "EGM") held on 15 January 2016, 13 June 2016 and 5 December 2016.

Name of Director		**Number of attendance**	
		2016 AGM	**EGM**
Executive Directors:			
Mr. Cheung Kwok Wai, Elton	(Appointed on 16 December 2016) *(Note)*	N/A	N/A
Mr. Mung Kin Keung		0/1	0/3
Mr. Mung Bun Man, Alan		1/1	3/3
Mr. Tse Ke Li		1/1	1/3
Mr. Leung Wai Man	(Resigned on 16 December 2016)	1/1	2/3
Independent Non-executive Directors:			
Mr. Fung Wai Ching		1/1	3/3
Mr. Tsai Yung Chieh, David		1/1	3/3
Mr. Law Kwok Ho, Kenward		1/1	2/3

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. Mr. Law Kwok Ho, Kenward (the chairman of the Audit Committee), Mr. Tsai Yung Chieh, David (the chairman of the Remuneration Committee) and Mr. Fung Wai Ching (the chairman of the Nomination Committee) attended the 2016 AGM to answer questions and collect views of Shareholders.

Note:

Mr. Cheung Kwok Wai, Elton was appointed on 16 December 2016. No general meeting was held during his tenure.

EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive Directors, currently being Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan, Mr. Tse Ke Li. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 January 2012 which currently consists of two independent non-executive Directors, namely Mr. Fung Wai Ching (as chairman) and Mr. Tsai Yung Chieh, David, and an executive Director, namely Mr. Mung Bun Man, Alan, with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Nomination Committee is currently made available on the GEM website and the Company's website.

The functions of the Nomination Committee are to review and monitor the structure, size and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In 2016, the Nomination Committee held 1 meeting mainly reviewing the composition of the Board, assessing the independence of the independent non-executive Directors and the Directors to be re-elected at the 2017 AGM before putting forth for discussion and approval by the Board, and making their recommendations to the Board on the appointment of Directors. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Fung Wai Ching (chairman)	1/1
Mr. Mung Bun Man, Alan	1/1
Mr. Tsai Yung Chieh, David	1/1

Apart from the meetings held for the above, the Nomination Committee by passing of written resolutions made recommendation to the Board on the appointment of Directors.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 20 January 2006 which currently consists of three independent non-executive Directors, namely Mr. Tsai Yung Chieh, David (as chairman), Mr. Law Kwok Ho, Kenward and Mr. Fung Wai Ching, and one executive Director, namely Mr. Mung Bun Man, Alan with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Remuneration Committee is currently made available on the GEM website and the Company's website.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and to make recommendations to the Board on the remuneration of independent non-executive Directors.

During the year ended 31 December 2016, the Remuneration Committee held 1 meeting for reviewing the remuneration packages of the Directors and senior management and making their recommendations to the Board on the remuneration packages of the Directors.

Name of member	Number of meeting attended
Mr. Tsai Yung Chieh, David *(chairman)*	1/1
Mr. Law Kwok Ho, Kenward	1/1
Mr. Fung Wai Ching	1/1
Mr. Mung Bun Man, Alan	1/1

Apart from the meetings held for the above, the Remuneration Committee by passing of written resolutions made recommendation to the Board on the proposed remuneration packages of new Directors.

The Company adopted the old share option scheme and terminated the same pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted Option Scheme at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include Directors and employees as incentives or rewards for their contribution to the Group. Details of the Option Scheme are set out in the Directors' Report and note 29 to the consolidated financial statements.

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 11 and 12 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

Services rendered	**Fee paid/payable** HK$'000
Audit services	1,230
Non-audit services	
– Review of interim and quarterly financial information	996
– Reporting accountant services in relation to rights issue in 2016	484
– Reporting accountant services in relation to major acquisition transaction in 2016	409

AUDIT COMMITTEE

The Company established the Audit Committee on 19 October 2000 which currently consists of three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2016.

The terms of reference of the Audit Committee is currently made available on the GEM website and the Company's website.

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of the resignation or dismissal of such auditors; reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Group's financial reporting system and internal control procedures.

During the financial year ended 31 December 2016, the Audit Committee held 4 meetings.

Name of member	**Number of meeting attended**
Mr. Law Kwok Ho, Kenward *(chairman)*	4/4
Mr. Tsai Yung Chieh, David	4/4
Mr. Fung Wai Ching	4/4

During the year ended 31 December 2016, the Audit Committee reviewed the quarterly, interim and annual results of the Group together with the auditor of the Company; which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the GEM Listing Rules.

The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

CORPORATE GOVERNANCE COMMITTEE

The Company established the Corporate Governance Committee (the "CG Committee"), with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the CG Committee comprises one executive Director, namely Mr. Mung Bun Man, Alan (as chairman), one independent non-executive Director, namely Mr. Fung Wai Ching and the Company Secretary, Mr. Lee Chan Wah.

The functions of the CG Committee are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2016, the CG Committee held 1 meeting to review the training and continuous professional development of Directors and to review the Company's compliance with the CG Code.

Name of member	Number of meeting attended
Mr. Mung Bun Man, Alan *(chairman)*	1/1
Mr. Fung Wai Ching	1/1
Mr. Lee Chan Wah	1/1

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs. Mr. Lee Chan Wah ("Mr. Lee"), was appointed as the Company Secretary of the Company with effect from 30 September 2015.

The Company Secretary has confirmed that he has no less than 15 hours of relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all shareholders. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the 2016 AGM proposes separate resolutions for each issue to be considered. Chairman of the Audit Committee, Remuneration Committee and Nomination Committee and the external auditor also attend the 2016 AGM to answer questions from the Shareholders. The annual report together with the annual general meeting circular are distributed to all the Shareholders at least 20 clear business days before the annual general meeting.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Shareholders to convene an extraordinary general meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles and The Companies Law (2013 Revision) of the Cayman Islands. The procedures Shareholders can use to convene an extraordinary general meeting are set out in the document entitled "Procedures for a Shareholder to Propose a Person for Election as a Director", which is currently available on the Company's website.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for putting forward proposals by shareholders at shareholders' meeting

Shareholders should follow the procedures set out in the sub-section headed "Shareholders to convene an extraordinary general meeting" above for putting forward proposals for discussion at general meeting.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting (the "2017 AGM") will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- delivery of the quarterly, interim and annual reports to all Shareholders;
- publication of announcements on the quarterly, interim and annual results on the GEM website and the Company's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and
- the general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

No changes in the Company's constitutional documents during the year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining a proper and effective system of internal control and risk management of the Group. The internal control system includes the safeguard of the interest of Shareholders and the Group's assets. The Board has delegated to management the implementation of all relevant financial, operational, compliance controls and risk management function within a defined framework. In light of the size and scale of the Group's businesses, the Company does not establish a separate internal audit department. The Group will engage independent professionals to conduct a review of the effectiveness of the Group's internal control and risk management systems annually. Subsequent to year ended 31 December 2016, the Group engaged an independent professional to perform a review of the effectiveness of the internal control and risk management systems covering the period from 1 January 2016 to 31 December 2016. The review covered all key controls and based on inquiry, observation and analytical review procedures supplemented by testing of transactions, reports and reconciliation. The overall opinion on the internal control and risk management systems of the Group are satisfactory. The Board is of the view that the Group's current internal control and risk management systems are adequate and effective.

Environmental, Social and Governance Report

This is the first Environmental, Social and Governance Report (the "ESG Report") of the Company to highlight our approaches and strategies in pursuit of sustainable development for the period from 1 January 2016 to 31 December 2016 (the "ESG Reporting Period"). This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 20 of the GEM Listing Rules.

The Group welcomes shareholders' feedback on our ESG Report and performance via e-mail at enquiry@globalmastermind.co or by post to our office, Unit 3108, 31/F, West Tower, Shun Tak Centre 168-200 Connaught Road Central, Hong Kong.

OUR SUBSTANTIALITY APPROACH

While promoting our business growth, we are concerned about our environmental and social responsibilities in our business operation. To ensure our investors and stakeholders are properly informed for our assessment, the Company set out below its efforts to minimize the negative influence to the environment, promote our employees' well-being and contribute to the community during the ESG Reporting Period.

OUR STAKEHOLDER ENGAGEMENT

We believe that understanding the views of our stakeholders lays a strong basis for the long-term growth and success of the Group. We develop various channels to a broad spectrum of stakeholders in order to provide them with the opportunity to express their views on our sustainability performance and future strategies. To strengthen mutual trust and respect, we are committed to enduring communication channels, both formally and informally, with stakeholders to facilitate us to better shape our business strategies to respond to their needs and expectations, anticipate risks and strengthen key relationships. We have recognized employees, customers, users of the customers, business partners, shareholders, suppliers, government and the community at large as our key stakeholder groups. The information collected through different communication processes served as the foundation for the structure of this Report.

A. ENVIRONMENTAL

Our principal business activities do not have significant impact on the environment and natural resources. Notwithstanding, we attach great importance to the environmental and social responsibilities and continuously carries out a variety of actions that promote care and compassion in society. We believed that being a responsible corporate citizen and operating sustainably over the long-term is integrated into our business model and shareholder value creation framework. We hope to maintain and act upon a long-term perspective in the way that we conduct our business and serve not only to our clients, but also give back to the community and environment.

We extremely eager to look for ways to save and participate in the improvement of our planet. Our missions are:

- To raise community awareness of and promote public support for issues related to environmental protection, energy, conservation and sustainable development;
- To promote collaborative efforts through regional and international co-operation;
- To implement environmental protection and energy related legislation and plans; and
- To administer robust environmental impact assessment in the planning of new developments and major projects.

The Group is not aware of any specific laws and regulations that have significant impact on the Group related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the ESG Reporting Period.

