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 2017

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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*

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 together with the comparative figures for the corresponding year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Service income from provision of travel related services		**33,907**	37,374
Interest income from money lending business		**14,331**	9,281
Commission income from securities brokerage		**511**	–
Interest income from margin financing		**20**	–
Interest income from IPO financing		**13**	–
Handling and settlement income arising from securities brokerage		**767**	–
Net realised gain (loss) on securities investment	*4*	**1,221**	(3,643)
Net unrealised gain on securities investment	*4*	**5,313**	174
Other income, other gains and losses	*6*	**13,760**	6,713
Staff costs		**(52,921)**	(39,525)
Depreciation and amortisation expenses		**(8,492)**	(11,342)
Impairment loss on intangible assets		**(16,000)**	(19,000)
Impairment loss on interest in a joint venture		**–**	(2,845)
Impairment loss on available-for-sale investments		**–**	(13,886)
Other expenses		**(21,894)**	(20,739)
Finance costs	*7*	**(701)**	(2,755)
Share of profit of a joint venture		**66**	701
Loss before tax		**(30,099)**	(59,492)
Income tax credit	*8*	**1,650**	3,700
Loss for the year	*9*	**(28,449)**	(55,792)

	Notes	**2017**	2016
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of a subsidiary		**13,410**	(3,133)
Share of exchange difference of a joint venture		**1,495**	(682)
Fair value loss on available-for-sale investments		**–**	(13,886)
Reclassification adjustment upon impairment on available-for-sale investments		**–**	13,886
Total comprehensive expense for the year		**(13,544)**	(59,607)
Loss for the year attributable to owners of the Company		**(28,449)**	(55,792)
Total comprehensive expense for the year attributable to owners of the Company		**(13,544)**	(59,607)
Loss per share *(HK cents)*			
Basic	*10*	**(0.73)**	(2.41)
Diluted	*10*	**(0.73)**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**134,996**	138,034
Intangible assets		**4,283**	20,832
Interest in a joint venture		**14,288**	12,727
Loan receivables	*12*	**3,219**	119,142
		156,786	290,735
Current assets			
Trade and other receivables	*11*	**171,558**	172,387
Loan receivables	*12*	**131,170**	12,446
Financial assets at fair value through profit or loss		**26,619**	28,354
Pledged bank deposits		**1,297**	4,230
Bank trust account balances		**16,837**	–
Bank balances and cash		**228,301**	154,163
		575,782	371,580
Current liabilities			
Trade and other payables	*13*	**51,493**	44,647
Tax payables		**2,777**	1,335
Bank borrowings		**9,516**	10,426
		63,786	56,408
Net current assets		**511,996**	315,172
Total assets less current liabilities		**668,782**	605,907
Non-current liabilities			
Deferred tax liabilities		**726**	3,536
		668,056	602,371
Capital and reserves			
Share capital		**42,629**	35,524
Share premium and reserves		**625,427**	566,847
		668,056	602,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Global Mastermind Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on 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 (i.e. securities investing) business, money lending business and securities brokerage business.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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

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 GEM of the Stock Exchange of Hong Kong Limited 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.

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

4. NET GAIN (LOSS) ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial year, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	2017	2016
	HK$'000	*HK$'000*
Net realised gain (loss) on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**31,710**	33,296
Carrying amount of financial assets at fair value through profit or loss	**(30,690)**	(37,383)
	1,020	(4,087)
Dividend income from financial assets at fair value through profit or loss	**201**	444
	1,221	(3,643)
Net unrealised gain on financial assets at fair value through profit or loss	**5,313**	174
	6,534	(3,469)

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, 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 segment performance focuses on the respective types of services rendered or income derived from business engaged in. 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. In addition, during the year ended 31 December 2017, the Group commenced to engage in brokerage business. These resulted a new operating segment in 2016 and 2017, respectively.

The Group's operations are currently organised into four (2016: three) reporting and operating segments under HKFRS 8, namely travel business, treasury management business, money lending business and brokerage business (2016: travel business, treasury management business and money lending business).

