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 2018

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 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 2018 together with the comparative figures for the corresponding year ended 31 December 2017 as follows

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018	2017
	NOTES	***HK$'000***	*HK$'000*
Service income from provision of travel related services		**31,896**	33,907
Interest income from money lending business		**16,528**	14,331
Commission income from securities brokerage		**4,052**	511
Interest income from margin financing		**2,603**	20
Interest income from initial public offering financing		**12**	13
Handling and settlement income arising from securities brokerage		**5,143**	767
Asset management fee income		**362**	–
Net realised gain on securities investment	*4*	**3,802**	1,221
Net unrealised (loss) gain on securities investment	*4*	**(7,960)**	5,313
Other income, other gains and losses	*6*	**9,747**	13,760
Staff costs		**(46,982)**	(52,921)
Depreciation and amortisation expenses		**(5,712)**	(8,492)
Impairment loss on intangible assets		**(4,212)**	(16,000)
Impairment loss on loan receivables	*12*	**(13,304)**	–
Impairment loss on trade receivables	*13*	**(24,306)**	–
Other expenses		**(35,796)**	(21,894)
Finance costs	*7*	**(2,063)**	(701)
Share of profit of a joint venture		**71**	66
Loss before tax		**(66,119)**	(30,099)
Income tax credit	*8*	**1,463**	1,650
Loss for the year	*9*	**(64,656)**	(28,449)

	NOTE	2018 HK$'000	2017 HK$'000
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**65,547**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,416)**	13,410
Share of exchange difference of a joint venture		**(334)**	1,495
		(2,750)	14,905
Other comprehensive income for the year		**62,797**	14,905
Total comprehensive expense for the year		**(1,859)**	(13,544)
Loss for the year attributable to owners of the Company		**(64,656)**	(28,449)
Total comprehensive expense for the year attributable to owners of the Company		**(1,859)**	(13,544)
Loss per share (HK cents)	*11*		
Basic		**(1.52)**	(0.73)
Diluted		**(1.52)**	(0.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**3,907**	134,996
Investment properties		**187,800**	–
Intangible assets		**–**	4,283
Interest in a joint venture		**14,025**	14,288
Loan receivables	*12*	**117,224**	3,219
Deferred tax assets		**2,195**	–
		325,151	156,786
Current assets			
Trade and other receivables	*13*	**176,396**	171,558
Loan receivables	*12*	**86,412**	131,170
Financial assets at fair value through profit or loss		**79,410**	26,619
Pledged bank deposits		**1,272**	1,297
Bank trust account balances		**16,678**	16,837
Bank balances and cash		**146,440**	228,301
		506,608	575,782
Current liabilities			
Trade and other payables	*14*	**64,534**	51,493
Contract liabilities		**879**	–
Tax payables		**4,162**	2,777
Bank borrowings		**14,562**	9,516
Obligations under finance lease		**189**	–
		84,326	63,786
Net current assets		**422,282**	511,996
Total assets less current liabilities		**747,433**	668,782
Non-current liabilities			
Obligations under finance lease		**1,119**	–
Deferred tax liabilities		**–**	726
Convertible bonds		**76,009**	–
		77,128	726
Net assets		**670,305**	668,056
Capital and reserves			
Share capital		**42,629**	42,629
Share premium and reserves		**627,676**	625,427
		670,305	668,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 addresses 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 1201, 12/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, securities brokerage business, futures brokerage business and asset management 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")

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 "Revenue from Contracts with Customers"

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

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18, HKAS 11 and the related interpretations.

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

At a point in time:

- Service income from provision of travel related services
- Commission income from securities brokerage
- Handling and settlement income from securities brokerage
- Net realised gain on securities investment

Over time:

- Interest income from money lending business
- Interest income from margin financing
- Interest income from initial public offering financing
- Asset management fee income

Summary of effects arising from initial application of HKFRS 15

The application of HKFRS 15 does not have significant impact on the timing and amounts of revenue recognised nor the accumulated losses at 1 January 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	HK$'000	*HK$'000* *(Note)*	*HK$'000*
CURRENT LIABILITIES			
Trade and other payables	51,493	(2,951)	48,542
Contract liabilities	–	2,951	2,951

Note: As at 1 January 2018, deposits received from travel business of HK$2,951,000 previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
CURRENT LIABILITIES			
Trade and other payables	64,534	879	65,413
Contract liabilities	879	(879)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Increase in trade and other payables	16,643	(2,108)	14,535
Decrease in contract liabilities	(2,108)	2,108	–

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

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

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

Summary of effects arising from initial application of HKFRS 9

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

The Group has reassessed its investments in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, the Group's investments amounting to HK$26,619,000 were held for trading and continued to be measured at FVTPL.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. No additional impairment for trade receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECL model is immaterial.