Emissions and use of resources

Our main source of greenhouse gas ("GHG") emissions are indirect emission through electricity consumption for our office operation. The Group has always placed great emphasis on energy conservation. To achieve this, we adopted the following measures to improve energy efficiency and reduce energy consumption.

Energy management

✓ Maintain the office's temperature to an energy-efficient level at 24°C – 26°C;
✓ Install energy-saving light tubes and use natural daylight for office as much as possible;
✓ Purchase those electrical appliances with Grade 1 or 2 energy efficient labels;
✓ Install high-performance electrical equipment;
✓ Encourages employees to switch off all computers and office equipment, electrical and air-conditioner when not in use; and
✓ Preset the computers to sleep mode instead of using a screen saver.

Waste reduction

Our wastes are mainly classified into two categories in our business, including: general wastes (household wastes) and recyclable wastes. We avoid wastage with the following measures:

✓ Actively promotes the 3R concepts – "Reduce, Reuse and Recycle" in daily business activities;
✓ Encourage staff to participate in activities related to environmental theme, waste reduction and recycling;
✓ Frequent use of electronic communications, such as sending and receiving information through email;
✓ Promote to use durable items, such as ceramic cups and reusable spoons instead of disposable cups and wooden stirrers; and
✓ Collect all spent toner cartridges for recycling.

The Group did not generate any hazardous waste in the ordinary course of business during the ESG Reporting Period.

Water Use Management

Our water usage is arising from water tap and drinking water. To avoid unnecessary consumption from daily operation, we promote staff behavior by posting saving slogans at eye levels of occupied areas.

Smart Use of Paper

Paper use is an essential item for normal operational activities such as printing of publications and notices. We prioritizes to procure recycled paper for the daily operation. Instead of reducing premium quality paper for their paper work, we advocate "paperless" culture in office by prompting appropriate initiatives.

- ✓ Adjust to an acceptable printing format of normal documents to reduce paper use;
- ✓ Display slogans in office areas and near printer to encourage employees to reduce paper consumption;
- ✓ Make electronic documents available to employee to reduce unnecessary printing;
- ✓ Promote a "think before you copy" attitude: sharing some documents with co-workers, printing only the number of copies required;
- ✓ Print documents in double-side except formal documents to reduce paper consumption; and
- ✓ Place paper recycle bin next to printer to reuse every side of paper as possible.

We will continue to look for opportunities to reduce further emissions and wastes on an ongoing basis.

B. SOCIAL

We care about our employees and regards them as one of the important resources for the development of the Company. We value our staff and take all possible measures to retain them, in particular building a comfortable, healthy and equal working environment for our employees and ensuring that all their rights and interests are protected.

Competitive Benefits and Remuneration

The Group is a family-friendly employer, we provide five-day working week arrangement. We provide competitive remuneration and staff benefits according to external and internal benchmark. In the determination of wage and salary levels for different employees, the Group takes into account of seniority, relevant experience, performance appraisals, education level and professional qualifications of the employee, as well as the nature of the work and duties required of the position to be carried out.

The career advancement opportunities and salary adjustment are evaluated by performance annually. In addition to annual leave and discretionary bonus, we also provide employees with benefits such as maternity leave and paternity leave, marriage leave, compassionate leave and examination leave, to foster a well-balanced leisure and holistic well-being. Whenever there is resignation or laid off, designated human resource personnel would carry out exit-interview with the staff to find out the underlying causes for the resignation or termination.

To enhance the sense of belonging of our employees and promote corporate culture, the Company organises lunch gathering weekly, annual party and provides birthday gift and festival gift to our employees.

By offering competitive package and staff benefit, our staff turnover rate remain stable in 2016 while job productivity and staff's performance are kept at satisfactory levels.

The Group prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment and employment practices such as promotions, rewards, access to training and demotion. The Group provides an equal and fair working environment and the Group does not tolerate any sexual harassment in the workplace. Employees could feel free to report problems to management is necessary and critical. The whistleblowing policy, incorporated into the code of conducts, encourages employees to raise concerns in confidence about misconduct, malpractice of matters related to the Company. We did not have any cases of discrimination during the ESG Reporting Period.

Health and safety

We place the highest priority on securing health and safety of all our employees. We endeavour to provide and maintain a safe and healthy working environment for employees to protect them from work-related accidents or injuries. We are committed to achieving and maintaining a high standard of safety and health at work for our employees, and to putting safety as first priority.

We provide a safe and healthy working environment to our staff, including:

- To monitor the safety and health performance of our staff, and to take necessary actions timely in case of sub-standard performance and for preventing accidents;
- To observe all laws and regulations for safety and health, relevant standards and codes of practice, and relevant recommendations issued by safety and health authorities;
- To encourage a pro-active and risk-based accident prevention culture, the attitude that every staff in the organization undertakes the responsibility for work safety, and work behaviour consistent with the concept that all staff should bear the work place safety;
- To provide medical and employment injury insurance to eligible employees; and
- To set work arrangement for typhoon and rainstorm warning

During the ESG Reporting Period, we have no work-related fatal or serious accidents recorded among the Group.

The Group is not aware of any non-compliance with the relevant laws and regulations that have significant impact to the Group in providing a safe working environment and protecting employees from occupational hazards during the ESG Reporting Period.

Development and training

The skills, knowledge and capabilities of our employees are the pillars of the sustainable development of the Group. They transform our visions into actions. We encourage our staff to attend both internal and external training and development programs so as to enhance their requisite knowledge and techniques in discharging their duties. The Group believes that investing in our people is not only advantageous to their personal and career development but also to the sustainability of the long term growth of the Group as a whole.

Apart from above trainings, we encourage employees to take internal and external professional programmes to strengthen their work-related skills, knowledge and expertise. We also sponsor job-related tuition fee and education allowance to our employees to attend training courses organized by professional institutions from time to time to foster a culture of continuous education and self-learning.

Pursuant to the Code provision A.6.5 under Appendix 15 of the GEM Listing Rules, all directors are required to participate in continuous professional development to develop and refresh their knowledge and skills. Hence, reading materials are also provided to our directors regularly to ensure that they keep abreast of the latest regulatory requirements, corporate governance practices, financial information and market trends.

The Group is subjected to various ordinances, rules, regulations and guidelines including but not limited to the Travel Agents Regulation, the Travel Agents Ordinance, the Money Lenders Regulations, the Money Lenders Ordinance (Cap 163), the Personal Date (Privacy) Ordinance (Cap 486), the GEM Listing Rules and the SFC's Guideline on Anti-Money Laundering. Continuous development and updates of relevant laws and regulations are aware by the Group to relevant staff and directors to update and maintain their professional competence to remain fit and proper.

Some seminars or trainings attended by our staff in 2016 included topics in connected transactions, ESG reporting, new Companies Ordinance, detecting fraud and anti-money laundering.

Labour Practice

We strictly emphasize on the prohibition of engaging child labour and forced labour. As prevention for child labour, human resources department shall verify the age of the staff by inspecting identity proofs before hiring any job applicants. All work should be voluntarily performed and shall not involve forced labour. All employees may resign upon reasonable notice. The Group prohibits child labour in any workplace. Salary and benefits are offered in accordance with applicable laws and regulations, including those relating to minimum wage and mandatory provident fund, and the remuneration is paid in a timely manner.

The Group is not aware of any non-compliance with relevant rules and regulations on preventing child or forced labour. And no employee is paid less than the minimum wage specified by the government regulations.

Our Supply Chain

We adopted green procurement policy which purchase products and services that causes minimal impacts to the environment. For the items extensively consumed by the Group, we have preference in choosing the refillable/reusable ones instead of single-use disposable items.

Product Responsibility

As we are a service provider, the quality of the services we provided is the foundation to our customers' satisfaction. We have always endeavored to provide the best services to customers. Our management team have a mechanism to regularly assess the quality of the services we provided. In case of any complaint from customers, we promise to handle and follow up as soon as possible.

Before any release of marketing information of our products or services, all released materials are checked by our senior executives to make sure that it complies with the applicable law and is free from any false or misleading information to the customers. We have also updated our relevant forms enabling customers to select of receiving any promotional and direct marketing materials at any time.

We are committed to protecting clients' personal data. Clients' personal information is maintained with care and restricted to authorized persons and used in the proper context only for authorized business purposes. All employees of our Group are committed to protecting, collecting, processing and using of clients' personal information in strict compliance with the Personal Data (Privacy) Ordinance.

During the ESG Reporting Period, we have no complaints received from clients due to disclosure of information.

Anti-corruption

We are committed to upholding the high standards of business ethics. Parties involved in business interaction shall prohibit any form of corruption, extortion, bribery, fraud, money laundering and embezzlement. The Group has implemented whistleblowing policy for reporting any fraud and corruption and encouraged our staff to report any suspected business irregularities.

The Group pledges "zero tolerance" approach to any fraudulent business activity. We also request our employees to conform to our requirements and policies on anti-corruption, bribery, extortion, fraud and money laundering set out in staff handbook and code of conducts. We have no hesitation to adopt disciplinary actions upon any proven misconduct case and report to the regulator and/or to law enforcement authority when necessary.

During the ESG Reporting Period, no employee concluded legal cases regarding corrupt or accept any advantage from any person when dealings business with our Group.

Community Involvement

The Group makes every effort to improve the society through community involvement. Both the management and the employees of the Company are encouraged to actively participate in the community activities, such as charity walk, volunteer works, in helping and supporting the local communities.

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on page 6 to 18 of this report. The discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 54.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2016 were as follows:

	2016 **HK$'000**	2015 HK$'000
Share premium	**859,253**	582,584
Distributable reserve	**32,589**	32,589
Accumulated losses	**(411,422)**	(289,140)
	480,420	326,033

Under The Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and the Articles of Association (the "Articles") and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated result of the Group for the last five financial years and its consolidated assets and liabilities as at the end of the last five financial years is set out on page 4.