Segment revenues and results

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

	Segment revenue		**Segment (losses) profits**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Travel business	**33,907**	37,374	**(13,376)**	(23,411)
Treasury management business	**1,221**	(3,643)	**6,516**	(17,362)
Money lending business	**14,331**	9,281	**8,214**	4,421
Brokerage business	**1,311**	–	**(7,403)**	–
Total	**50,770**	43,012	**(6,049)**	(36,352)
Share of profit of a joint venture			**66**	701
Impairment loss on interest in a joint venture			**–**	(2,845)
Unallocated income			**5,066**	2,484
Unallocated expenses			**(27,532)**	(19,780)
Loss for the year			**(28,449)**	(55,792)

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment (losses) profits represent the (losses incurred) profits earned by each segment without allocation of share of profit of a joint venture, impairment loss on interest in a joint venture, 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.

Segment assets and liabilities

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

	2017	2016
	HK$'000	*HK$'000*
Segment assets		
Travel business	**182,124**	199,812
Treasury management business	**27,755**	38,324
Money lending business	**185,756**	136,516
Brokerage business	**112,768**	–
Total segment assets	**508,403**	374,652
Interest in a joint venture	**14,288**	12,727
Unallocated bank balances and cash	**78,147**	137,553
Unallocated assets	**131,730**	137,383
Consolidated assets	**732,568**	662,315
Segment liabilities		
Travel business	**38,085**	41,625
Money lending business	**2,495**	872
Brokerage business	**17,798**	–
Total segment liabilities	**58,378**	42,497
Unallocated liabilities	**6,134**	17,447
Consolidated liabilities	**64,512**	59,944

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

- all assets are allocated to operating and reportable segments other than interest in a joint venture, 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.

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$'000*	Brokerage business *HK$'000*
For the year ended 31 December 2017				
Additions to non-current assets *(Note)*	**114**	**–**	**–**	**3,095**
Depreciation for property, plant and equipment	**935**	**–**	**–**	**776**
Impairment loss on intangible assets	**16,000**	**–**	**–**	**–**
Amortisation of intangible assets	**2,012**	**–**	**–**	**–**
Interest income	**3,883**	**–**	**–**	**1**
Finance costs	**701**	**–**	**–**	**–**
For the year ended 31 December 2016				
Additions to non-current assets *(Note)*	256	–	–	9
Depreciation for property, plant and equipment	937	–	–	1
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	–	–	–

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)*	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore	**31,838**	35,969	**5,839**	23,042
Hong Kong	**18,932**	7,043	**133,440**	135,824
Malaysia	**–**	–	**14,288**	12,727
	50,770	43,012	**153,567**	171,593

Note: Non-current assets excluded loan receivables.

Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A arising from money lending business *(Note)*	**5,500**	N/A

Note: Revenue from this customer is less than 10% of the Group's revenue in 2016.

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Management and administrative income	**4,950**	2,477
Interest income	**3,999**	1,783
Incentives income	**3,361**	1,226
Commercial credit card rebate	**454**	85
Employment credits from government grants	**212**	898
Net exchange gain	**163**	176
Loss on disposal of property, plant and equipment	**(7)**	–
Others	**628**	68
	13,760	6,713

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on short term bank borrowings	**701**	218
Interest on other loans	**–**	2,537
	701	2,755

8. INCOME TAX CREDIT

	2017	2016
	HK$'000	*HK$'000*
The tax charge (credit) comprises:		
Hong Kong Profits Tax		
– current tax	**1,675**	872
– overprovision in prior years	**(263)**	–
	1,412	872
Deferred taxation – current year	**(3,062)**	(4,572)
	(1,650)	(3,700)