For loan receivables, impairment of loan receivables is assessed on 12-month ECL ("12m ECL") basis when there had been no significant increase in credit risk since initial recognition, otherwise the allowances will be based on the lifetime ECL. When applying the ECL model, no additional impairment for loan receivables as at 1 January 2018 is recognised as the amount of impairment measured under the ECL model is immaterial.

For ECL for other financial assets at amortised cost, including other receivables, pledged bank deposits, bank trust account balances and bank balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition, otherwise the allowances will be based on the lifetime ECL. Applying the ECL model, no additional impairment for other receivables as at 1 January 2018 is recognised as the amount of impairment measured under the ECL model is immaterial.

Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

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

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.

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, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease 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.

Other than certain requirements which are also applicable to lessor, 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 2018, the Group has non-cancellable operating lease commitments of HK$13,054,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$966,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

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

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 properties and 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 (LOSS) GAIN 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.

	2018	2017
	HK$'000	*HK$'000*
Net realised gain on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**51,201**	31,710
Carrying amount of financial assets at fair value through profit or loss	**(47,664)**	(30,690)
	3,537	1,020
Dividend income from securities investment	**265**	201
	3,802	1,221
Net unrealised (loss) gain on financial assets at fair value through profit or loss	**(7,960)**	5,313
	(4,158)	6,534

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, which 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 2018, the Group commenced the operation of asset management business in Hong Kong. In addition, during the year ended 31 December 2017, the Group commenced to engage in brokerage business. These resulted in a new operating segment in 2018 and 2017, respectively.

The Group's operations are currently organised into five (2017: four) reporting and operating segments under HKFRS 8 "Operating Segments", namely travel business, treasury management business, money lending business, brokerage business and asset management business (2017: travel business, treasury management business, money lending business and brokerage 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**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Travel business	**31,896**	33,907	**(30,933)**	(13,376)
Treasury management business	**3,802**	1,221	**(4,165)**	6,516
Money lending business	**16,528**	14,331	**(747)**	8,214
Brokerage business	**11,810**	1,311	**(5,479)**	(7,403)
Asset management business	**362**	–	**157**	–
Total	**64,398**	50,770	**(41,167)**	(6,049)
Share of profit of a joint venture			**71**	66
Unallocated income			**4,397**	5,066
Unallocated expenses			**(27,957)**	(27,532)
Loss for the year			**(64,656)**	(28,449)

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, unallocated income (which mainly includes bank interest income of head office, rental income and management and administrative fee income) and 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:

	2018	2017
	HK$'000	*HK$'000*
Segment assets		
Travel business	**154,351**	182,124
Treasury management business	**79,519**	27,755
Money lending business	**208,307**	185,756
Brokerage business	**107,852**	112,768
Asset management business	**10,303**	–
Total segment assets	**560,332**	508,403
Interest in a joint venture	**14,025**	14,288
Unallocated bank balances and cash	**67,717**	78,147
Unallocated assets	**189,685**	131,730
Consolidated assets	**831,759**	732,568
Segment liabilities		
Travel business	**51,530**	38,085
Money lending business	**3,788**	2,495
Brokerage business	**20,350**	17,798
Asset management business	**1,909**	–
Total segment liabilities	**77,577**	58,378
Unallocated liabilities	**83,877**	6,134
Consolidated liabilities	**161,454**	64,512

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, investment properties, 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 convertible bonds, 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*	**Asset management business** *HK$'000*
Year ended 31 December 2018					
Additions to property, plant and equipment	**2,429**	**–**	**–**	**4**	**–**
Depreciation of property, plant and equipment	**639**	**–**	**–**	**1,426**	**–**
Impairment loss on intangible assets	**4,212**	**–**	**–**	**–**	**–**
Impairment loss on trade receivables	**24,306**	**–**	**–**	**–**	**–**
Impairment loss on loan receivables	**–**	**–**	**13,304**	**–**	**–**
Gain on disposal of property, plant and equipment	**89**	**–**	**–**	**–**	**–**
Interest income	**5**	**–**	**–**	**10**	**1**
Finance costs	**930**	**–**	**–**	**3**	**–**
Year ended 31 December 2017					
Additions to property, plant and equipment	114	–	–	3,095	–
Depreciation of 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	–	–	–	–