BANK BORROWINGS

Details of bank borrowings for the year ended 31 December 2016 are set out in note 25 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS

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

Executive Directors:

Mr. Cheung Kwok Wai, Elton	(Appointed on 16 December 2016)
Mr. Mung Kin Keung	
Mr. Mung Bun Man, Alan	
Mr. Tse Ke Li	
Mr. Leung Wai Man	(Resigned on 16 December 2016)

Independent Non-executive Directors:

Mr. Tsai Yung Chieh, David
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

Mr. Cheung Kwok Wai, Elton ("Mr. Cheung") was appointed as an executive Director with effect from 16 December 2016. In accordance with Article 86(3) of the Articles, any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and be subject to re-election at such meeting. In this connection, Mr. Cheung shall retire and, being eligible, offer himself for re-election at the 2017 AGM.

In accordance with Article 87(1) of the Articles, Mr. Mung Kin Keung and Mr. Law Kwok Ho, Kenward shall retire by rotation and, being eligible, offer themselves for re-election at the 2017 AGM.

There is no specific length of the term of office for each of the independent non-executive Directors but they are subject to retirement by rotation at least once every three years in accordance with the Articles.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at 2017 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive Directors are independent.

SHARE OPTIONS

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme ("Option Scheme") was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021.

The total number of shares in respect of which options may be granted under the Option Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the Option Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by the independent non-executive Directors of the Company. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK$5,000,000 and representing in aggregate over 0.1% of the shares of the Company in issue in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

A consideration of HK$1.00 shall be paid to the Company upon acceptance of the grant. Options may be exercised in accordance with the terms of the Option Scheme at any time during a period to be determined and notified by the directors of the Company, which shall not exceed the period of 10 years from the date of grant of the option but subject to the provisions for early termination thereof. The subscription price is determined by the directors of the Company, and will not be less than the higher of closing price of the Company's shares on the date of grant, or the average closing price of the shares for the five business days immediately preceding the date of grant.

Details of the Option Scheme were set out in the circular of the Company dated 30 March 2011. No options were granted under the Option Scheme since its adoption, and there was no outstanding options as at 31 December 2016 and 31 December 2015.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Interests and short positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ short position	Number of ordinary shares/ underlying shares held	Approximate percentage of the issued ordinary share capital of the Company
Mr. Mung Kin Keung (Note)	Held by controlled corporation	Long position	532,000,000	14.98%
Mr. Mung Bun Man, Alan (Note)	Held by controlled corporation	Long position	532,000,000	14.98%
Mr. Tse Ke Li	Beneficial owner	Long position	1,150,000	0.03%

Note:

Excellent Mind Investments Limited is owned as to 60.00% by Mr. Mung Kin Keung and 40.00% by Mr. Mung Bun Man, Alan. Excellent Mind Investments Limited beneficially owns 532,000,000 ordinary shares of the Company.

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 31 December 2016.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

On 1 October 2014, Bestway International Holdings Limited (now known as Tai United Holdings Limited, "Tai United"), of which Mr. Mung Bun Man, Alan was a director and shareholder and Mr. Mung Kin Keung was a director at the relevant time, entered into an agreement with the Company whereby the Company provided management and administrative services to Tai United. The agreement was terminated on 5 June 2015. For the year ended 31 December 2015, the Company received management and administrative income of approximately HK$155,000 for the period from 1 January 2015 to 5 June 2015.

On 16 February 2015, Global Mastermind Capital Limited ("GMCL"), of which Mr. Mung Kin Keung is a director and substantial shareholder, and Mr. Mung Bun Man, Alan is a director, entered into an agreement with the Company (the "2015 GMCL Agreement") pursuant to which the Company provided management and administrative services to GMCL. With effect from 2 June 2015, Mr. Mung Kin Keung ceased as the substantial shareholder of the Company. For the year ended 31 December 2015, the Company received management and administrative income of approximately HK$135,000 during the period from 16 February 2015 to 1 June 2015.

On 29 February 2016, Excellent Mind Investments Limited, which is owned as to 60% to Mr. Mung Kin Keung and 40% as to Mr. Mung Bun Man, Alan, both of them are executive director, became a substantial shareholder of the Company. On 22 September 2016, GMCL entered into an agreement with Hope Master Investments Limited ("Hope Master"), an indirect wholly-owned subsidiary of the Company to replace the 2015 GMCL Agreement (the "2016 GMCL Agreement"). Pursuant to the 2016 GMCL Agreement, Hope Master provided management and administrative services to GMCL for the period from 23 September 2016 to 30 September 2018. For the year ended 31 December 2016, the Group received management and administrative income of approximately HK$1,854,000 during the period from 29 February 2016 to 31 December 2016.

Save as disclosed above, no other contract of significance, to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

On 1 October 2016, Famous Flamingo Limited ("Famous Flamingo"), an indirect wholly-owned subsidiary of the Company, entered into a management and administrative agreement with VeloX Express Co., Limited ("VeloX"), which is 39% owned by Mr. Mung Hon Ting, Jackie ("Mr. Jackie Mung"), pursuant to which VeloX has agreed to pay a monthly management and administrative fee of HK$80,000 to Famous Flamingo for a fixed term of one year commencing from 1 October 2016 to 30 September 2017 (the "Agreement"). Since Mr. Jackie Mung is the son and brother of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan respectively and both of them are executive Directors and substantial shareholders of the Company, Mr. Jackie Mung is a connected person of the Company. The entering of the Agreement constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios are less than 5% and the total consideration of the Agreement is less than HK$3,000,000, the transaction contemplated under the Agreement is therefore exempted from the requirements of reporting, announcement and approval of the independent shareholders of the Company. During the year ended 31 December 2016, the Group received management and administrative income in an aggregate amount of HK$240,000 from VeloX (31 December 2015: Nil).

COMPETING INTERESTS

Neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which causes or may cause significant competition with the business of the Group.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

Name of shareholder	Capacity/ Nature of interests	Long position/ short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
China Healthwise Holdings Limited (Formerly known as Haier Healthwise Holdings Limited)	Beneficial owner	Long position	800,000,000	22.52%
Excellent Mind Investments Limited (Note 1)	Beneficial owner	Long position	532,000,000	14.98%
Mr. Mung Kin Keung (Note 1)	Held by controlled corporation	Long position	532,000,000	14.98%
Mr. Mung Bun Man, Alan (Note 1)	Held by controlled corporation	Long position	532,000,000	14.98%
Smart Concept Enterprise Limited (Note 2)	Beneficial owner	Long position	358,700,000	10.10%
Mr. Yuen Hoi Po (Note 2)	Held by controlled corporation	Long position	358,700,000	10.10%

Notes:

1. These shares are held by Excellent Mind Investments Limited, which is owned as to 60.00% by Mr. Mung Kin Keung and 40.00% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind Investments Limited is interested by virtue of the SFO.

2. These shares are held by Smart Concept Enterprise Limited, which is wholly owned by Mr. Yuen Hoi Po, who is deemed to be interested in all the shares in which Smart Concept Enterprise Limited is interested by virtue of the SFO.

Other than as disclosed above, the Company has not been notified of any interests in the Company's issued shares as at 31 December 2016 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, as at 31 December 2016 and to the best knowledge of the Directors, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

CLOSURE OF THE REGISTER OF MEMBERS

The 2017 AGM is scheduled to be held on 9 June 2017. For determining the entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from 6 June 2017 to 9 June 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2017 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 23 to 33 of this report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2016 have been audited by Deloitte Touche Tohmatsu, who retire and, being eligible, offer themselves for reappointment. A resolution will be submitted to the 2017 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

APPRECIATION

We would like to take this opportunity to thank the management and staff members of the Group for their hard work and valuable contributions to the Group in the past year. We would also like to thank our shareholders for their continuous support to the Group. The Group will keep on doing its best with an aim to provide good return to Shareholders.

On behalf of the Board
Cheung Kwok Wai, Elton
Chairman

27 March 2017

Deloitte. 德勤

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 54 to 112, which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, 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 ("the 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.

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.

* For identification purpose only

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Key audit matter	How our audit addressed the key audit matter
Impairment assessment on intangible assets	
We identified the impairment assessment on intangible assets as a key audit matter due to the estimates requiring to be used to assess the recoverable amounts of the intangible assets. As detailed in notes 4, 17 and 18, in determining whether the intangible assets are impaired, the management prepared a cash flow forecast based on approved financial budgets covering a five-year period, and engaged an independent professional valuer to perform a valuation of the recovery amount of the relevant business. The valuation is based on a cash flow forecast model for the relevant business and requires the estimation of certain assumptions, such as the discount rate, revenue growth rate and terminal growth rate.	Our procedures in relation to management's impairment assessment included: • understanding the Group's impairment testing process, including the process of how the cash flow forecast is prepared, the valuation model adopted, assumptions used and how the Group monitors the work of the independent professional valuer; • evaluating the appropriateness of the key assumptions and inputs such as revenue growth rate in the forecast, and testing the mathematical accuracy of the forecast; • evaluating the reasonableness of the budgeted sales and gross margin by considering the approved cash flow forecast and management's business plan; • evaluating the historical accuracy of the cash flow forecast prepared by management by comparing to the actual performance; and • engaging our valuation expert to evaluate the appropriateness of the key assumptions and inputs, particularly the discount rate and terminal growth rate used.