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

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

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:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(30,099)**	(59,492)
Tax at domestic income tax rate of 16.5% (2016: 17%) *(Note)*	**(4,966)**	(10,114)
Tax effect of expenses not deductible for tax purpose	**2,870**	4,063
Tax effect of income not taxable for tax purpose	**(1,407)**	(350)
Tax effect of share of profit of a joint venture	**(11)**	(119)
Tax effect of tax losses not recognised	**2,245**	2,880
Tax effect of deductible temporary differences not recognised	**136**	108
Overprovision in respect of prior years	**(255)**	–
Effect of tax exemptions granted to a Singapore subsidiary	**(141)**	(140)
Utilisation of tax losses previously not recognised	**(23)**	(3)
Effect of different tax rates of subsidiary operating in other jurisdiction	**(98)**	(25)
Income tax credit for the year	**(1,650)**	(3,700)

Note: The domestic tax rate which is Hong Kong Profits Tax rate (2016: Singapore Corporate Income Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

9. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Depreciation for property, plant and equipment	**6,480**	3,450
Amortisation of intangible assets	**2,012**	7,892
Operating lease payment for office premises	**4,420**	4,570
Auditors' remuneration	**1,297**	1,598
Directors' emoluments	**1,713**	750
Salaries and allowances (excluding directors)	**37,698**	35,124
Retirement benefits scheme contribution (excluding directors)	**3,573**	3,651
Equity-settled share-based payment expenses (excluding directors)	**9,937**	–
Total staff costs	**52,921**	39,525

10. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(28,449)**	(55,792)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**3,906,669**	2,310,576

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

The computation of diluted loss per share for the year ended 31 December 2017 does not assume the conversion of the Company's outstanding share options as at 31 December 2017 since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share for the year ended 31 December 2016 was not presented as there were no dilutive potential ordinary shares in issue during the year.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts receivables from brokerage business:		
– Margin clients *(Note i)*	**784**	–
– Clearing house *(Note ii)*	**623**	–
Trade receivables from travel business	**140,911**	138,791
Brokers receivables	**494**	9,744
Deposits, prepayments and other receivables	**28,746**	23,852
	171,558	172,387

Notes:

(i) Loans to securities margin clients are secured by clients' pledged securities with fair value of HK$1,254,000 (2016: nil) as at 31 December 2017. The loans are repayable on demand subsequent to settlement date and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

(ii) The normal settlement terms of accounts receivables from cash clients and clearing house are two trading days after trade date. As at 31 December 2017, accounts receivables from cash client was nil. Accounts receivables from cash clients which are neither past due nor impaired represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

For the travel business, the Group allows an average credit period range from 60-90 days to its customers of the travel business. The following is an aged analysis of receivables from travel business presented based on the invoice date at the end of the reporting period.

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**84,107**	83,664
31-60 days	**11,056**	9,050
61-90 days	**7,658**	6,749
91-180 days	**18,734**	22,140
181-365 days	**19,356**	17,188
	140,911	138,791

Trade receivables from travel business comprise of the gross amounts billed to customers.

These receivables from travel business 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 2017, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of approximately HK$38,090,000 (31 December 2016: HK$39,328,000) 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 136 days (2016: 129 days).

Aging of trade receivables from travel business which are past due but not impaired

	2017	2016
	HK$'000	*HK$'000*
91-180 days	**18,734**	22,140
181-365 days	**19,356**	17,188
Total	**38,090**	39,328

12. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**132,142**	130,000
Accrued interest receivables	**2,247**	1,588
	134,389	131,588
Analysed as:		
Current portion	**131,170**	12,446
Non-current portion	**3,219**	119,142
	134,389	131,588

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum for both years. The loans are respectively repayable in two months to five years (31 December 2016: two to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were 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 an 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 the 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 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.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment.

As at 31 December 2017, included in the Group's loan receivables balance, an aggregate carrying amount of loan receivable (including principal amount of HK$15,000,000 and outstanding interest of approximately HK$370,000) of HK$15,370,000 (2016: nil) which was past due on the repayment date after the year ended pursuant to the related loan agreement for which the Group has not provided for impairment loss as the Group received the full settlement in March 2018 before the date of this announcement.