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)*	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore	**30,815**	31,838	**2,930**	5,839
Hong Kong	**33,583**	18,932	**188,777**	133,440
Malaysia	**–**	–	**14,025**	14,288
	64,398	50,770	**205,732**	153,567

Note: Non-current assets excluded loan receivables and deferred tax assets.

Timing of revenue recognition

For the year ended 31 December 2018

	At a point in time	**Over time**
	HK$'000	*HK$'000*
Service income from provision of travel related services	31,896	–
Commission income from securities brokerage	4,052	–
Handling and settlement income arising from securities brokerage	5,143	–
Net realised gain on securities investment	3,802	–
Interest income from money lending business	–	16,528
Interest income from margin financing	–	2,603
Interest income from initial public offering financing	–	12
Asset management fee income	–	362
	44,893	19,505

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A arising from money lending business	**N/A**	5,500

No single customer contributed over 10% of the consolidated revenue of the Group during the year ended 31 December 2018.

6. OTHER INCOME, OTHER GAINS AND LOSSSES

	2018	2017
	HK$'000	*HK$'000*
Incentives income from ticketing system	**4,764**	3,361
Interest income	**3,856**	3,999
Management and administrative income	**3,185**	4,950
Rental income	**1,067**	–
Commercial credit card rebate	**513**	454
Net exchange gain	**434**	163
Employment credits from government grants	**273**	212
Gain on disposal of a subsidiary *(Note)*	**29**	–
Loss on disposal of property, plant and equipment	**(751)**	(7)
Loss on fair value changes of investment properties	**(4,300)**	–
Others	**677**	628
	9,747	13,760

Note:

During the year ended 31 December 2018, Time Tic Investments Limited, a wholly-owned subsidiary of the Company, has disposed of the entire equity interest in Perfect Well Tours Limited ("Perfect Well") at a consideration of HK$2,290,000. The net gain on disposal of Perfect Well is HK$29,000.

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on short term bank borrowings	**933**	701
Imputed interest expense on convertible bonds	**1,130**	–
	2,063	701

8. INCOME TAX CREDIT

	2018	2017
	HK$'000	*HK$'000*
The tax charge (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**1,395**	1,675
– Singapore Corporate Income Tax	**46**	–
	1,441	1,675
Overprovision in prior years		
– Hong Kong Profits Tax	**(44)**	(263)
Deferred tax – current year	**(2,860)**	(3,062)
	(1,463)	(1,650)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Hong Kong Profit Tax was calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2017.

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

9. LOSS FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	**4,296**	1,713
Salaries and allowances (excluding directors)	**39,258**	37,698
Retirement benefits scheme contribution (excluding directors)	**3,428**	3,573
Equity-settled share-based payment expenses (excluding directors)	**–**	9,937
Total staff costs	**46,982**	52,921
Gross rental income from investment properties	**(1,067)**	–
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**13**	–
	(1,054)	–
Auditors' remuneration	**828**	1,297
Depreciation for property, plant and equipment	**5,712**	6,480
Amortisation of intangible assets	**–**	2,012
Operating lease payment for office premises	**7,085**	4,420

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

11. 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:

	2018	2017
	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	**(64,656)**	(28,449)

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**4,262,867**	3,906,669

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible bonds (2017: outstanding share options) since their assumed exercise and conversion would result in a decrease in loss per share.

12. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**199,414**	132,142
Accrued interest receivables	**4,222**	2,247
	203,636	134,389
Analysed as:		
Current portion	**86,412**	131,170
Non-current portion	**117,224**	3,219
	203,636	134,389

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 three months to five years (31 December 2017: two months 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 aging 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.

Applying the ECL model, impairment of loan receivables is assessed on 12m ECL basis when there has been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL. As a result, the gross carrying amount of HK$120,584,000 is assessed on 12m ECL basis whereas the gross carrying amount of HK$96,356,000 is assessed on the lifetime ECL, the impairment of ECL on the loan receivables further increased by HK$13,304,000 for the year ended 31 December 2018.