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Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified the valuation of trade receivables as a key audit matter due to the use of judgement and estimates by the management on assessing the recoverability of the outstanding amounts. As disclosed in notes 4 and 20 to the consolidated financial statements, in determining the carrying value of the trade receivables, management takes into accounts the debtors' payment history including default or delay in payments, settlement record and ageing analysis.	Our procedures in relation to management's assessment of valuation of trade receivables included: • understanding the credit control and application of the provision policy on the recoverability of receivables procedures implemented by management, including periodic review of aged receivables on assessment on recoverability of these receivables; • testing the accuracy of the trade receivables ageing report, on a sample basis, by tracing to supporting documents; and • examining, on a sample basis, the historical settlement records of those customers of which there are past due receivables.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of loan receivables	
We identified the assessment of recoverability of loan receivables as a key audit matter as it requires the applications of judgement and use of significant management estimates. As disclosed in notes 4 and 21 to the consolidated financial statements, in determining the recoverability of the loan receivables, management takes into account the credit quality, value of collaterals and likelihood of collection. If the management wrongly estimate the recoverability of the loan receivables, the credit risk will be higher and impairments will be necessary.	Our procedures in relation to management's assessment of recoverability of the loan receivables included: • understanding the system implemented by management on the assessing borrowers' credit worthiness, fair value of the collaterals and financial capability prior to granting the loans; • evaluating management's process and methodology for assessing the recoverability of the loan receivables; • assessing the management process of carrying out the ongoing monitoring of the loan recoverability by checking to the public available information of the borrowers and the fair value of the underlying collateral; and • assessing the repayment records on interest repayment, and tracing, on a sample basis, to the bank receipts.

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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.

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 our agreed terms of engagement, 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.

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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.

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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 Wong Lam Ching.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Service income from provision of travel related products and services		37,374	41,243
Interest income from money lending business		9,281	–
Net realised (loss) gain on securities investment	5	(3,643)	99
Unrealised gain (loss) on securities investment		174	(2,705)
Sale of hotel rooms		–	15,498
Costs of sale of hotel rooms		–	(14,075)
Other income, other gains and losses	7	6,713	7,624
Staff costs		(39,525)	(41,121)
Depreciation and amortisation expenses		(11,342)	(10,079)
Impairment loss on intangible assets	17	(19,000)	(21,000)
Impairment loss on interest in a joint venture	19	(2,845)	–
Impairment loss on available-for-sale investments	16	(13,886)	(88,200)
Other expenses		(20,739)	(19,954)
Finance costs	8	(2,755)	(737)
Share of profit of a joint venture	19	701	1,853
Loss before tax		(59,492)	(131,554)
Income tax credit	9	3,700	5,372
Loss for the year	10	(55,792)	(126,182)
Other comprehensive expense for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		(3,133)	(14,375)
Share of exchange difference of a joint venture		(682)	(3,376)
Fair value loss on available-for-sale investments		(13,886)	(155,700)
Reclassification adjustment upon impairment on available-for-sale investments		13,886	88,200
Total comprehensive expense for the year		(59,607)	(211,433)
Loss for the year attributable to owners of the Company		(55,792)	(126,182)
Total comprehensive expense attributable to owners of the Company		(59,607)	(211,433)
Loss per share (HK cents)	14		
Basic		(2.41)	(16.50)

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	15	**138,034**	3,181
Available-for-sale investments	16	**–**	46,800
Intangible assets	17	**20,832**	48,166
Interest in a joint venture	19	**12,727**	15,553
Loan receivables	21	**119,142**	–
		290,735	113,700
Current assets			
Trade and other receivables	20	**172,387**	164,205
Loan receivables	21	**12,446**	–
Financial assets at fair value through profit or loss	22	**28,354**	27,078
Pledged bank deposits	23	**4,230**	20,162
Bank balances and cash	23	**154,163**	112,724
		371,580	324,169
Current liabilities			
Trade and other payables	24	**44,647**	52,735
Tax payable		**1,335**	474
Bank borrowings	25	**10,426**	19,046
		56,408	72,255
Net current assets		**315,172**	251,914
Total assets less current liabilities		**605,907**	365,614
Non-current liabilities			
Deferred tax liabilities	26	**3,536**	8,183
		602,371	357,431
Capital and reserves			
Share capital	28	**35,524**	7,646
Share premium and reserves		**566,847**	349,785
		602,371	357,431

The consolidated financial statements on pages 54 to 112 were approved and authorised for issue by the board of directors on 27 March 2017 and are signed on its behalf by:

Mung Kin Keung
DIRECTOR

Mung Bun Man, Alan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000 (Note 1)	Merger reserve HK$'000 (Note 2)	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2015	7,646	582,584	32,589	5,000	67,500	(10,692)	(115,763)	568,864
Loss for the year	–	–	–	–	–	–	(126,182)	(126,182)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	(14,375)	–	(14,375)
Share of exchange difference of a joint venture	–	–	–	–	–	(3,376)	–	(3,376)
Fair value loss on available-for-sale investments (note 16)	–	–	–	–	(155,700)	–	–	(155,700)
Reclassification adjustment upon impairment on available-for-sale investments (note 16)	–	–	–	–	88,200	–	–	88,200
Total comprehensive expense for the year	–	–	–	–	(67,500)	(17,751)	(126,182)	(211,433)
Released upon deregistration of a subsidiary	–	–	–	(5,000)	–	–	5,000	–
At 31 December 2015	7,646	582,584	32,589	–	–	(28,443)	(236,945)	357,431
Loss for the year	–	–	–	–	–	–	(55,792)	(55,792)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	(3,133)	–	(3,133)
Share of exchange difference of a joint venture	–	–	–	–	–	(682)	–	(682)
Fair value loss on available-for-sale investments (note 16)	–	–	–	–	(13,886)	–	–	(13,886)
Reclassification adjustment upon impairment on available-for-sale investments (note 16)	–	–	–	–	13,886	–	–	13,886
Total comprehensive expense for the year	–	–	–	–	–	(3,815)	(55,792)	(59,607)
Issue of ordinary shares	27,878	282,906	–	–	–	–	–	310,784
Transaction costs attributable to issue of ordinary shares	–	(6,237)	–	–	–	–	–	(6,237)
At 31 December 2016	35,524	859,253	32,589	–	–	(32,258)	(292,737)	602,371

Notes:

(1) The distributable reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(2) The merger reserve represented the difference between the net worth of the subsidiaries acquired and the value of the consideration shares pursuant to the group reorganisation completed on 31 March 2000.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	NOTE	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(59,492)**	(131,554)
Adjustments for:			
Depreciation of property, plant and equipment		**3,450**	1,809
Amortisation of intangible assets		**7,892**	8,270
Interest income		**(1,783)**	(2,116)
Interest expense		**2,755**	737
Share of profit of a joint venture		**(701)**	(1,853)
Impairment loss on intangible assets		**19,000**	21,000
Impairment loss on interest in a joint venture		**2,845**	–
Impairment loss on available-for-sale investments		**13,886**	88,200
Fair value changes on investment securities		**3,913**	2,606
Operating cash flows before movements in working capital		**(8,235)**	(12,901)
Increase in trade and other receivables		**(10,774)**	(20,314)
Increase in loan receivables		**(131,588)**	–
Increase in financial assets at fair value through profit or loss		**(5,189)**	(29,684)
Decrease in trade and other payables		**(7,827)**	(1,109)
Cash used in operating activities		**(163,613)**	(64,008)
Income tax paid		**–**	(1,225)
NET CASH USED IN OPERATING ACTIVITIES		**(163,613)**	(65,233)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,726)**	(376)
Net cash outflows arising on acquisition of subsidiaries	27	**(136,716)**	–
Interest received		**1,783**	2,116
Withdrawal of pledged bank deposits		**15,652**	20,947
Proceeds from sale of available-for-sale investments		**32,914**	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		**(88,093)**	22,687
FINANCING ACTIVITIES			
New bank borrowings and other loans raised		**92,426**	19,046
Repayment of advances drawn on trade receivables with full recourse		**(19,046)**	(10,787)
Repayment of other loans		**(82,000)**	–
Proceeds from issue of ordinary shares		**310,784**	–
Transaction costs attributable to issue of ordinary shares		**(6,237)**	–
Interest paid		**(2,755)**	(737)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**293,172**	7,522
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**41,466**	(35,024)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**112,724**	148,784
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(27)**	(1,036)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash		**154,163**	112,724

1. GENERAL

Global Mastermind Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 3108, 31/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (the "Group") are the provision and operation of travel business, treasury management business and money lending business.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

During the year ended 31 December 2016, the Directors performed a review of the content and presentation of the consolidated financial statements and considered that it is more appropriate for the Group to present the consolidated statement of comprehensive income according to the nature of income and expenses, which would be more relevant to the understanding of users of the Group's consolidated financial statements.

Consequently, the presentation of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 has been revised and the comparatives have been revised in order to conform with the presentation adopted in the consolidated financial statements. The changes in presentation of the consolidated statement of profit or loss and other comprehensive income do not have any impact on the Group's loss for the period or the calculation of the Group's loss per share.

2. APPLICATION OF NEW AND AMENDMENTS TO 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 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	"Revenue from contracts with customers" and the related amendments[1]
HKFRS 16	Leases[2]
Amendment to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[5]
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 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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:

- All recognised financial assets that are within the scope 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. All other debt investments and equity investments are measured at their fair value at the end of 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.

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

HKFRS 9 "Financial instruments" *(Continued)*

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented 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. 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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.

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

HKFRS 15 "Revenue from contracts with customers" *(Continued)*

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 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 directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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 by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

HKFRS 16 "Leases" *(Continued)*

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. 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 2016, the Group has non-cancellable operating lease commitments of HK$4,395,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities 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.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The directors of Company anticipated that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of 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 certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies are set out below.

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;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power 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.