For the remaining balance of HK$119,019,000 (2016: HK$131,588,000), the management of the Group considered the secured and guaranteed loan of approximately HK$55,000,000 are recoverable given the personal guarantee and the securities pledged being sufficient to cover the loan receivable, and as for the unsecured loans of approximately HK$64,019,000, the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history. Management believes that no impairment allowance is necessary in respect of the remaining loans receivable as there is no significant change in credit quality of borrowers and these balances are still considered fully recoverable.

As at 31 December 2017 and 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.

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts payables from brokerage business:		
– Cash clients	**11,562**	–
– Margin clients	**5,705**	–
– Clearing house	**286**	–
Trade payables from travel business	**17,753**	16,036
Accruals	**8,504**	8,060
Deposits received	**2,951**	4,730
Other payables	**4,732**	15,821
	51,493	44,647

For the brokerage business, the normal settlement terms of accounts payables to clients and clearing house are two trading days after trade date. No ageing analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of brokerage business.

For the travel business, the following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**17,396**	15,688
31-60 days	**26**	48
61-90 days	**45**	110
Over 90 days	**286**	190
	17,753	16,036

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

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded loss attributable to owners of the Company of HK$28,449,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$55,792,000), representing basic loss per share of HK0.73 cent (for the year ended 31 December 2016: HK2.41 cents). Comparing with the corresponding period, the decrease in loss attributable to owners of the Company was mainly contributed by the increase in interest income derived by money lending business; achievement of net realised gain on securities investment; increase in net unrealised gain on securities investments; and the absence of impairment loss on available-for-sale investments and interest in a joint venture during the reporting period.

Revenue and profitability

An analysis of the Group's revenue for the year was as follows:

	2017	2016
	HK$'000	*HK$'000*
Service income from provision of travel related services	**33,907**	37,374
Interest income from money lending business	**14,331**	9,281
Net realised gain (loss) on securities investment	**1,221**	(3,643)
Revenue derived from financial services business	**1,311**	–
	50,770	43,012

For the year ended 31 December 2017, the consolidated revenue of the Group amounted to HK$50,770,000, comprised of (i) service income from provision of travel related services of HK$33,907,000 (for the year ended 31 December 2016: HK$37,374,000); (ii) interest income from money lending business of HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000); (iii) net realised gain on securities investment of HK$1,221,000 (for the year ended 31 December 2016: net realised loss of HK$3,643,000); and (iv) revenue derived from financial services business of HK$1,311,000 (including commission income from securities brokerage; interest income from margin financing and IPO financing; and handling and settlement income arising from securities brokerage) (for the year ended 31 December 2016: Nil), representing an increase of 18.0% as compared to HK$43,012,000 for the year ended 31 December 2016. The increase was mainly contributed by interest income derived by money lending business and the net realised gain on securities investment.

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 services, related to 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 organisers and special projects organisers 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.

For the year ended 31 December 2017, approximately 66.8% or HK$33,907,000 (for the year ended 31 December 2016: HK$37,374,000) of the total revenue was derived from the provision of travel related services of which HK$31,838,000 (for the year ended 31 December 2016: HK$35,969,000) and HK$2,069,000 (for the year ended 31 December 2016: HK$1,405,000) was generated from the market in Singapore and Hong Kong respectively.

The interest income revenue derived from the provision of money lending services amounted to HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000), representing an increase of 54.4% as compared to that of last year and approximately 28.2 % of the total revenue for the year ended 31 December 2017.

For treasury management business, net realised gain of HK$1,221,000 was generated from securities investment (for the year ended 31 December 2016: net realised loss of HK$3,643,000), representing approximately 2.4 % of the total revenue for the year ended 31 December 2017.

For the newly developed financial services business, revenue of HK$1,311,000, representing approximately 2.6% of the total revenue, was generated, including (i) commission income from securities brokerage of HK$511,000; (ii) interest income from margin financing of HK$20,000; (iii) interest income from IPO financing of HK$13,000; and (iv) handling and settlement income arising from securities brokerage of HK$767,000, for the year ended 31 December 2017.