No aging analysis is disclosed, as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of money lending.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Accounts receivables from brokerage business:		
– Margin clients *(Note i)*	**18,714**	784
– Cash clients *(Note ii)*	**420**	–
– Clearing house *(Note ii)*	**2,342**	623
Trade receivables from travel business, net of loss allowance of ECL	**120,504**	140,911
Trade receivables from asset management business	**99**	–
Trade receivables from futures contract	**2,737**	–
Brokers receivables	**287**	494
Sale receivables from disposal of Perfect Well *(Note 6)*	**1,290**	–
Deposits, prepayments and other receivables	**30,003**	28,746
	176,396	171,558

Notes:

(i) Loans to securities margin clients are secured by clients' pledged securities with fair value of HK$303,247,000 (2017: HK$1,254,000) as at 31 December 2018. The loans are repayable on demand 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 aging analysis is disclosed as, in the opinion of the directors, an aging 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 2018, accounts receivables from cash client was HK$420,000 (2017: 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. The following is an aged analysis of receivables from travel business presented based on the invoice date at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
Up to 3 months	**57,594**	102,821
4 months to 6 months	**55,897**	18,734
7 months to 12 months	**2,329**	19,356
Over 1 year	**4,684**	–
	120,504	140,911

Trade receivables from travel business comprise of the gross amounts billed to customers. The Group measures loss allowance for trade receivables from travel business at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business have been grouped based on shared credit risk characteristics and the days past due. For the year ended 31 December 2018, the loss allowance for ECL is further increased by HK$24,306,000.

14. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accounts payables from brokerage business:		
– Cash clients	**7,201**	11,562
– Margin clients	**11,523**	5,705
– Clearing house	**1,240**	286
Trade payables from travel business	**26,860**	17,753
Trade payables from asset management business	**1,711**	–
Accruals	**8,468**	8,504
Tenant deposits received	**1,406**	–
Receipt in advance from a tenant	**542**	–
Deposits received from travel business	**–**	2,951
Other payables	**5,583**	4,732
	64,534	51,493

For the brokerage business, the normal settlement terms of accounts payables to clients and clearing house are two trading days after trade date. No aging analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of directors of the Company, the aging 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.

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**17,876**	17,396
1 month to 2 months	**6,562**	26
2 months to 3 months	**596**	45
Over 3 months	**1,826**	286
	26,860	17,753

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a loss attributable to owners of the Company of HK$64,656,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: HK$28,449,000), representing basic loss per share of HK1.52 cents (for the year ended 31 December 2017: HK0.73 cent). The increase in loss attributable to owners of the Company was mainly attributed to (i) the recognition of an impairment loss arising from the loss allowances on the expected credit losses of the trade receivables and loan receivables after adoption of Hong Kong Financial Reporting Standard ("HKFRS") 9 "Financial Instruments" that has changed the Group's impairment model by replacing the Hong Kong Accounting Standard ("HKAS") 39 "incurred loss model" to the "expected credit losses model"; (ii) the recognition of a net unrealised loss on securities investment; and (iii) the recognition of a loss on fair value changes of investment properties.

Revenue and profitability

An analysis of the Group's revenue for the year ended 31 December 2018 and 2017 was as follows:

	2018	2017
	HK$'000	*HK$'000*
Services income from provision of travel related services	**31,896**	33,907
Interest income from money lending business	**16,528**	14,331
Net realised gain on securities investment	**3,802**	1,221
Revenue derived from financial services business	**12,172**	1,311
	64,398	50,770

For the year ended 31 December 2018, the consolidated revenue of the Group amounted to HK$64,398,000, comprised of (i) services income from provision of travel related services of HK$31,896,000 (for the year ended 31 December 2017: HK$33,907,000); (ii) interest income from money lending business of HK$16,528,000 (for the year ended 31 December 2017: HK$14,331,000); (iii) net realised gain on securities investment of HK$3,802,000 (for the year ended 31 December 2017: HK$1,221,000); and (iv) revenue derived from financial services business of HK$12,172,000 (for the year ended 31 December 2017: HK$1,311,000) (including commission income from securities brokerage; interest income from margin financing and initial public offering ("IPO") financing; handling and settlement income arising from securities brokerage; and asset management fee income), representing an increase of 26.8% as compared to HK$50,770,000 for the year ended 31 December 2017. The increase was mainly contributed by the financial services business which has commenced full operation since the third quarter of 2017.