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 item 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.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) 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 purpose and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups 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 (or groups of cash-generating units) is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised 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 acquired in a business combination 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 or 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 when the asset is derecognised.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in a joint venture *(Continued)*

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture 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, an investment in a joint venture 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 joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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 joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, 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 a joint venture. 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 a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from travel and other travel related services is recognised when the services are rendered.

Trading of financial assets at fair value through profit or loss is recognised when the related bought and sold contract notes are executed.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 at 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting 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) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Goodwill and fair value adjustments to identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 bases 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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 and interest 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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 realised, based on tax rates (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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are 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.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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 or 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.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, (ii) it is designated as at FVTPL, or (iii) contingent consideration that may be received by an acquirer as part of a business combination to which HKFRS 3 applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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 assets at FVTPL are stated at fair value, with any gains or losses arising from 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 net realised (loss) gain on securities investment or unrealised gain (loss) on securities investment line items, as appropriate.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets (Continued)

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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 loan receivables, trade and other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (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 each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised 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 financial assets 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 estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, 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 trade receivable is considered uncollectible, it is written off to profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debts 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.

Financial liabilities

Financial liabilities of the Group include trade and other payables and bank borrowings, which are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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.

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability 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.

Share-based payment arrangements

Equity-settled share-based payment transactions
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

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

Impairment of tangible and intangible assets other than goodwill

At the end of each 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). 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.

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 the asset may be impaired.

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 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised 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.

4. 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 on-going 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.

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

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount of the cash generating units ("CGUs") to which intangible assets has been allocated, i.e. Safe2Travel Pte Ltd, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and certain assumptions such as the discount rate, revenue growth rate and terminal growth rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2016, the carrying amount of intangible assets is approximately HK$20,832,000 (net of accumulated impairment losses of HK$40,000,000) (2015: HK$48,166,000 (net of accumulated impairment losses of HK$21,000,000)).

Estimated valuation of trade receivables

The policy for allowance for bad or doubtful debts of the Group is based on the evaluation of collectability of amount based on management's estimate. In determining the impairment allowance for trade receivables, the management considers any changes in the creditability of its customers and assesses the recoverable amount of each individual receivables at the end of the reporting period based on objective evidence such as likelihood of collection of debts on an individual basis as well as on a collective basis, with reference to the debtors' payment history including default or delay in payments, settlement record and ageing analysis.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. As at 31 December 2016, the carrying amount of trade receivables is approximately HK$138,791,000 (2015: HK$136,695,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Recoverability of loan receivables

Management regularly reviews the recoverability of the loan receivables. Appropriate impairment loss for estimated irrecoverable amount is recognised in profit or loss when there is objective evidence that the amount is not recoverable.

In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the credit quality, value of collaterals and likelihood of collection. Specific allowance is only made for the loan receivables that are unlikely to be collected and is recognised on the difference between the carrying amount of loan receivables and the present value of estimated future cash flow discounted using the original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, the carrying amount of loan receivables is HK$131,588,000 (2015: nil).

5. NET REALISED (LOSS) GAIN ON SECURITIES INVESTMENT

Net (loss) gain on securities investment represents the fair value change of securities investment and dividend income, which is arising from trading of financial assets at fair value through profit or loss is recorded on a net basis, details of which are as follows:

	2016 **HK$'000**	2015 HK$'000
Realised (loss) gain on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**33,296**	11,373
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	**(37,383)**	(11,274)
	(4,087)	99
Dividend income from securities investment	**444**	–
	(3,643)	99

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

During the year ended 31 December 2016, the Group commenced to develop a money lending business in Hong Kong and resulted a new operating segment.

The Group's operations are currently organised into three (2015: two) reporting and operating segments under HKFRS 8, namely travel business, treasury management business and money lending business (2015: travel business and treasury management business).

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue		Segment (losses) profits	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Travel business	**37,374**	56,741	**(23,411)**	(24,212)
Treasury management business	**(3,643)**	99	**(17,362)**	(90,812)
Money lending business	**9,281**	–	**4,421**	–
Total	**43,012**	56,840	**(36,352)**	(115,024)
Share of profit of a joint venture			**701**	1,853
Impairment loss on interest in a joint venture			**(2,845)**	–
Unallocated income			**2,484**	1,346
Unallocated expense			**(19,780)**	(14,357)
Loss for the year			**(55,792)**	(126,182)

All of the segment revenue reported above are from external customers.

Segment (losses) profits represents the (losses) profits (incurred) earned by each segment without allocation of unallocated income (which mainly includes bank interest income of head office and management and administrative fee income), unallocated expenses (which mainly include central administration costs and directors' salaries). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

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:

	2016 HK$'000	2015 HK$'000
Segment assets		
Travel business	199,812	253,929
Treasury management business	38,324	74,067
Money lending business	136,516	–
Total segment assets	374,652	327,996
Interest in a joint venture	12,727	15,553
Unallocated bank balances	137,553	92,627
Unallocated assets	137,383	1,693
Consolidated assets	662,315	437,869
Segment liabilities		
Travel business	41,625	74,943
Money lending business	872	–
Total segment liabilities	42,497	74,943
Unallocated liabilities	17,447	5,495
Consolidated liabilities	59,944	80,438

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

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, certain deposits and prepayments and certain bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain accruals and other payables.

6. SEGMENT INFORMATION *(Continued)*

Other information

Amounts included in the measure of segment results and segment assets:

	Travel business HK$'000	Treasury management business HK$'000	Money lending business HK$'000
For the year ended 31 December 2016			
Additions to non-current assets (Note)	**256**	**–**	**–**
Depreciation for property, plant and equipment	**937**	**–**	**–**
Impairment loss on intangible assets	**19,000**	**–**	**–**
Amortisation of intangible assets	**7,892**	**–**	**–**
Impairment loss on available-for-sale investments	**–**	**13,886**	**–**
Interest income	**1,775**	**–**	**–**
Finance costs	**218**	**–**	**–**
For the year ended 31 December 2015			
Additions to non-current assets (Note)	197	–	–
Depreciation for property, plant and equipment	1,234	–	–
Impairment loss on intangible assets	21,000	–	–
Amortisation of intangible assets	8,270	–	–
Impairment loss on available-for-sale investments	–	88,200	–
Interest income	1,834	–	–
Finance costs	737	–	–

Note: Additions to non-current assets represent the additions to property, plant and equipment.

Geographic information

The Group operates in three principal geographical areas – Singapore, Hong Kong and Malaysia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		**Non-current assets** (Note)	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Singapore	**35,969**	40,919	**23,042**	51,117
Hong Kong	**7,043**	15,921	**254,966**	230
Malaysia	**–**	–	**12,727**	15,553
	43,012	56,840	**290,735**	66,900

Note: Non-current assets excluded available-for-sale investments.

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

No revenue from customer contributes over 10% of the total sales of the Group for any of the two years ended 31 December 2016 and 2015.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Interest income	1,783	2,116
Net exchange gain	176	142
Incentives income	1,226	1,429
Employment credits from government grants	898	1,397
Management and administrative income	2,477	1,065
Commercial credit card rebate	85	753
Others	68	722
	6,713	7,624

8. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on short term bank borrowings (note 25)	218	385
Interest on other loans	2,537	–
Interest on advances drawn on trade receivables discounted with full recourse	–	352
	2,755	737

9. INCOME TAX CREDIT

	2016 HK$'000	2015 HK$'000
The tax charge (credit) comprises:		
Hong Kong Profits Tax – current year	872	–
Singapore Corporate Income Tax	–	–
Overprovision in prior year	–	(396)
	872	(396)
Deferred taxation – current year (note 26)	(4,572)	(4,976)
	(3,700)	(5,372)

9. INCOME TAX CREDIT *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax was made for the year ended 31 December 2015 as either the Company and its subsidiaries incurred tax losses or the estimated assessable profit of the Group was wholly absorbed by tax losses brought forward from prior years.

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore.

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 **HK$'000**	2015 HK$'000
Loss before tax	**(59,492)**	(131,554)
Tax at domestic income tax rate of 17% (2015: 17%) (Note)	**(10,114)**	(22,364)
Tax effect of expenses not deductible for tax purpose	**4,063**	17,142
Tax effect of income not taxable for tax purpose	**(350)**	(536)
Tax effect of share of result of a joint venture	**(119)**	(315)
Tax effect of tax losses not recognised	**2,880**	1,109
Tax effect of deductible temporary differences not recognised	**108**	135
Overprovision in respect of prior year	**–**	(396)
Effect of tax exemptions granted to a Singapore subsidiary	**(140)**	(147)
Utilisation of tax losses previously not recognised	**(3)**	–
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(25)**	–
Income tax credit for the year	**(3,700)**	(5,372)

Note: The domestic tax rate (which is Singapore Corporate Income Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

10. LOSS FOR THE YEAR

	2016 **HK$'000**	2015 HK$'000
Loss for the year has been arrived at after charging:		
Depreciation for property, plant and equipment	**3,450**	1,809
Amortisation of intangible assets	**7,892**	8,270
Auditors' remuneration	**1,598**	1,413
Directors' emoluments (note 11)	**750**	747
Salaries and allowances (excluding directors)	**35,124**	36,412
Retirement benefits scheme contribution (excluding directors)	**3,651**	3,962
Total staff costs	**39,525**	41,121

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2015: nine) directors, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, were as follows:

2016

Name of director	Notes	Fees	Salary	Contribution to retirement benefits scheme	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Cheung Kwok Wai, Elton	(i)	5	–	–	5
Mung Kin Keung		60	–	3	63
Mung Bun Man, Alan	(ii)	60	–	3	63
Tse Ke Li		360	–	18	378
Leung Wai Man	(iii)	58	–	3	61
Independent non-executive directors:					
Law Kwok Ho, Kenward	(iv)	60	–	–	60
Tsai Yung Chieh, David	(iv)	60	–	–	60
Fung Wai Ching		60	–	–	60
		723	–	27	750

2015

Name of director	Notes	Fees	Salary	Contribution to retirement benefits scheme	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mung Kin Keung		60	–	3	63
Mung Bun Man, Alan	(ii)	60	–	3	63
Tse Ke Li		360	–	18	378
Leung Wai Man		60	–	3	63
Independent non-executive directors:					
Tsai Yung Chieh, David	(iv)	3	–	–	3
Law Kwok Ho, Kenward	(iv)	3	–	–	3
Fung Wai Ching		60	–	–	60
Chan Wai Man	(v)	57	–	–	57
Chan Ho Bun, Steve	(v)	57	–	–	57
		720	–	27	747

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

(i) Appointed as chairman and executive director on 16 December 2016
(ii) Appointed as managing director on 16 December 2016
(iii) Resigned on 16 December 2016
(iv) Appointed on 11 December 2015
(v) Resigned on 11 December 2015

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and subsidiaries of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors waived any emoluments for the years ended 31 December 2016 and 2015.