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2017 amounted to HK$13,760,000 representing an increase of 1.05 times as compared to HK$6,713,000 for the corresponding period of last year. Such increase was mainly contributed by increase in management and administrative income, interest income and incentive income.

Expenditure

For the reporting period, staff costs amounted to HK$52,921,000 (for the year ended 31 December 2016: HK$39,525,000). Depreciation and amortisation expenses amounted to HK$8,492,000 (for the year ended 31 December 2016: HK$11,342,000). Other expenses amounted to HK$21,894,000 (for the year ended 31 December 2016: HK$20,739,000).

The increase in 33.9% in staff costs was mainly attributed to (i) the provision of equity-settled share-based payment expenses of HK$10,840,000, including HK$4,132,000 and HK$6,708,000 of the provision of the equity-settled share-based payment expenses for the share options granted to a director, certain senior management and employees during the three months ended 30 June 2017 and 30 September 2017 respectively; and (ii) the increase in manpower of the newly developed financial services business.

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"("HKAS 36"). If the recoverable amount of an asset (or a cash generating unit ("CGU")) is less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. According to HKAS 36, the recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use; and the value in use of an asset is; (a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and (b) applying the appropriate discount rate to those future cash flows.

The test of impairment loss on intangible assets is calculated based on the recoverable amounts of the CGUs of trade name and customer relationship in the travel business in Singapore, which were purchased as part of the acquisition of Safe2Travel Pte Ltd ("Safe2Travel") completed on 30 March 2011 and was recognised as their fair value at the date of acquisition. 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.

The valuations of travel business in Singapore prepared by Ascent Partners were performed by using a Discounted Cash Flow Model under the income approach which is in accordance with International Valuation Standards issued by International Valuation Standards Council.

The management also considered that the income approach (i.e. cash flow approach), which was consistently applied in prior years, as the most appropriate approach for and adopted in the valuations because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business operation.

The cost of equity was determined based on the Capital Asset Pricing Model with additional risk premium built in to reflect the risks specific to Safe2Travel, an indirect wholly-owned subsidiary of the Company, of which its principal activities are the provision of travel related services in Singapore. Weighted Average Cost of Capital ("WACC" or "discount rate") was then estimated by using the debt/equity weights of the Company and its subsidiaries. The WACC or discount rate of 15.36% (2016: 15.37%) was derived by reference to the market data of the selected guideline public companies principally located in Asia in the travel industry. Cash flows after the five-year period were extrapolated using 1.72% (2016: 2.45%) terminal growth rate in considering the economic condition of the market.

The valuations also adopted the financial budgets approved by management covering a five-year period. In preparing the cash flows projections, management assumed there would be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of Safe2Travel and its subsidiaries.

During the six months ended 30 June 2017, the management, with the assistance of Ascent Partners, reviewed the carrying amounts of the intangible assets were higher than the respective recoverable amounts, an impairment loss of HK$10,000,000 was recognised in profit or loss during the period.

As at 31 December 2017, the management further assessed the current and expected performance of travel business in Singapore 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 2017, were below the respective carrying amounts of intangible assets. On this basis, an additional impairment loss on intangible assets of HK$6,000,000 was recognised.

As a result, for the year ended 31 December 2017, the Group recognised an impairment loss on intangible assets amounting to HK$16,000,000, which was the impairment loss on trade name regarding the travel business in Singapore (for the year ended 31 December 2016: an impairment loss on intangible assets of HK$19,000,000, comprised of the impairment loss on trade name and customer relationship regarding the travel business in Singapore of HK$16,425,000 and HK$2,575,000 respectively).

During the year under review, the travel segment in Singapore continued to operate under the atmosphere of a slowing global and Singapore domestic economy. As a result, the management has seen that the overall travel budgets of majority of our clients from the oil and gas companies, natural resources companies, property developers, fashion merchandising companies to multinational corporations have been reduced as compared with previous years. The reduced travel expenses of our major clients, coupled with the adoption of new travel policy by some of our corporate clients to include low cost carriers has affected our top line revenues due to the lower fares consumption. Certain of our major clients with their headquarters based on United States or Europe have been asked to change to use their respective globalised travel management companies instead of us due to globalisation requirement from their headquarters.