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 2018, approximately 49.5% or HK$31,896,000 (for the year ended 31 December 2017: HK$33,907,000) of the total revenue was derived from the provision of travel related services of which HK$30,815,000 (for the year ended 31 December 2017: HK$31,838,000) and HK$1,081,000 (for the year ended 31 December 2017: HK$2,069,000) 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$16,528,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: HK$14,331,000), representing approximately 25.7 % of the total revenue.

For treasury management business, net realised gain of HK$3,802,000 was generated from securities investment (for the year ended 31 December 2017: HK$1,221,000), representing approximately 5.9% of the total revenue for the year end ended 31 December 2018.

For the financial services business, revenue of HK$12,172,000 (for the year ended 31 December 2017: HK$1,311,000), representing approximately 18.9% of the total consolidated revenue, was generated, including (i) commission income from securities brokerage of HK$4,052,000 (for the year ended 31 December 2017: HK$511,000); (ii) interest income from margin financing of HK$2,603,000 (for the year ended 31 December 2017: HK$20,000); (iii) interest income from IPO financing of HK$12,000 (for the year ended 31 December 2017: HK$13,000); (iv) handling and settlement income arising from securities brokerage of HK$5,143,000 (for the year ended 31 December 2017: HK$767,000); and (v) asset management fee income of HK$362,000 (for the year ended 31 December 2017: Nil), for the year ended 31 December 2018.

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2018 amounted to HK$9,747,000 representing a decrease of 29.2% as compared to HK$13,760,000 of the last year. The decrease was mainly attributed to the loss on fair value changes of investment properties incurred during the year.

During the year, three properties held for own-use were changed for rental purpose, the carrying value of the investment properties increased to HK$192,100,000 as at 15 October 2018, being the commencement date of the tenancy agreements, from the carrying value of HK$126,553,000 under property, plant and equipment before the date of transfer into investment properties. In accordance with the valuation report performed by an independent professional qualified valuer not connected to the Group, as at 31 December 2018, the fair value of the investment properties was HK$187,800,000. Accordingly, the loss on fair value changes of investment properties of HK$4,300,000 was recorded (for the year ended 31 December 2017: Nil).

Expenditure

For the reporting period, staff costs amounted to HK$46,982,000 (for the year ended 31 December 2017: HK$52,921,000). Depreciation and amortisation expenses amounted to HK$5,712,000 (for the year ended 31 December 2017: HK$8,492,000). Other expenses amounted to HK$35,796,000 (for the year ended 31 December 2017: HK$21,894,000).

The decrease in staff costs was mainly due to the absence of the provision of equity-settled share-based payment expenses in the current year. The increase in other expenses was mainly due to the increase in rental expenses and the administrative expenses of the financial services business which has commenced full operation in 2018. The decrease in depreciation and amortisation expenses was mainly resulting from the absence of amortisation of intangible assets of customer relationship in the current year.

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 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 15.10% (2017: 15.36%) 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 a 1.89% (2017: 1.72%) 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 2018, 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$2,000,000 was recognised in profit or loss during the period.

As at 31 December 2018, 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 2018, were below the respective carrying amounts of intangible assets. On this basis, an additional impairment loss on intangible assets of HK$2,212,000 was recognised.

As a result, for the year ended 31 December 2018, the Group recognised an impairment loss on intangible assets amounting to HK$4,212,000, which was the impairment loss on trade name regarding the travel business in Singapore (for the year ended 31 December 2017: an impairment loss on trade name regarding the travel business in Singapore of HK$16,000,000).

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.

Impairment loss on loan receivables and trade receivables

Loss allowances on the expected credit loss of the loan receivables of HK$13,304,000 (for the year ended 31 December 2017: Nil) and the trade receivables from travel business in Singapore of HK$24,306,000 (for the year ended 31 December 2017: Nil) were recognised in the current year. The losses were made based on the valuations prepared by independent professional qualified valuers not connected to the Group in accordance with the new impairment model of HKFRS 9 Financial Instruments.