The Company has not appointed chief executive officer and the roles and functions of chief executive officer have been performed by the above executive directors of the Company collectively.

12. EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2015: none) were directors of the Company whose emoluments are in note 11 above. The emoluments of the five (2015: five) highest paid individuals were as follows:

	2016	2015
	HK$'000	HK$'000
Salaries and other benefits	**5,319**	5,225
Performance related bonuses	**1,250**	110
Contribution to retirement benefits scheme	**224**	294
	6,793	5,629

The emoluments were within the following bands:

	Number of employees	
	2016	2015
HK$Nil – HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	–

13. DIVIDENDS

No dividend was paid, declared or proposed for the years ended 31 December 2016 and 2015, nor has any dividend been proposed since the end of the reporting periods.

14. LOSS PER SHARE

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

	2016 HK$'000	2015 HK$'000
Loss		
Loss for the purposes of basic loss per share	(55,792)	(126,182)

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	2,310,576	764,572

Note: Since there was no bonus element included in the rights issue completed in February 2016 (note 28(a)), no adjustment was applied to the loss per share in this regard.

Diluted earnings per share for the years ended 31 December 2016 and 2015 are not presented as there were no potential ordinary shares in issue during both the years.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST						
At 1 January 2015	–	3,345	5,215	3,381	943	12,884
Additions	–	147	–	43	186	376
Disposals	–	–	–	(31)	–	(31)
Exchange difference arising on translation	–	(137)	(216)	(219)	(55)	(627)
At 31 December 2015	–	3,355	4,999	3,174	1,074	12,602
Additions	–	1,089	–	335	302	1,726
Acquisition of subsidiaries (Note 27)	136,636	–	–	–	–	136,636
Disposals	–	–	–	(2)	–	(2)
Exchange difference arising on translation	–	(43)	(68)	(69)	(90)	(270)
At 31 December 2016	136,636	4,401	4,931	3,438	1,286	150,692
DEPRECIATION						
At 1 January 2015	–	2,105	2,615	2,731	570	8,021
Provided for the year	–	463	722	370	254	1,809
Eliminated on disposals	–	–	–	(31)	–	(31)
Exchange difference arising on translation	–	(67)	(88)	(189)	(34)	(378)
At 31 December 2015	–	2,501	3,249	2,881	790	9,421
Provided for the year	2,204	423	443	181	199	3,450
Eliminated on disposals	–	–	–	(2)	–	(2)
Exchange difference arising on translation	–	(28)	(35)	(65)	(83)	(211)
At 31 December 2016	2,204	2,896	3,657	2,995	906	12,658
CARRYING VALUES						
At 31 December 2016	134,432	1,505	1,274	443	380	138,034
At 31 December 2015	–	854	1,750	293	284	3,181

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the remaining term of lease
Leasehold improvements	15% or over the term of the lease, whichever is shorter 20% on the property owned by the entity
Motor vehicle	10% – 20%
Furniture, fixtures and equipment	15% – 33%
Computer equipment	30% – 33%

At 31 December 2016 and 2015, no property, plant and equipment has been pledged as security.

16. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Listed equity shares in Hong Kong, at fair value (Note)	–	46,800
Analysed for reporting purposes as:		
Non-current asset	–	46,800

Note:

The Group's available-for-sale investments are stated at fair value which have been determined based on the quoted market bid prices available on the Stock Exchange.

In September 2016, the Group disposed of all of its available-for-sale investments, and the cumulative loss on fair value of HK$13,886,000 previously accumulated in the investments revaluation reserve was reclassified to profit or loss accordingly during the year ended 31 December 2016.

During the year ended 31 December 2015, decrease in fair value of listed securities amounting to HK$157,500,000 was recognised in other comprehensive income under investments revaluation reserve. Due to a significant decline in the fair value of the investment in China Star below its cost, an impairment loss amounting to HK$88,200,000 was recognised during the year ended 31 December 2015 which was reclassified from the investment revaluation reserve to profit or loss.

At 31 December 2016 and 2015, no available-for-sale investments has been pledged as security.

17. INTANGIBLE ASSETS

The intangible assets were purchased as part of the acquisition of the Safe2Travel Pte Ltd ("Safe2Travel") in prior years and were recognised at their fair value at the date of acquisition.

The directors of the Company are of the opinion that the Group has the ability to use the trade name continuously. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trade name has no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group.

As a result, the trade name 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 trade 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.

Other than the trade name, the customer relationship has an estimated useful life of 7 years and is amortised on a straight-line basis.

17. INTANGIBLE ASSETS *(Continued)*

	Trade name	Customer relationship	Total
	HK$'000	HK$'000	HK$'000
COST			
At 1 January 2015	54,893	59,903	114,796
Exchange difference arising on translation	(3,688)	(4,024)	(7,712)
At 31 December 2015	51,205	55,879	107,084
Exchange difference arising on translation	(1,168)	(1,275)	(2,443)
At 31 December 2016	50,037	54,604	104,641
AMORTISATION AND IMPAIRMENT			
At 1 January 2015	–	32,091	32,091
Provided for the year	–	8,270	8,270
Impairment loss recognised in the year	15,547	5,453	21,000
Exchange difference arising on translation	–	(2,443)	(2,443)
At 31 December 2015	15,547	43,371	58,918
Provided for the year	–	7,892	7,892
Impairment loss recognised in the year	16,425	2,575	19,000
Exchange difference arising on translation	(811)	(1,190)	(2,001)
At 31 December 2016	31,161	52,648	83,809
CARRYING VALUES			
At 31 December 2016	18,876	1,956	20,832
At 31 December 2015	35,658	12,508	48,166

As of 31 December 2016, the management reviewed the current and expected performance of the travel business indicated that the carrying amounts of the CGUs were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK$19,000,000 (2015: HK$21,000,000) was recognised during the year ended 31 December 2016. The impairment loss was allocated to the trade name of HK$16,425,000 (2015: HK$15,547,000) and the customer relationship of HK$2,575,000 (2015: HK$5,453,000) on a pro-rata basis and is presented on the face of consolidated statement of profit or loss and other comprehensive income.

Details of the impairment test on the recoverable amount of the CGUs of the travel business in Singapore, to which the intangible assets are allocated, are set out in note 18.

18. IMPAIRMENT TESTING ON INTANGIBLE ASSETS

For the impairment testing, goodwill, trade name and the customer relationship are allocated to the Group's CGUs identified according to business segment which is the travel business segment.

The recoverable amount of the travel business's CGUs was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 15.37% (2015: 16.35%). Cash flows after the five-year period were extrapolated using a 2.45% (2015: 2.64%) terminal growth rate in considering the economic condition of the market.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore have fallen below expectation, and therefore the management has revised the cash flow projections. On this basis, the directors of the Company concluded that an impairment loss of HK$19,000,000 (2015: HK$21,000,000) was recognised in profit or loss during the year ended 31 December 2016.

19. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("Jade Emperor"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "Participation Agreement") with Matrix Triumph Sdn. Bhd. ("MTSB") and Discover Orient Holidays Sdn. Bhd. ("DOH") for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH engages principally in the business of operating as tours and travel agents in Malaysia.

Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee as its share of result which is equivalent to 90% of the profit before taxation of DOH. MTSB unconditionally and irrevocably guaranteed to Jade Emperor that the profit before taxation for the three financial years commencing from the financial year ended 31 December 2013 shall be no less than one million Malaysian Ringgit for each financial year.

19. INTEREST IN A JOINT VENTURE *(Continued)*

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, in the view of the price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

The transaction was completed on 31 August 2013.

As the Participation Agreement requires the consent of both parties on major decision in the operation and control of DOH, DOH is treated as a joint venture of the Group accordingly.

Details of the Group's investment in a joint venture are as follows:

	2016	2015
	HK$'000	HK$'000
Cost of investment in a joint venture	**14,000**	14,000
Share of post-acquisition profits and other comprehensive income	**5,725**	5,024
Impairment loss on interest in a joint venture	**(2,845)**	–
Exchange difference arising on translation	**(4,153)**	(3,471)
	12,727	15,553

The actual sales and profit generated from the joint venture have fallen below expectation. The management performed an impairment assessment on the interest in the joint venture as at 31 December 2016 and identified impairment losses of HK$2,845,000 (2015: nil) after taking into account of the recoverable amount of the interest in the joint venture which is based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 16.09% (2015: 16.77%). Cash flows after the five-year period were extrapolated using a 2.56% (2015: 2.59%) terminal growth rate in considering the economic condition of the market.