All of these factors have led to the actual sales and profit generated from the travel segment in Singapore to have fallen below expectation and have also led the management to adjust the cash flow projections and valuation assumptions accordingly to reflect a more stringent and competitive business environment in which we are operating.

Finance costs

The finance costs of HK$701,000 (for the year ended 31 December 2016: HK$2,755,000) was attributed to the interest on short term bank borrowings during the reporting period. The significant decrease in finance cost was mainly contributed by absence of interest on other loans in the current year.

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 share a profit from the joint venture amounting to HK$66,000 for the year ended 31 December 2017 (for the year ended December 2016: HK$701,000).

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. No impairment loss on interest in the joint venture was identified and recognised into profit or loss in the current year (for the year ended 31 December 2016: HK$2,845,000) after taking into account of its recoverable amount which is based on its value in use.

BUSINESS REVIEW

Travel business

During the year under review, the performance of the segment in travel business was not satisfactory. Although the travel business in Hong Kong recorded a growth in revenue to HK$2,069,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$1,405,000), operating under the atmosphere of a slowing global and Singapore domestic economy and fierce competition in the industry exerted pressure on the Group's travel business in Singapore which led to a decrease in the revenue of travel business in Singapore to HK$31,838,000 for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$35,969,000).

Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK$14,331,000 (for the year ended 31 December 2016: HK$9,281,000), representing an increase of 54.4% as compared to that of last year. The increase was attributable to the increase in the average monthly balance of loan receivables (excluding accrued interest receivables). The average monthly balance of loan receivables (excluding accrued interest receivables) increased from HK$118,300,000 in the year ended 31 December 2016 to HK$152,289,000 in the year ended 31 December 2017. During the year under review, the Group granted new loans in the aggregate principal amount of HK$137,126,000 to its customers and received prepayment and repayment of HK$134,915,000 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 2017, the Group's loans receivables together with accrued interest receivables amounted to HK$134,389,000 (as at 31 December 2016: HK$131,588,000). Return on loans receivables (excluding accrued interest receivables) for the year ended 31 December 2017 is 9.4% (for the year ended 31 December 2016: 7.8%).

Treasury management business

During the year under review, the Group acquired six Hong Kong equities with the aggregate market value of HK$23,642,000 (for the year ended 31 December 2016: HK$38,484,000). In addition, the Group disposed Hong Kong equities with market value of HK$31,710,000 (for the year ended 31 December 2016: HK$33,296,000) with a carrying amount of financial assets at fair value through profit or loss of HK$30,690,000 (for the year ended 31 December 2016: HK$37,383,000). Adding the dividend income from securities investment of HK$201,000 (for the year ended 31 December 2016: HK$444,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK$1,221,000 (for the year ended 31 December 2016: a net realised loss of HK$3,643,000). At 31 December 2017, the Group remeasured its equity portfolio at market prices and recorded an unrealised gain of HK$5,313,000 (for the year ended 31 December 2016: HK$174,000) arising on change in fair value of financial assets at fair value through profit or loss.

The return on financial assets at fair value through profit or loss, 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, recorded a positive return of 12.6% for the year ended 31 December 2017 (for the year ended 31 December 2016: negative return of 5.3%).

Financial services business

During the year, the Group was granted the licences to (i) carry on Asset Management Business on 21 February 2017; and (ii) carry on Securities Business; and (iii) Advising on Securities Business on 10 April 2017. In mid-September 2017, the Group's financial services business commenced in full operation for the provision of securities brokerage, securities margin financing, advising on securities businesses and asset management services. The revenue generated from the financial services business after its commencement till the year ended 31 December 2017, was HK$1,311,000, including commission income from securities brokerage of HK$511,000; interest income from margin financing and IPO financing of HK$20,000 and HK$13,000 respectively; and handling and settlement income arising from securities business of HK$767,000. During the year under review, the Group did not generate any revenue from Asset Management Business.