Finance costs

The finance costs of HK$2,063,000 (for the year ended 31 December 2017: HK$701,000), out of which (i) HK$ 933,000 was attributed to the interest on short term bank borrowings (for the year ended 31 December 2017: HK$701,000); and (ii) HK$1,130,000 was attributed to the imputed interest expense on the convertible bonds issued on 13 November 2018 (for the year ended 31 December 2017: Nil).

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 (the "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 during the period of 10 years from the date of the Option Agreement. 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$71,000 (for the year ended 31 December 2017: HK$66,000).

At the end of the reporting year, 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 2017: Nil) 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. 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 revenue to HK$30,815,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: HK$31,838,000). In addition, due to facing intense competition with other providers of hotel accommodations and airline tickets, and online travel reservation services, the Group's travel business in Hong Kong recorded a significant decrease in revenue to HK$1,081,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: HK$2,069,000). The overall revenue in this segment decreased to HK$31,896,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: HK$33,907,000), representing a decrease of 5.9% as compared to last corresponding year. As at 31 December 2018, the Group had gross trade receivables from travel business in Singapore of approximately HK$144,810,000 (31 December 2017: HK$140,911,000). Loss allowance on the expected credit loss of that trade receivables of HK$24,306,000 was provided, based on a valuation prepared by an independent professional qualified valuer not connected to the Group, upon transition to HKFRS 9 Financial Instruments in the current year.

Disposal of Perfect Well Tours Limited

On 21 December 2018, to streamline the travel business, Time Tic Investments Limited ("Time Tic"), as vendor, a direct wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, as purchaser, pursuant to which Time Tic had agreed to sell and the purchaser had agreed to purchase the entire issued share capital of Perfect Well Tours Limited ("Perfect Well") and the aggregate principal amount of the interest-free loans owing by Perfect Well to Time Tic at a consideration of HK$2,290,000 (the "Disposal"). Perfect Well is a wholly-owned subsidiary of Time Tic and is principally engaged in the provision of travel agency services related to air ticketing and air/hotel packages, and is a registered and licensed travel agent in Hong Kong. The Disposal was completed on 27 December 2018. Upon completion, Perfect Well ceased to be a subsidiary of the Group. A gain of HK$29,000 was recorded as a result of the Disposal. The net proceeds from the Disposal would be utilised as general working capital of the Group.

Money lending business

During the reporting year, the Group's money lending business generated interest income on loans of HK$16,528,000 (for the year ended 31 December 2017: HK$14,331,000), representing an increase of 15.3% as compared to that of last year. The increase was contributed by the increase in the average monthly balance of loan receivables (excluding accrued interest receivables and impairment loss on loan receivables). The average monthly balance of loan receivables (excluding accrued interest receivables and impairment loss on loan receivables) increased from HK$152,289,000 in 2017 to HK$159,981,000 in 2018. During the year under review, the Group granted new loans in the aggregate principal amount of HK$135,000,000 (2017: HK$137,126,000) to its customers and received prepayment and repayment of HK$54,424,000 (2017: HK$134,915,000) from its customers. As at 31 December 2018, the Group's gross loan receivables together with accrued interest receivables amounted to HK$216,940,000 (31 December 2017: HK$134,389,000). Loss allowance on the expected credit loss of the loan receivables of HK$13,304,000 was provided, based on a valuation prepared by an independent professional qualified valuer not connected to the Group, upon transition to HKFRS 9 Financial Instruments in the current year. Return on loans receivables (excluding accrued interest receivable and impairment loss on loan receivables) for the year ended 31 December 2018 is 10.3% (for the year ended 31 December 2017: 9.4%).

Treasury management business

During the year under review, the Group acquired Hong Kong equities and Shenzhen A-Share with the aggregate market value of HK$102,493,000 and RMB4,873,000 (equivalent to HK$5,918,000) respectively. For the last corresponding year, the Group acquired Hong Kong equities with the aggregate market value of HK$23,642,000. In addition, the Group disposed Hong Kong equities with market value of HK$51,201,000 (for the year ended 31 December 2017: HK$31,710,000) with a carrying amount of financial assets at fair value through profit or loss plus transaction costs of HK$47,664,000 (for the year ended 31 December 2017: HK$30,690,000). Adding the dividend income from securities investment of HK$265,000 (for the year ended 31 December 2017: HK$201,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK$3,802,000 (for the year ended 31 December 2017: HK$1,221,000). At 31 December 2018, the Group remeasured its equity portfolio at market prices and recorded an unrealised loss of HK$7,960,000 (for the year ended 31 December 2017: an unrealised gain of HK$5,313,000) arising on change in fair value of financial assets at fair value through profit or loss.