The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

19. INTEREST IN A JOINT VENTURE *(Continued)*

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

DOH

	2016 HK$'000	2015 HK$'000
Current assets	**21,002**	20,948
Non-current assets	**4,181**	3,794
Current liabilities	**10,699**	10,264
Non-current liabilities	**343**	358

Current assets mainly comprise of trade and other receivables of HK$17,444,000 (2015: HK$14,803,000). Current liabilities mainly comprise of trade and other payables of HK$7,650,000 (2015: HK$7,681,000).

	2016 HK$'000	2015 HK$'000
Revenue	**36,458**	39,013
Profit for the period	**779**	2,059
Other comprehensive income	**–**	–
Total comprehensive income for the year	**779**	2,059
Dividends received from the joint venture during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2016 HK$'000	2015 HK$'000
Net assets	**14,141**	14,120
Proportion of the Group's ownership interest	**90%**	90%
Effect of fair value adjustment at acquisition	**2,845**	2,845
Impairment loss on interest in a joint venture	**(2,845)**	–
Carrying amount of the Group's interest	**12,727**	15,553

19. INTEREST IN A JOINT VENTURE *(Continued)*

Significant restriction

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

20. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**138,791**	136,695
Brokers receivables	**9,744**	5
Deposits, prepayments and other receivables	**23,852**	27,505
	172,387	164,205

The Group allows an average credit period range from 60-180 days to its trade customers of the travel business. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2016 HK$'000	2015 HK$'000
0-30 days	**83,664**	84,009
31-60 days	**9,050**	7,406
61-90 days	**6,749**	12,015
91-180 days	**22,140**	19,163
181-365 days	**17,188**	14,102
	138,791	136,695

Trade receivables comprise of the gross amounts billed to customers.

These receivables relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2016, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$39,328,000 (31 December 2015: HK$33,265,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The average age of these receivables is 129 days (2015: 128 days).

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables which are past due but not impaired

	2016 HK$'000	2015 HK$'000
91-180 days	22,140	19,163
181-365 days	17,188	14,102
Total	39,328	33,265

21. LOAN RECEIVABLES

	2016 HK$'000	2015 HK$'000
Fixed-rate loan receivables	130,000	–
Accrued interest receivables	1,588	–
	131,588	–
Analysed as:		
Current portion	12,446	–
Non-current portion	119,142	–
	131,588	–

During the year, the Group commenced to develop a money lending business. The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum (31 December 2015: nil). The loans are respectively repayable in two years to five years from the drawdown date, and hence classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

Before granting loans to outsiders, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment also includes evaluation of collectability and ageing analysis of accounts and on management's judgment, including the current creditworthiness, collateral and past collection history of each borrower. In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date of credit was initially granted up to the reporting date. This includes assessing the credit history of the business, such as financial difficulties or default in payments and current market conditions.

21. LOAN RECEIVABLES *(Continued)*

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 31 December 2016, no impairment loss was identified. 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 of money lending.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, comprise:

	2016 HK$'000	2015 HK$'000
Listed equity securities in Hong Kong, held for trading (Note)	**28,354**	27,078

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 31 December 2016 and 2015, no financial assets at fair value through profit or loss has been pledged as security.

23. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

Pledged bank deposits and bank balances carry interest at market rates which range from 0.15% to 0.35% (2015: 0.01% to 0.13%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2016 HK$'000	2015 HK$'000
United States dollars ("USD")	**45**	429
Australian dollar ("AUD")	**1,120**	4,704
New Zealand dollar ("NZD")	**218**	107
Renminbi ("RMB")	**60**	9

24. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**16,036**	34,976
Accruals	**8,060**	7,856
Deposits received	**4,730**	1,653
Other payables	**15,821**	8,250
	44,647	52,735

24. TRADE AND OTHER PAYABLES *(Continued)*

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2016 HK$'000	2015 HK$'000
0-30 days	15,688	34,810
31-60 days	48	138
61-90 days	110	28
Over 90 days	190	–
	16,036	34,976

The average credit period from trade suppliers of the travel business is 30 days.

25. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Short term secured bank borrowings, repayable within one year	10,426	19,046

The Group's secured bank borrowings that contain a repayment on demand clause in the loan agreements:

	2016 HK$'000	2015 HK$'000
Repayable within one year	10,426	19,046

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 31 December 2016, the bank borrowings carry variable interest rates ranging from 3.23% to 4.26% (2015: 5.21% to 5.77%).

26. DEFERRED TAX LIABILITIES

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

	Fair value adjustments HK$'000
At 1 January 2015	14,058
Credit to profit or loss (note 9)	(4,976)
Exchange difference arising on translation	(899)
At 31 December 2015	8,183
Credit to profit or loss (note 9)	(4,572)
Exchange difference arising on translation	(75)
At 31 December 2016	3,536

At the end of the reporting period, the Group has unused tax losses of approximately HK$123,053,000 (2015: HK$105,935,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits stream.

27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2016, there are two acquisitions entered into by the Group including (i) Famous Flamingo Limited ("Famous Flamingo"); and (ii) Hope Master Investments Limited ("Hope Master"). The directors of the Company are of the opinion that these transactions do not constitute business combinations as defined in HKFRS 3, therefore, these acquisitions have been accounted for as acquisition of assets. Details of these transactions are summarised follows:

(i) During the year end 31 December 2016, the Group completed the acquisition of the entire interest of Famous Flamingo, a property holding company, through a direct wholly-owned subsidiary for a consideration of approximately HK$73,346,000.

(ii) During the year end 31 December 2016, the Group completed the acquisition of the entire interest of Hope Master, a property holding company, through a direct wholly-owned subsidiary for a consideration of approximately HK$63,370,000.

27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

The assets acquired and liabilities recognised on the date of acquisitions, in the transaction are as follows:

	Famous Flamingo HK$'000	Hope Master HK$'000	Total HK$'000
Land and buildings	73,303	63,333	136,636
Other receivables	43	37	80
Shareholders' loan	(73,346)	(63,370)	(136,716)
	–	–	–
Assignment of shareholders' loan (Note)	73,346	63,370	136,716
Net assets assumed	73,346	63,370	136,716
Satisfied by: Cash consideration paid	73,346	63,370	136,716
Net cash outflow arising on acquisition	(73,346)	(63,370)	(136,716)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an aggregate amount of HK$136,716,000 as consideration for the assignment of the shareholders' loans of Famous Flamingo and Hope Master.

28. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 2016	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2015 and 31 December 2015	764,572,350	7,646
Issue of shares upon rights issue (note a)	1,529,144,700	15,291
Issue of new shares upon subscriptions (note b)	1,258,700,000	12,587
At 31 December 2016	3,552,417,050	35,524

Notes:

(a) On 29 February 2016, the Company completed a rights issue of 1,529,144,700 rights shares at a subscription price of HK$0.10 per rights share on the basis of two rights share for every one existing ordinary share of the Company held on 27 January 2016. The net proceeds from the rights issue, after deducting directly attributable costs were approximately HK$147.2 million. Details of the rights issue were disclosed in the Company's circular dated 24 December 2015, prospectus dated 28 January 2016 and announcements dated 8 October 2015 and 26 February 2016.

28. SHARE CAPITAL OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(b) On 8 July 2016, the Company completed an issue of a total of 458,700,000 subscription shares under general mandate at the subscription price of HK$0.10 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK$45.8 million. Details of the subscription were set out in the Company's announcements dated 23 June 2016 and 8 July 2016.

On 13 December 2016, the Company completed an issue of a total of 800,000,000 subscription shares under specific mandate at the subscription price of HK$0.14 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK$111.5 million. Details of the subscription were set out in the Company's announcements dated 12 October 2016 and 13 December 2016, and a circular dated 17 November 2016.

29. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme ("Option Scheme") and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share option scheme ("2011 Scheme") at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the Option Scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of three years from the date of acceptance.

No share options were granted or exercised for year ended 31 December 2016 and 2015, and there was no outstanding share options as at 31 December 2016 and 2015.

30. PLEDGE OF ASSETS

At 31 December 2016, trade receivable amounting to Singapore Dollar ("SG$") 23,324,000 (equivalent to approximately HK$124,850,000) (31 December 2015: SG$24,505,000 (equivalent to approximately HK$134,234,000)) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$791,000 (equivalent to approximately HK$4,230,000) (31 December 2015: SG$3,681,000 (equivalent to approximately HK$20,162,000)), and other cash collateral included in other receivables of approximately SG$560,000 (equivalent to approximately HK$2,998,000) (31 December 2015: nil) of the Group were pledged to secure credit facility as at 31 December 2016.

The bank has provided banker's guarantee, invoice financing and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$6,500,000 (equivalent to approximately HK$34,793,000) (31 December 2015: SG$16,000,000 (equivalent to approximately HK$87,644,000)) of which the amounts utilised as at 31 December 2016 were approximately SG$3,840,000 (equivalent to approximately HK$20,552,000) (31 December 2015: SG$6,393,000 (equivalent to approximately HK$35,022,000)). As at 31 December 2015, another bank had provided banker's guarantee to a subsidiary of the Company of approximately SG$49,000 (equivalent to approximately HK$268,000). The banker's guarantee had been given in favour to international airlines.

31. OPERATING LEASES

The Group as lessee

	2016 **HK$'000**	2015 HK$'000
Minimum lease payments recognised under operating leases for premises during the year	**4,570**	5,279

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:

	2016 **HK$'000**	2015 HK$'000
Within one year	**3,008**	4,039
In the second to fifth years inclusive	**1,387**	3,640
	4,395	7,679

Operating lease payments represent rentals paid or payable by the Group for certain of its office premises and office equipment. Leases are negotiated for lease term of one to four years (31 December 2015: one to three years).

32. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualified employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 or 5% of relevant salaries and allowances to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiary in Singapore are members of the Central Provident Fund Scheme ("CPF Scheme"), a state-managed retirement benefit scheme operated by the Singapore Government. The Group is required to contribute ranging from 12% to 16% of payroll costs to the Central Provident Fund Scheme to fund the benefit. The only obligation of the Group with respect of the Central Provident Fund Scheme is to make the specific contributions. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

The total cost charged to consolidated statement of profit or loss and other comprehensive income approximately of HK$3,678,000 (2015: HK$3,989,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group in respect of the year ended 31 December 2016. As at 31 December 2016, contributions of HK$742,000 (31 December 2015: HK$774,000) due in respect of the respective year ended had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

33. FINANCIAL INFORMATION OF THE COMPANY

The information about the statement of financial position of the Company at the end of reporting period is as follows:

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**43**	67
Interest in a subsidiary	(a)	**1**	1
		44	68
Current assets			
Other receivables		**380**	1,374
Amounts due from subsidiaries		**439,155**	299,746
Bank balances and cash		**78,444**	34,182
		517,979	335,302
Current liabilities			
Other payables		**(2,079)**	(1,691)
Net current assets		**515,900**	333,611
Net assets		**515,944**	333,679
Capital and reserves			
Share capital	28	**35,524**	7,646
Share premium and reserves	(b)	**480,420**	326,033
		515,944	333,679

33. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) The interest in a subsidiary represents the unlisted share measured at cost less impairment loss recognised.

(b) **Share premium and reserves**

	Share premium HK$'000	Distributable reserve HK$'000 Note (i)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2015	582,584	32,589	(114,374)	500,799
Loss for the year	–	–	(174,766)	(174,766)
At 31 December 2015	582,584	32,589	(289,140)	326,033
Loss for the year	–	–	(122,282)	(122,282)
Issue of ordinary shares	282,906	–	–	282,906
Transaction costs attributable to issue of ordinary shares	(6,237)	–	–	(6,237)
At 31 December 2016	859,253	32,589	(411,422)	480,420

The distributable reserves of the Company are amounted to HK$480,420,000 (2015: HK$326,033,000).

Note (i): The distributable reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

34. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 25, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

35. FINANCIAL INSTRUMENTS

35a. Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	438,732	269,760
Available-for-sale investments	–	46,800
Financial assets at fair value through profit or loss	28,354	27,078
Financial liabilities		
Amortised cost	42,283	62,272

35. FINANCIAL INSTRUMENTS

35b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk management

(i) Foreign currency risk management

Certain subsidiaries of the Group have pledged bank deposits and bank balances in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets	
	2016	2015
	HK$'000	HK$'000
USD	**45**	429
AUD	**1,120**	4,704
NZD	**218**	107
RMB	**60**	9

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in the functional currencies of each group entity against the above foreign currencies. 5% (2015: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD. A positive number below indicates an increase in post-tax loss where functional currency of each group entity strengthen 5% (2015: 5%) against the relevant currencies. For a 5% (2015: 5%) weakening of functional currency of each group entity against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

	2016	2015
	HK$'000	HK$'000
AUD	**56**	235
NZD	**11**	5

35. FINANCIAL INSTRUMENTS *(Continued)*

35b. Financial risk management objectives and policies *(Continued)*

Market risk management *(Continued)*

(ii) *Interest rate risk management*

The Group's cash flow interest rate risk relates primarily to variable-rate pledged bank deposits (note 23), bank balances (note 23) and bank borrowings (note 25). The Group's cash flow interest rate is mainly resulted from the fluctuation of market interest rate.

The sensitivity analysis below have been determined based on the exposure to interest rates on pledged bank deposits, bank balances and bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2016 would increase by approximately HK$33,000 (2015: decrease by approximately HK$17,000). Management does not expect a significant decrease of interest rate.

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) *Equity and other price risks management*

The Group is exposed to equity and other price risks through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity securities quoted in the open markets.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2015: 10%) loss for the year ended 31 December 2016 would decrease/increase by HK$2,835,000 (2015: HK$2,708,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

For the year ended 31 December 2015, if equity prices had been 10% higher/lower, other comprehensive income would increase/decrease by HK$4,680,000 as a result of the changes in fair value of available-for-sale investments. No sensitivity analysis is prepared for the year ended 31 December 2016 as such investments have been disposed.

The Group's sensitivity to equity and other price risks has decreased during the year mainly due to the decrease in the fair value of available-for-sale investments and financial assets at fair value through profit or loss.

35. FINANCIAL INSTRUMENTS *(Continued)*

35b. Financial risk management objectives and policies *(Continued)*

Credit risk management

As at 31 December 2016, 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 management of the Group considers that the concentration of credit risk on the financial assets at fair value through profit or loss in the equity securities is limited as they were issued by companies whose shares are listed on the Stock Exchange.

The Group has no concentration of credit risks on its outstanding trade and other receivables as at 31 December 2016 and 2015. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals 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 and debt instrument at the end of the reporting period 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 is exposed to credit risk in respect of its loan receivables. As at 31 December 2016, the carrying amount of loan receivables is HK$131,588,000 (2015: nil). The Group has concentration of credit risk as approximately 88.5% of the total loan receivables as at 31 December 2016 was due from two borrowers. The aggregate balance due from these two borrowers is amounting to HK$116,512,000 as at 31 December 2016, which is neither past due nor impaired. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. Impairment allowances on outstanding loan receivables are determined by an evaluation of financial background, as well as financial condition of and the anticipated receipts for that individual account, at the end of the reporting period.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with good reputation, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

35. FINANCIAL INSTRUMENTS *(Continued)*

35b. Financial risk management objectives and policies *(Continued)*

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity tables

The following tables detail the Group's expected maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual cash flows of the financial liabilities.

	Weighted average interest rate	On demand	1 – 3 months	3 months to 1 year	1 – 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2016							
Non-derivative financial liabilities							
Trade and other payables	–	31,857	–	–	–	31,857	31,857
Bank borrowings	4.1	10,853	–	–	–	10,853	10,426
		42,710	–	–	–	42,710	42,283
2015							
Non-derivative financial liabilities							
Trade and other payables	–	43,226	–	–	–	43,226	43,226
Bank borrowings	5.35	20,066	–	–	–	20,066	19,046
		63,292	–	–	–	63,292	62,272

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 December 2016 and 31 December 2015, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$10,426,000 and HK$19,046,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment of the bank borrowings. The directors believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$10,853,000 (2015: HK$20,066,000).

35. FINANCIAL INSTRUMENTS *(Continued)*

35c. Fair value measurement of financial instruments

(i) Fair value of 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant Unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2016 HK$'000	31 December 2015 HK$'000				
1) Listed available-for-sale investments	**–**	46,800	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Listed equity securities classified as financial assets at fair value through profit or loss	**28,354**	27,078	Level 1	Quoted bid prices in an active market	N/A	N/A

There were no transfers between Level 1 and 2 fair value measurements in 2016 and 2015.

35. FINANCIAL INSTRUMENTS *(Continued)*

35c. Fair value measurement of financial instruments *(Continued)*

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

36. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

(a) The remuneration of directors and other members of key management during the year was as follows:

	2016 HK$'000	2015 HK$'000
Short-term employee benefits	723	720
Post-employment benefits	27	27
	750	747

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) During the year, the Group entered into the following transactions with related parties:

		2016 HK$'000	2015 HK$'000
Related companies (Note)	Management and administrative income	2,094	290

Note: The director of the Company, Mr. Mung Kin Keung, and Mr. Jackie Mung, close family members of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, have beneficial interests in the related companies.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2016 and 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %	2016 %	2015 %	
Durable Gold Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Trasy Holdings Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Management services/ Hong Kong
United Goldnet Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Treasury management and securities trading/ Hong Kong
Harvest Well International Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Investment holding/ Hong Kong
Safe2Travel Pte Ltd.	Singapore	Ordinary SG$9,981,000	–	–	100	100	–	–	100	100	Licensed travel agent/ Singapore
Jade Emperor International Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Investment holding/ Hong Kong
Solution Apex Investments Limited	British Virgin Islands	Ordinary USD1	–	–	100	100	–	–	100	100	Treasury management/ Hong Kong
Time Tic Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Perfect Well Tours Limited	Hong Kong	Ordinary HK$500,000	–	–	100	100	–	–	100	100	Licensed travel agent/ Hong Kong
Long Joy Investments Limited	British Virgin Islands	Ordinary USD1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Global Mastermind Financial Service Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	Money lending business/ Hong Kong
Global Mastermind Asset Management Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	In the application of applying licenses of asset management/ Hong Kong
Global Mastermind Securities Limited	Hong Kong	Ordinary HK$4	–	–	100	100	–	–	100	100	In the application of applying licenses of dealing and advising on securities business/ Hong Kong
Hope Master Investments Limited	British Virgin Islands	Ordinary USD1	–	–	100*	–	–	–	100*	–	Property holding/ Hong Kong
Famous Flamingo Limited	British Virgin Islands	Ordinary USD1	–	–	100*	–	–	–	100*	–	Property holding/ Hong Kong

* Hope Master and Famous Flamingo are newly acquired during the year ended 31 December 2016 (see note 27).

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the Hong Kong ("HK"). The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place	Number of subsidiaries	
		2016	2015
Investment holding	BVI	**2**	2
Inactive	BVI	**1**	1
Inactive	HK	**3**	6
		6	9

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules.

The Audit Committee has reviewed the Company's annual financial statements for the year ended 31 December 2016.

By Order of the Board
Global Mastermind Holdings Limited
Mung Bun Man, Alan
Executive Director

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Law Kwok Ho, Kenward, Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching as independent non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the Company's website at www.globalmholdings.com.