On 25 October 2017, the Company announced that in order to provide more comprehensive services to its customers and create synergistic effects with its existing businesses in this segment, Global Mastermind Futures Limited ("Global Mastermind Futures"), an indirect wholly-owned subsidiary of the Company, had lodged application to the Securities and Futures Commission (the "SFC") for conducting Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (the "SFO").

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the period. As at 31 December 2017, the working capital, calculated by current assets less current liabilities, of the Group was of HK$511,996,000 compared to HK$315,172,000 as at 31 December 2016.

As at 31 December 2017, the Group's current ratio was 9.0 times (as at 31 December 2016: 6.6 times), calculated by current assets of HK$575,782,000 (as at 31 December 2016: HK$371,580,000) divided by current liabilities of HK$63,786,000 (as at 31 December 2016: HK$56,408,000).

As at 31 December 2017, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 1.4%, as compared with 1.7% as at 31 December 2016.

During the year under review, net cash generated from operating activities amounted to HK$6,028,000 (for the year ended 31 December 2016: net cash used in operating activities of HK$163,613,000). Net cash generated from investing activities for the current year was HK$3,897,000 (for the year ended 31 December 2016: net cash used in investing activities of HK$88,093,000). Net cash generated from financing activities for the current year amounted to HK$66,778,000 (for the year ended 31 December 2016: net cash generated from financing activities of HK$293,172,000). As a result, cash and cash equivalents of the Group as at 31 December 2017 was HK$228,301,000, compared with HK$154,163,000 as at 31 December 2016. The increase in cash and cash equivalent was mainly contributed by the net proceeds received from the new shares subscription under general mandate completed on 3 July 2017.

For the year ended 31 December 2017, the operating cash inflow per share, divided by the weighted average of the number of shares in issue, was HK0.15 cent (for the year ended 31 December 2016: operating cash outflow per share of HK7.08 cents).

CAPITAL STRUCTURE

As at 31 December 2017, the Company has 4,262,867,050 shares of HK$0.01 each (the "Shares") in issue.

(a) Placing of shares under general mandate

On 13 June 2017, the Company and Kingston Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 710,450,000 new shares of the Company (the "Placing Share(s)"), to not less than six placees (the "Placees") at the price of HK$0.1 (the "Placing Price") per Placing Share (the "Placing"). The gross proceeds from the Placing was amounted to approximately HK$71.1 million and the net proceeds after deducting all relevant expenses from the Placing was amounted to approximately HK$68.3 million. The Placing was completed on 3 July 2017. Details of the Placing were set out in the Company's announcements dated 13 June 2017 and 3 July 2017.

(b) As at 31 December 2017, the total borrowings of the Group amounted to HK$9,516,000 (31 December 2016: HK$10,426,000), representing short term secured bank borrowings, which are repayable within one year.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

(a) Share subscription under specific mandate

On 12 October 2016, the Company and China 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 Specific Mandate had been approved by the shareholders of the Company at the extraordinary general meeting on 5 December 2016 and the issue and allotment of 800,000,000 China Healthwise Subscription Shares had been completed on 13 December 2016. According to the Company's circular dated 17 November 2016, the net proceeds from the China Healthwise Subscription was amounted to approximately HK$111.2 million which was intended to be used for: (i) approximately HK$62.0 million was intended to be used for the repayment of the borrowings of the Group; (ii) approximately HK$40.0 million was intended to be used for the development of the Group's newly developed Securities Business, Advising on Securities Business and Asset Management Business; and (iii) approximately HK$9.2 million was intended to be utilised for general working capital of the Group's operation in Hong Kong.

As at 31 December 2017, (i) HK$62.0 million had been utilised for the repayment of the borrowings of the Group; (ii) HK$40.0 million had been utilised for the development of the Securities Business, the Advising on Securities Business; and Asset Management Business; and (iii) HK$9.2 million had been utilised as general working capital for the Group's operation in Hong Kong.