Financial services business

During the year under review, as a result of full operation in the current year, revenue in this segment was increased by 8.3 times to HK$12,172,000 (for the year ended 31 December 2017: HK$1,311,000). Commission income from securities brokerage for the year was increased by 6.9 times to HK$4,052,000 (for the year ended 31 December 2017: HK$511,000). Interest income from margin financing and IPO financing for the year was increased by 78.2 times to HK$2,615,000 (for the year ended 31 December 2017: HK$33,000). The handling and settlement income arising from securities business increased by 5.7 times to HK$5,143,000 (for the year ended 31 December 2017: HK$767,000). The Group also derived revenue of HK$362,000 from asset management services (for the year ended 31 December 2017: Nil).

Total outstanding loan of securities margin financing as at 31 December 2018 amounted to HK$18,714,000 (31 December 2017: HK$784,000). No impairment loss on accounts receivables from margin clients was charged during the year (for the year ended 31 December 2017: Nil).

On 8 May 2018, Global Mastermind Futures Limited, an indirect wholly-owned subsidiary of the Company, was granted a licence by the Securities and Futures Commission (the "SFC") to carry on Type 2 (Dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (the "SFO").

On 12 July 2018, Global Mastermind Securities Limited, an indirect wholly-owned subsidiary of the Company, had lodged an application to the SFC for the licence to carry on Type 6 (Advising on corporate finance) regulated activity (the "Advising on Corporate Finance Business") under the SFO. The licence was granted by the SFC on 11 March 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the year. As at 31 December 2018, the working capital, calculated by current assets less current liabilities, of the Group was of HK$422,282,000 compared to HK$511,996,000 as at 31 December 2017.

As at 31 December 2018, the Group's current ratio was 6.0 times (as at 31 December 2017: 9.0 times), calculated by current assets of HK$506,608,000 (as at 31 December 2017: HK$575,782,000) divided by current liabilities of HK$84,326,000 (as at 31 December 2017: HK$63,786,000).

As at 31 December 2018, the Group's gearing ratio, expressed as percentage of total borrowings, including the liability component of convertible bonds, obligations under finance lease and bank borrowings, of the Group to total equity attributable to owners of the Company, was 13.7%, as compared with 1.4% as at 31 December 2017. The significant increase was mainly attributed to the record of liability component of convertible bonds issued on 13 November 2018.

During the year under review, net cash used in operating activities amounted to HK$175,951,000 (for the year ended 31 December 2017: net cash generated from operating activities of HK$6,028,000). Net cash generated from investing activities for the current year was HK$3,169,000 (for the year ended 31 December 2017: net cash generated from investing activities of HK$3,897,000). Net cash generated from financing activities in the current year amounted to HK$84,101,000 (for the year ended 31 December 2017: net cash generated from financing activities of HK$66,778,000). As a result, cash and cash equivalents of the Group as at 31 December 2018 was HK$146,440,000, compared with HK$228,301,000 as at 31 December 2017. The decrease in cash and cash equivalent was mainly attributed to the net cash outflow from money lending business and more acquisition of financial assets made during the year under review.

CAPITAL STRUCTURE

As at 31 December 2018, the Company has 4,262,867,050 shares of HK$0.01 each (the "Shares") in issue.