(b) Placing of shares under general mandate

As disclosed in the Company's announcement dated 13 June 2017, the net proceeds after deducting relevant expenses of the Placing of HK$68.3 million was intended to be used for (i) HK$67.0 million was intended to be used for providing a subordinated loan facility to Global Mastermind Securities Limited, an indirect wholly-owned subsidiary, (the "Subordinated Loan Facility"), in particular, to further expand its securities margin financing business; and (ii) HK$1.3 million was intended to be used for general working capital for the Securities Business and/or the Advising on Securities Business.

On 25 October 2017, the Company announced that HK$7.0 million originally allocated for the Subordinated Loan Facility was reallocated to pay part of the proposed paid-up share capital of Global Mastermind Futures, which had lodged an application to the SFC for license of dealing in futures contracts (Type 2 regulated activity under the SFO).

Furthermore, on 9 November 2017, the Company announced that HK$60.0 million originally allocated for the Subordinated Loan Facility was reallocated to increase the share capital of Global Mastermind Securities Limited.

As at 31 December 2017, (i) HK$7.0 million had been utilised to pay part of the proposed paid-up share capital of Global Mastermind Futures; (ii) HK$60.0 million had been utilised to increase the share capital of Global Mastermind Securities Limited; and (iii) HK$1.3 million had been utilised for general working capital for the Securities Business and/or the Advising on Securities Business.

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 recognised in the profit or loss.

In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The Group will review and monitor from time to time the risk relating to foreign exchanges and forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

As at 31 December 2017, trade receivables amounting to Singapore Dollar ("SG$") 22,526,000 (equivalent to approximately HK$ 131,625,000) (31 December 2016: SG$23,324,000, equivalent to approximately HK$124,850,000) have been pledged to a bank by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,297,000) (31 December 2016: SG$791,000, equivalent to approximately HK$4,230,000) of the Group were pledged to secure a credit facility as at 31 December 2017.

The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG$7,100,000 (equivalent to approximately HK$41,487,000) (31 December 2016: SG$6,500,000, equivalent to approximately HK$34,793,000) of which the amounts utilised as at 31 December 2017 were approximately SG$3,052,000 (equivalent to approximately HK$17,834,000) (31 December 2016: SG$3,840,000, equivalent to approximately HK$20,552,000). The banker's guarantee had been given in favour to international airlines.

As at 31 December 2017, cash collateral included in other receivables of approximately SG$565,000 (equivalent to approximately HK$3,301,000) (31 December 2016: SG$560,000, equivalent to approximately HK$2,998,000) was pledged for financial guarantees of SG$5,421,000 (equivalent to approximately HK$31,767,000) (31 December 2016: SG$3,708,000, equivalent to approximately HK$19,848,000), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2017.

FUTURE BUSINESS STRATEGIES

In the coming quarters, 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 Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. 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.

For the money lending business, the Group will put more efforts to further expand this business segment. Despite the management expects that a growth will be recorded in this segment in 2018, a more cautious approach has been adopted by the management during their assessment and approval of new loans in order to mitigate its credit risk.

For the financial services business, the Group will exert more marketing efforts by allocating more resources to promote our services to the customers, in order to increase and broaden the income stream in the future.

EVENTS AFTER THE REPORTING PERIOD

On 17 January 2018, Global Mastermind Investment Limited, an indirect wholly-owned subsidiary, was granted a licence to carry on Asset Management Business by the SFC.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2017 up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE 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.

.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. Continuous efforts are made to review and enhance the risk management and internal controls and procedures in light of changes in regulations and developments in best practices.

During the year ended 31 December 2017, 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.

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 2017.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting (the "2018 AGM") is scheduled to be held on Thursday, 7 June 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 4 June 2018 to Thursday, 7 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the 2018 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 June 2018.

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. Specific enquiry has been made of all the Directors and 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 2017.

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 2017.

By Order of the Board
Global Mastermind Holdings Limited
Cheung Kwok Wai, Elton
Chairman and Executive Director

Hong Kong, 26 March 2018

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.globalmholdings.com.