(a) Issue of convertible bonds under general mandate

On 29 October 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with Heng Tai Finance Limited (the "Subscriber"), a subsidiary of Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange under stock code: 197. Pursuant to the Subscription Agreement, the Subscriber had conditionally agreed to subscribe, and the Company had conditionally agreed to issue the convertible bonds in the principal amount of HK$80,000,000 (the "Convertible Bonds"). The Convertible Bonds are unsecured and bear coupon rate of 8% per annum. The Convertible Bonds can be converted into shares of the Company of an initial conversion price of HK$0.115 per conversion share, subject to adjustment, during its conversion period for a period of 24 months from the issue date of the Convertible Bonds. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the holder of the Convertible Bonds is entitled to convert up to 695,652,173 shares of the Company. The conversion shares will be allotted and issued pursuant to the general mandate granted to the directors pursuant to the ordinary resolution passed by shareholders of the Company at the annual general meeting of the Company held on 7 June 2018. The net proceeds from the issue of the Convertible Bonds (after deducting all related expenses), were estimated to be approximately HK$79,500,000, out of which (i) HK$60,000,000 were intended to be used for financing the Group's money lending business; (ii) HK$2,300,000 were intended to be used for increase the paid-up share capital of Global Mastermind Asset Management Limited ("Global Mastermind Asset Management"), which is a licensed corporation to carry on Type 9 (Asset management) regulated activity under the SFO; and (iii) HK$17,200,000 were intended to be used for general working capital purposes and/or securities margin financing business. Details of the transaction have been set out in the Company's announcement dated 29 October 2018. The Convertible Bonds were issued on 13 November 2018.

(b) As at 31 December 2018, the total borrowings of the Group amounted to HK$91,879,000 (31 December 2017: HK$9,516,000), representing the liability component of the Convertible Bonds of HK$76,009,000 (31 December 2017: Nil); the obligations under finance lease of HK$1,308,000 (31 December 2017: Nil); and short term secured bank borrowings of HK$14,562,000 (31 December 2017: HK$9,516,000), which are repayable within one year.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

Issue of convertible bonds under general mandate

On 13 November 2018, the Company issued the Convertible Bonds in the principal amount of HK$80,000,000. As at 31 December 2018, out of the net proceeds of HK$79,500,000 from the issue of the Convertible Bonds, (i) HK$60,000,000 had been utilised for financing the Group's money lending business; (ii) HK$2,300,000 had been utilised for increase the paid-up share capital of Global Mastermind Asset Management; and (iii) HK$17,200,000 had been utilised for general working capital purposes.

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 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 2018, the gross carrying amount of trade receivables amounting to Singapore Dollar ("SG$") 21,026,000 (equivalent to approximately HK$120,504,000) (31 December 2017: SG$22,526,000 (equivalent to approximately HK$131,625,000)) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG$222,000 (equivalent to approximately HK$1,272,000) (31 December 2017: SG$222,000 (equivalent to approximately HK$1,297,000)) of the Group were pledged to secure a credit facility as at 31 December 2018.

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$50,692,000) (31 December 2017: SG$7,100,000 (equivalent to approximately HK$41,487,000)) of which the amounts utilised as at 31 December 2018 were approximately SG$5,123,000 (equivalent to approximately HK$29,359,000) (31 December 2017: SG$3,052,000 (equivalent to approximately HK$17,834,000)). The banker's guarantee had been given in favour to international airlines.

As at 31 December 2018, cash collateral placed by the Group and included in other receivables of approximately SG$640,000 (equivalent to approximately HK$3,668,000) (31 December 2017: SG$565,000 (equivalent to approximately HK$3,301,000)) was pledged for financial guarantees of SG$3,663,000 (equivalent to approximately HK$20,993,000) (31 December 2017: SG$5,421,000 (equivalent to approximately HK$31,676,000)), 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, it is not considered it is probable that a claim will be made against the Group.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the year ended 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the disposal of Perfect Well Tours Limited under the sub-section headed "Travel Business" under 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 2018.

FUTURE BUSINESS STRATEGIES

The travel business environment is continuing to be challenging. The Group's profitability of travel business in Singapore is facing pressure from the rising costs of operations and stiff price driven competition. Our management team will cautiously monitor the market, and 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 China and Hong Kong equity markets, 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 management will adopt a more cautious approach during their assessments 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. In addition, the Group will adopt a more cautious approach to the credit control of its margin financing business.

EVENTS AFTER THE REPORTING PERIOD

On 11 March 2019, Global Mastermind Securities Limited, an indirect wholly-owned subsidiary of the Company, was granted a licence to carry on Advising on Corporate Finance 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 2018 and up to the date of this report.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

During the year ended 31 December 2018, 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 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 2018.

FINAL DIVIDEND

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

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Group's auditors, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2018.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "2019 AGM") is scheduled to be held on Thursday, 13 June 2019. For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 10 June 2019 to Thursday, 13 June 2019, 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 2019 AGM, all transfer forms 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 of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2019.

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 2018.

AUDIT COMMITTEE

The Company established the audit committee (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 2018.

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

Hong Kong, 25 March 2019

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.